



Delhi Policy Group

Advancing India's Rise as a Leading Power



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Cover Image:

Volodymyr Zelenskyy, President of Ukraine meets with Joe Biden the President United States in Kyiv on February 20, 2023. (Source: [President of Ukraine Official Website](#))

Ajit Doval, Indian National Security Adviser participated in the 5th Multilateral Security Dialogue on Afghanistan in Moscow on February 8, 2023. (Source: [Embassy of India in Russia Twitter](#))

Prime Minister Narendra Modi addresses the G20 Finance Ministers and Central Bank Governors' Meeting in Bengaluru on February 24, 2023. (Source: [G20 India Official Website](#))

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Global Horizons

by

Nalin Surie

The Ukraine War: New Dimensions

Given the manner in which the conflict in Europe has unfolded, the first anniversary of the Ukraine war was expected to be an inflection point, but events before and since have introduced a new dimension to this still unfolding and dangerous tragedy. Were these actions part of a well thought out game plan? Time will tell.

The gatherings at the annual Munich Security Conference (February 17-19, 2023), provided the opportunity for the West, led by the US, to consider important steps to seriously bolster Ukrainian defence capability to retake some territory lost to Russian forces, to signal that they are prepared for the long haul to wear Russia down in a war of attrition, to further penalise Russia in economic terms, and finally to support Ukraine in military terms in an unprecedented manner.

The buildup was seemingly heralded by the 24th summit between the EU and Ukraine, which was held in Kyiv on February 3, 2023. The EU committed to support Ukraine in its war with Russia for as long as it takes and to rebuild a prosperous Ukraine firmly anchored on the common European path. President Zelensky of Ukraine kept the pressure upon Europe for support and defence equipment supplies with visits to London, Paris and Brussels on February 8-9, 2023.

US President Biden's visit to Kyiv and Warsaw was a critical signal. The messaging could not have been clearer, both to Russia and to Europe and NATO. The meeting with the Bucharest Nine in Warsaw on February 22, 2023 was used to reiterate US commitment to defend NATO territory and to article 5 as a "sacred commitment". Earlier, while speaking to Zelensky in Kyiv on February 20, Biden had said with a flourish that "you remind us that freedom is priceless; it is worth fighting for as long as it takes. And that's how long we are going to be with you Mr. President, for as long as it takes."

Suggestions emanating from Russia regarding the possible use of nuclear weapons were sharply responded to as being unacceptable, and which would have serious consequences.

On February 23, 2023 the UNGA met in emergency special session and overwhelmingly passed a resolution on the Ukraine war condemning Russia and demanding its immediate withdrawal from Ukraine.

The first G7 summit under Japan's chairmanship was held online on February 24, 2023. This was a reminder that it is the G7 that are, under US leadership, driving the agenda behind the Ukraine war and also vis-a-vis China. The G7 declaration of that date is almost entirely Ukraine focused and highly condemnatory of Russia and its actions in Ukraine, including the threat of the use of nuclear weapons and other weapons of mass destruction. Additional, extensive sanctions were imposed on Russia and fulsome support extended to Ukraine to help maintain its economic and financial stability. Russia has been told that it will have to pay for Ukraine's long-term reconstruction. President Putin and others responsible for the death and destruction in Ukraine are to be held responsible, consistent with international law. This will become an issue if and when compromises are worked out on how the Ukraine war will end.

The Russian response came in President Putin's State of the Union address on February 21, 2023. In that speech, he equated the Western effort to inflict a 'strategic defeat on Russia' as meant to finish Russia off once and for all. He reminded his audience that it is impossible to defeat Russia on the battlefield and hence the West is now also focusing more and more on aggressive information attacks against Russia so as to split Russian society. He stressed that the Western sanctions imposed on Russia had not worked. Russian business had rebuilt logistics and strengthened ties with 'responsible and predictable partners' in the world. The Russian economy, he argued, had overcome the risks that had arisen and a solid increase in domestic demand was predicted; private business had proved it can adapt and ensure economic growth in difficult conditions.

Putin announced the suspension of Russia's participation in the (New)START verification, and readiness for testing Russian nuclear weapons, because in his opinion now NATO wants to become a party to the treaty, and the fundamental concept of 'indivisible security' is being deliberately violated. Russia, he said, will not be the first to test but will, if the US first does that. Strategic parity, he emphasised, cannot be destroyed.

China and the Ukraine War

In the midst of this complex balance of power churn resulting from the war in Ukraine, China had so far managed to stay on the sidelines, notwithstanding its "no limits" friendship with Russia entered into in early February 2022. In fact,

China was making serious overtures to Europe to bring relationships back on track, especially in economic matters. Chinese foreign policy chief Wang Yi's attendance at the Munich security conference and bilateral meetings with European ministers was perhaps part of that effort. But the Chinese balloon incident over the US, discovered in early February 2023 (and shot down on February 4), changed much of that. Only time will tell whether the US was looking for a way to get China off the fence, including on the Russian threat to use nuclear weapons, but the harsh US reaction to the balloon incident was not without a purpose. US Secretary of State Blinken cancelled his scheduled visit to Beijing to follow up on the Biden-Xi conversation of November 14, 2022. The threat of Chinese balloons being used for spying purposes and possible launch of weapons was agitated by governments and there was a flurry of unfriendly exchanges between the U.S. and Chinese authorities. The strategic community in the West took up the issue in campaign mode.

Blinken met Wang Yi in Munich on February 18, 2023 and apart from warnings over the balloon issue, conveyed that the US has credible information that China is preparing to supply military equipment to Russia for the war in Ukraine. He warned that were this to happen, there would be serious consequences for China.

Wang's visit to Europe seems to have lost the original purpose, and China went into a sort of defensive mode.

On his way back, Wang stopped in Moscow reportedly to prepare for President Xi's visit to Moscow later in the spring. He met President Putin on February 22, 2023. China's MFA stated that Wang told Putin that while the current international situation is complex and severe, the China Russia relationship has stood the test of the drastic changes in the world landscape and become mature and tenacious, standing as firm as mount Tai. China, it said, will work with Russia to maintain strategic resolve, strengthen strategic coordination, defend the legitimate interests of both countries.

Interestingly, as announced by Wang during his trip to Europe, on February 24 China issued its position on the "Political settlement of the Ukraine crisis". This is a 12 point package replete with homilies and principles, many of which China violates at will in practice. But, significantly, paragraph 8 was seemingly directly addressed to Russia and Western concerns. It refers to reducing strategic risks and states clearly that "nuclear weapons must not be used and nuclear wars must not be fought. The threat or use of nuclear weapons should be opposed"---. There is obvious Chinese self-interest involved here, especially since the Ukraine war is being associated with what might happen in case

China invades Taiwan. China of late has been projecting, including at the level of their foreign minister, that there is no such linkage and such talk must be dropped.

The Chinese proposal has expectedly not received any traction from Ukraine and its supporters. Ukraine President Zelensky has, however, taken note that China is finally showing interest in the war and has spoken of a possible meeting with President Xi. However, he has sought several clarifications from China, for instance on what exactly does China mean by respect for sovereignty and territorial integrity. It remains to be seen how China will respond to these fundamental questions.

In a related development, earlier on February 21, 2023, China issued its concept paper on the Global Security Initiative presented by President Xi at the Boao Forum in April 2022. The concept paper, essentially a compilation of principles and proposals presented earlier that China claims it follows, is intended to ensure its privileged position as a permanent member of the UN Security Council and for it to steadily change the status quo in Asia and the world in its favour, all the while adhering to its ambition to achieve the so-called China Dream of National Rejuvenation and spread its model of political governance, economic development and modernisation, especially to the global South.

China reaching out to Japan?

During the month, China also made efforts to reach out to Japan. The Chinese vice foreign minister visited Tokyo for the 17th session of security talks on February 22, 2023. This meeting came after a gap of four years. China is obviously concerned that Japan's national security strategy released in December 2022 describes China as "the greatest strategic challenge" and Japan has decided to double its defence spending to 2% of GDP by 2027. Additionally, Japan is firmly embedded in the G7 stance on the Ukraine war and seriously concerned about any possible Chinese moves against Taiwan. Earlier, the foreign ministers of the two countries spoke to each other on February 2, 2023 with a view to mending bilateral relations. Chinese Foreign Minister Qin Gang conveyed to Japanese Foreign Minister Hayashi the hope that Japan will, inter alia, uphold an objective and rational perspective of China, be discreet with words and deeds, act prudently in the field of military security, and continue economic, trade and scientific & technological cooperation with China. Hayashi for his part is reported to have informed Qin that presently public opinion in Japan towards China is extremely severe for a variety of known factors, both bilateral, regional and international, including China's coordination with Russia. He offered to cooperate towards building a

“constructive and stable relationship”. He also sought a transparent, predictable and fair business environment and secure legitimate economic activities for Japanese companies.

China is undoubtedly trying now to break out of the straitjacket it has put itself in by virtue of its own actions.

Geo-political implications of earthquakes in Turkey

A series of devastating earthquakes hit south-east Turkey and conflict hit North Syria in early February. The human loss was enormous; more than 50,000 dead (44218 in Turkey and 5914 in Syria. The final toll maybe even higher.) So too was the destruction of houses, buildings and infrastructure. This came at a particularly difficult time for Turkey which is facing serious economic problems and national elections are due soon. The earthquake is expected to lead to a further 1% drop in Turkey's GDP, according to the EBRD. President Erdogan, who is hoping to retain his semi-dictatorial powers after the elections, may now have a steep hill to climb. He has been in power for too long and has concentrated power in his hands to such an extent that he cannot escape taking responsibility for the death and destruction on account of the poor construction of buildings, and the reportedly inadequate pace of relief work. The plight of those affected in north Syria is unimaginably tragic.

How this will impact Turkey's role in the region remains to be seen. Erdogan has also been trying, with some success, to act as a bridge between the parties in the Ukraine war. Turkey is an important NATO member that still has lines of communication open to the Kremlin. It sees itself as a leader in the region around it. Erdogan will have to manage to keep several balls in play if he is to emerge relatively unscathed from the crisis created by the earthquakes and his own domestic political and economic mismanagement. It will not be easy, but he is a determined and ruthless actor committed to see Turkey re-emerge as a major regional player under his leadership.

Iran nuclear enrichment concerns

Reports regarding Iran having achieved nuclear enrichment of up to 84% purity has further roiled the waters in the Gulf and West Asia region. US CIA director William Burns said in a TV interview (Face the Nation) on 26 February that though it was the CIA assessment that a decision had not yet been taken to resume the weaponisation programme, Iranian enrichment programmes have advanced very far. Burns suggested that Iran is now nearing the threshold of being a nuclear state, and its ability to deliver a nuclear weapon once they develop it, has also been developing well.

In view of the growing partnership between Russia, China and Iran, this is viewed in the West and neighbouring Gulf states as being particularly worrisome.

The situation in Pakistan

The internal situation in Pakistan, both from the economic and security perspectives, has added further fuel to the regional fire. The economic situation is parlous and, at the time of writing, there is still no agreement with the IMF for a further release of USD1.1 billion which is part of the IMF agreement of 2019 providing a bailout of USD 6.5 billion. To make matters worse, domestic terrorism has assumed menacing proportions. The bombing in late January of a mosque in a high security police zone in Peshawar reportedly killed at least 101 people and injured over 200. The attack has raised serious issues regarding security arrangements in supposedly secure zones, the identity of the perpetrators (TTP or not), the possible involvement of the Afghan Taliban, and on the security situation within Pakistan in general. Pakistan's neighbours are undoubtedly concerned by the implications of the twin crises of its serious economic malaise and the rise of domestic terrorism.

India: Strategic and technological outreach

From India's perspective, there were some particularly noteworthy developments that have a bearing on its strategic and technological development and capabilities. NSA Ajit Doval visited the USA, UK and Russia in late January and early February.

In Washington, the two NSAs inaugurated the first meeting of the US-India initiative on critical and emerging technologies, iCET, that had been announced by President Biden and PM Modi in May 2022. The US and India agreed to deepen the technology partnership and new initiatives were agreed on strengthening the innovation eco-system; developing a new defence industrial cooperation roadmap; cooperation in setting up resilient semiconductors supply chains; and strengthening cooperation in space and next generation telecommunications.

In London, the two NSAs were joined by PM Sunak. The UK has reportedly assured India of its government's full support to deepen strategic partnerships in trade, defence and S&T.

In Moscow, NSA Doval participated in the fifth meeting of select NSAs on Afghanistan on February 8, 2023. He also met with the Secretary of the Russian Security Council, Patrushev, and the Deputy PM and Minister of Trade and

Industry, to discuss regional and international developments and bilateral defence and economic co-operation respectively. In addition, he had wide ranging discussions with President Putin on bilateral and regional issues and to further implement the India-Russia Special and Privileged Strategic Partnership. The Ukraine war and its fallout would undoubtedly have figured in their conversation.

A fourth dimension was the decision of privately owned Air India to purchase 250 Airbus aircraft from France and 220 Boeing aircraft from the USA. The significance of these purchases was underlined by the separate calls between Modi and Macron and Modi and Biden respectively, on 14 February 2023, welcoming the development and its significance.

The fifth dimension was the successful visit of Chancellor Scholz of Germany to India on February 25-26, 2023. During the visit, it was recognised that amongst other factors, security and defence cooperation can become an important pillar of the bilateral strategic partnership. Of equal importance, perhaps, was the adoption of the “India Germany Vision to enhance cooperation in Innovation and Technology” which initially focuses on five key areas: energy partnership and clean technologies including green hydrogen, strengthening the framework and economic system for Indo-German business, digital technologies including fin tech, AI and 5G/6G.

The Hindenburg-Adani embroglio

The Hindenburg research report of late January accusing India's Adani group of brazen stock manipulation and accounting fraud understandably caused a big stir in India, both politically and in the stock market. The Adani group has forcefully denied all allegations. The government response was appropriately hands-off. The stock market reacted and the Adani group has lost very substantial market value.

The fundamentals of the Indian economy remain strong and stable and analysts do not expect any real term adverse impact on investment inflows. SEBI is investigating the allegations and the Supreme Court of India is setting up an expert panel to look into the various issues involved.

The timing of the allegations has raised a series of questions and allegations to which there are so far no clear or convincing answers. However as argued by Swaminathan Aiyar in his op-ed piece in the Economic Times on February 24, 2023, “The Hindenburg report may be the best thing that has ever happened to Adani. It will slow his speed of expansion and diversification and force his financiers to be diligent and cautious in future. This would impose highly

desirable financial discipline on Adani to his own benefit". It is also worth recalling and recognising that in market economies, the stock market and economy are two different animals that do not always function in tandem and in a logical fashion.

India's G 20 Chairmanship

Meetings of the Group of 20 continued apace during February under India's chairmanship. These included meetings of the working groups on education, energy transitions, tourism, environment and climate sustainability, Digital economy and culture.

The meeting of the Finance Ministers and Central Bank Governors of G20 was also held on February 24-25, 2023. There was needless controversy that the Finance Ministers' meeting did not issue a consensus document, but instead there was a Chair's summary and outcome document. This happened because both Russia and China did not want any reference to the Ukraine war as had been done in the Bali G20 summit document. Reference to the war is, however contained in the Chair's summary, in line with the Bali document.

The Chair's summary suggests agreement on important issues such as enhancement of macro-policy cooperation, commitment by central banks to achieve price stability, the importance of supply-side policies, and the need for adhering to the WTO architecture and its reform. It was agreed, inter alia, to work on impacts on food and energy security; the need for MDBs to evolve; to maintain a strong and effective global financial safety net with the IMF at its centre; to explore the macro-financial implications of the potential introduction and adoption of central bank digital currencies; and to ensure that the crypto assets ecosystem is closely monitored and regulated to mitigate potential risks. There was also emphasis on advancing financial inclusion, combating money laundering and terrorism financing. Regrettably though, there does not seem to have been enough progress on addressing the debt vulnerabilities in low and middle income countries. The Chair's summary indirectly acknowledges that this may be because there is still not adequate coordination among official bilateral and private creditors. This may not be easy to achieve, particularly in the current highly vitiated environment in international relations.

From India's perspective, notwithstanding the complicated and vitiated international environment, the G20 wagon has rolled on smoothly.



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