



Delhi Policy Group

Advancing India's Rise as a Leading Power



DPG POLICY BRIEF

India and the Uncertain World Order

Authors

Hemant Krishan Singh
Arun Sahgal

Volume VII, Issue 3

January 12, 2022



Delhi Policy Group

Core 5A, 1st Floor, India Habitat Centre, Lodhi Road, New Delhi- 110003

www.delhipolicygroup.org



Delhi Policy Group

Advancing India's Rise as a Leading Power

DPG Policy Brief Vol. VII, Issue 3

January 12, 2022

ABOUT US

Founded in 1994, the Delhi Policy Group (DPG) is among India's oldest think tanks with its primary focus on strategic and international issues of critical national interest. DPG is a non-partisan institution and is independently funded by a non-profit Trust. Over past decades, DPG has established itself in both domestic and international circles and is widely recognised today among the top security think tanks of India and of Asia's major powers.

Since 2016, in keeping with India's increasing global profile, DPG has expanded its focus areas to include India's regional and global role and its policies in the Indo-Pacific. In a realist environment, DPG remains mindful of the need to align India's ambitions with matching strategies and capabilities, from diplomatic initiatives to security policy and military modernisation.

At a time of disruptive change in the global order, DPG aims to deliver research based, relevant, reliable and realist policy perspectives to an actively engaged public, both at home and abroad. DPG is deeply committed to the growth of India's national power and purpose, the security and prosperity of the people of India and India's contributions to the global public good. We remain firmly anchored within these foundational principles which have defined DPG since its inception.

Authors

Ambassador Hemant Krishan Singh, I.F.S. (Retd.), Director General, Delhi Policy Group

Brig. Arun Sahgal (Retd.), Ph.D., Senior Fellow for Strategic and Regional Security, Delhi Policy Group

The views expressed in this publication are those of the authors and should not be attributed to the Delhi Policy Group as an Institution.

Cover Photographs:

Prime Minister Narendra Modi meets US President Joe Biden at the White House, September 24, 2021.

Source: Twitter/@narendramodi

Prime Minister Narendra Modi meets the President of Russia, Vladimir Putin, in New Delhi, December 6, 2021.

Source: Twitter/@narendramodi

© 2022 by the Delhi Policy Group

Delhi Policy Group

Core 5A, 1st Floor,

India Habitat Centre,

Lodhi Road, New Delhi- 110003

www.delhipolicygroup.org

India and the Uncertain World Order
by
Hemant Krishan Singh and Arun Sahgal

Contents

Introduction	1
Rewinding 2021 Developments	2
The Emerging Strategic Environment.....	4
India's Foreign Policy Priorities in 2022	7
Conclusion	9

India and the Uncertain World Order

by

Hemant Krishan Singh and Arun Sahgal

Introduction

2021 was a turbulent year for world order, with its future direction increasingly uncertain amidst rampant great power competition. Geopolitical disturbances highlighted new challenges and impacted the strategic thinking of nations even as the Covid-19 pandemic cast a deep shadow across the globe, exposing the limitations of politicised and unreformed multilateral institutions as well as the inherent economic and national security risks of globalised supply chains and interdependence.

2022 appears likely to be no different, but before we come to that, let us recall some of the leading geo-strategic trends that the world will inherit from the year gone by.

As the world's most consequential power, the United States (US) is struggling to keep its place. US ability to effect outcomes is under unprecedented challenge, and its national power and political will is being tested like never before at a time of considerable domestic dissonance. For a great power that is starting this new year by assuring allies and partners in Europe that there is going to be "nothing about you without you", the debacle of a disastrous withdrawal from Afghanistan will not simply fade away, not least in Asia. The credibility of US deterrence stands eroded, emboldening its adversaries and dismaying its friends.

Over the past year, the Biden administration has led with diplomacy, recessed US military power, talked up democracy, prioritised climate change, and largely carried forward policies on China and trade issues, but it is yet to pronounce its own national security, defence and Indo-Pacific strategies. Coherence and sustainability of disparate US policies remains in question.

The US has worked hard to rally allies, and the old West is now back to the G-7 as the main platform for policy making by a closed club of advanced economies, relegating the more globally representative G-20. This is not without risk of a backlash, as the G-7 cannot turn the clock back on the reality of global power rebalancing, growing multipolarity and the secular rise of Asia.

Moreover, the West's reinforced attempts to impose iniquitous burdens and ideological agendas, from climate evangelism to democracy promotion, is

beginning to ring hollow given the gap between its rhetoric and action. Developing nations and emerging economies are increasingly resisting coercive Western pressure and standing up for a fair opportunity to grow, prosper and compete. Little surprise that these progressive agendas are stalling in multilateral fora.

Antagonism emanating from the West and its inability to find a stable equilibrium with Russia has drawn Moscow and Beijing closer, forging a strategic entente that can dominate Eurasia and leave US power over-extended in both Europe and Asia.

And turning to Asia, the rise of an authoritarian China, its growing military power, economic capability and political influence, its open resort to coercion, and its territorial revisionism is weighing heavily on the world's economically most productive region.

2021 was a difficult year for India's leadership and policy makers. From a ravaging public health crisis unleashed by a devastating second wave of the COVID-19 pandemic that impeded economic revival, to an aggressive China and increased threats from Islamist terror, instability and hostility in the Af-Pak region, Indian foreign and security policy faced multiple challenges. India managed these challenges well through proactive and deft balancing diplomacy. As a prominent middle power and stakeholder in rules-based order, it focused on aggregating comprehensive national power, maintaining strategic autonomy, and promoting a multipolar strategic balance in Asia.

This brief reviews salient developments related to India's foreign policy in 2021, assesses the emerging strategic environment, and looks ahead to India's priorities for 2022.

Rewinding 2021 Developments

The Indo-Pacific region remained the geopolitical centre of gravity in the global arena. China pursued aggressive militarisation, unilateral assertions and economic coercion, while the US turned to its allies and partners for rebalancing and "integrated deterrence". Japan realised the necessity of bolstering its defence capabilities and increased its defence budget. The creation of AUKUS provided an Australia-centric military pivot for US allies in the Western Pacific. Following two summits, the Quad emerged as a soft security mechanism to advance the Free and Open Indo-Pacific (FOIP) agenda for rules-based order and initiated practical cooperation on vaccine supplies, emerging technologies, climate change and connectivity.

As part of its Indo-Pacific strategy, India engaged major regional powers and strategic partners in bilateral and trilateral forums. PM Modi met US President Biden for a summit in September, and hosted Russian President Putin for a summit in December. India also held its first 2+2 Dialogues with Australia and Russia, as well as a virtual summit with the UK.

As 2021 progressed, India's neighbourhood scenario turned increasingly grim. The Sino-Indian disengagement process made limited progress despite thirteen rounds of military-to-military talks, the border standoff continued into a second winter in the icy colds of Ladakh, and hopes for de-escalation receded with a continuing military buildup by China.

On India's western borders, the sudden collapse of the Afghan state following a precipitated and disastrous US withdrawal and the Taliban takeover was a serious setback, creating a vast Af-Pak hinterland for Islamist extremists in addition to the Sino-Pak collusive threat. On India's eastern borders, the military coup in Myanmar established an authoritarian regime under heavy Chinese influence. India's relations with Nepal remained lukewarm, ties with Bangladesh improved, while Sri Lanka continued to sink under the Chinese debt trap. The emerging Af-Pak-China axis and China's growing economic influence in Nepal, Bangladesh and Sri Lanka made Beijing a worrying factor in South Asian security equations.

India's engagement with West Asia provided a silver lining in an otherwise difficult year. Outreach to Saudi Arabia, the United Arab Emirates, Iran, and other Gulf states brought economic gains and helped India in mitigating the threat from radical Islam. A nascent West Asian Quad (India, the United States, Israel, and the United Arab Emirates) emerged as another soft security framework, intended at boosting economic and commercial cooperation in sectors like transportation, ports, marine security, and digital infrastructure.

The successful visit of President Putin to India silenced sceptics of India-Russia relations. Deliveries of the S-400 air defence system commenced, and a joint venture was set up for manufacturing AK-203 assault rifles in India. The renewal of the India-Russia Inter-governmental Commission on Military-Technical Cooperation for another ten years signalled that India is not a camp follower of any superpower bloc. India extended its outreach to the Central Asian Republics in an effort to build stability on Afghanistan's northern periphery.

India played an active and independent role as a non-permanent member of the UN Security Council (UNSC), continuing its advocacy of reformed multilateralism, reform of the UNSC, collective resolve to fight terrorism, and

the interests of developing nations. During its rotating Presidency of the UNSC in August, 2021 India chaired a high level open debate on “Enhancing Maritime Security - A case for International Cooperation”, at which PM Narendra Modi enunciated five important principles to promote maritime security.

On December 13, 2021 India burnished its credentials as a principled power by rejecting a UNSC draft resolution on “Security in the Context of Climate Change” as a blatant attempt to “evade responsibility in the appropriate forum” (UNFCCC) and to “hand over the responsibility (to combat climate change) to a body which neither works by consensus nor is reflective of the interests of developing countries” (UNSC).

Speaking at the Summit for Democracy convened by US President Joe Biden on December 10, 2021 PM Narendra Modi positioned India’s democratic spirit in its civilisational ethos and stated that India is ready to “share its expertise in holding free and fair elections, and in enhancing transparency in all areas of governance through innovative digital solutions”. He further called on democratic states to collaborate in multilateral platforms to promote individual rights and the decentralisation of power.

The Emerging Strategic Environment

We begin 2022 on an uncertain note marked by an unsettled and contested period of global, regional, and major power balancing. After three decades, the presumptions and prescriptions that followed the end of the Cold War are no longer sustainable. The world has entered a period of unfinished transition, in which the global order, weakened by geopolitics, will not be tranquil until multipolarity and a multipolar consensus is achieved.

The lack of a coordinated response to the pandemic has showcased the decline of multilateral institutions, as also their unreformed and unaccountable nature. Increasingly, international organisations are being leveraged to interject ideological solutions to global challenges. Forums that are not representative of the current global power balance are shaping agendas; parts of the world are over-represented, mainly at Asia’s expense.

National security is becoming dependent on global supply chains and industrial overcapacity clustered in one particular geography of the Indo-Pacific.

The narrowing of the power gap between the US and China raises questions about America’s ability to deter a risen China from making unilateral assertions to reshape international order for its own benefit and hegemonic designs.

In 2022, there is every likelihood of an intensified US-China competition as both nations cater to domestic imperatives. The US is facing unprecedented internal turbulence, with President Biden's falling approval ratings, rising political turmoil and policy gridlock, and attempted transformations of the American state by narrow progressive elites. In the prevailing environment, the Biden administration will continue to confront China in a bid to externalise domestic problems and seek electoral gains in the forthcoming midterm elections. The US will build an Asia-Pacific deterrence system alongside Japan and Australia, through both joint defence commitments and cooperation to counter China's technological advances.

On the other hand, China's international posture and assertions will be driven by President Xi Jinping's goal to perpetuate his power in October, 2022. China is facing an economic downturn following multiple setbacks, from real estate to its financial system. In this situation, the Communist Party of China will resort to hyper-nationalism by keeping sovereignty issues burning in Taiwan, the South China Sea and elsewhere.

Decades of mishandling of ties with Russia and of the Ukraine crisis by the EU and NATO, the US role in spurring new developments in the Middle East (particularly in Iran and Saudi Arabia), and persistent US antagonism towards Moscow, have resulted in a Sino-Russian strategic entente in continental Asia, with a spillover into the maritime domain. Both Beijing and Moscow are dismissive of the Indo-Pacific construct. With their growing stronghold and geopolitical edge in Central Asia and Afghanistan, they will increasingly turn towards countering the US and its allies in maritime Asia. Nonetheless, the Sino-Russian axis remains susceptible to mutual contestation, as both vie for influence and control over the Eurasian space and its extensive energy and mineral resources.

In the Indo-Pacific, the Quad is being projected as a force for global good and a regional alternative to China on critical issues like vaccines, supply chain reorientation, emerging technologies, and infrastructure. It is being seen primarily as a soft balancing mechanism, especially after hard power balancing has been outsourced by the US to AUKUS and Japan. With Japan seemingly welcoming the Anglosphere AUKUS (an oddity in Asia), and South Korea building nuclear-powered submarines, the three alliance partners (US, Japan and Australia) are not likely to perceive a security interest in the Quad.

This creates a vexing situation for India, especially at a time when China's maritime influence is rising and needs balancing. China will look to push the Code of Conduct with ASEAN in the South China Sea while its proxy Cambodia

holds the ASEAN chair in 2022. A legitimised Chinese presence in the South China Sea serves as a launchpad for its inroads in the Indian Ocean. These developments will reinforce the 3+1 nature (three allies plus one partner) of the Quad and could impact the future direction of the informal grouping. The Quad cannot progress without respecting the mutuality of security interests among its 3+1 partners, nor can it leverage the latent deterrent potential of its aggregated military power if the three allies and India hold back from deploying their maritime convergences.

The European Union (EU) released its Indo-Pacific Strategy in 2021 focused on non-traditional issues like connectivity, trade and investment, human security, digital governance, and the like. The quest for a greater role in setting global norms and access to Asia's markets steers the EU's approach towards the Indo-Pacific. Contrary to the US, the EU adopts a far more cooperative stance towards China based on shared principles and mutual interests. This indicates an attempt to carve an independent strategy for the region underwritten primarily by the EU's economic interests. However, the lack of hard security assets in the Indo-Pacific, combined with the mounting Russian threat in Ukraine, will limit the EU's role in the region, even if it eventually decides to toe the American line.

As a consequence, the world is likely to see the emergence of two blocs – a Sino-Russian continental bloc extending into maritime Asia, and a US-led Indo-Pacific security arrangement with an East Asia-Western Pacific orientation. Both blocs will compete for the maritime geography connecting the Pacific and Indian oceans. US-China rivalry will continue to grow, creating room for both brinkmanship and miscalculation. Cooperation on climate change will not mitigate this rivalry, while room for compromise in the economic domain will be constricted by their respective internal challenges.

As the US continues to withdraw from West Asia, it is creating strategic space for China, Russia, India and other regional powers to occupy. This trend is visible in growing Saudi-Russia relations, Saudi Arabia's outreach to Iran, the UAE's cancellation of a \$35 billion purchase of US military hardware (including F-35 aircraft), and the UAE's growing ties with China.

India has built strong economic and political partnerships in the Gulf and the rest of the Middle East, with the exception of Pakistan's all-weather ally Turkey. The West Asian Quad, based on shared trade and economic interests and technology cooperation, has been a commendable step in building multilateral cooperation in a region central to India's energy needs.

These swiftly changing strategic realities will throw up many challenges as well as create new opportunities for India as it pursues foreign policy goals in 2022.

India's Foreign Policy Priorities in 2022

The foremost priority for India in 2022 will be to deal with the security challenges posed by an assertive and expansionist China. Notwithstanding India's capacity for deterring China in the wider geopolitical calculus of the Indo-Pacific, China is neither likely to cede any strategic space to India nor incentivise its strategic independence. China is continuing its determined efforts to ensure the strategic containment of India through the China-Pakistan Economic Corridor (CPEC) and the China-Myanmar Economic Corridor (CMEC), together with the PLA Navy's growing power projection in the Indian Ocean. There should be no doubt in the minds of our decision makers that the continuing border standoff and maritime encirclement is designed to impose economic costs that overwhelm India. Resolute political will, agile and effective diplomacy, and military deterrence will all need to be displayed by India in response.

Developments in Afghanistan have exposed India to security risks emanating from an emerging China-Pakistan-Afghanistan nexus. With Islamist extremists and terror groups arrayed across the Af-Pak region, this axis has created an arc of animosity along our western borders that poses a serious threat to India's national security, civilisational values and culture of pluralism and tolerance. Although India has hosted a ministerial-level dialogue with the five Central Asian Republics, there are limitations of such engagements in the absence of strategic coordination with a major power. Russia's role can be significant in this regard, given its extensive interests in Eurasia. The recent military intervention in Kazakhstan by Russia-led CSTO forces demonstrates Moscow's heft in the region. Russia can also play the role of a possible facilitator in reducing India-China bilateral tensions. The RIC dialogue said to have been proposed during the recent Putin-Xi virtual summit will need serious evaluation.

The United States remains the most consequential power in Asia and a key strategic partner, and India has invested substantially in this relationship in recent years. The momentum of robust India-US ties created during the Trump administration has been maintained under Biden, with both countries understanding the imperative of close bilateral relations. Thus far, the US has been sensitive to India's security concerns, holding off on CAATSA sanctions in relation to the S-400 procurement from Russia.

India's basic concerns arise from the declining US ability to orchestrate outcomes in Asia. Thus far, the US does not have an articulated Indo-Pacific strategy, or an increased force posture in the region. Although there are

indications of long-term military capacity enhancement through AUKUS and Japan's defence build-up, from New Delhi's perspective, almost all US-led Asia initiatives, be they political, military, economic, technological, or connectivity related, are East Asia-Western Pacific centric, with little or no effect on India's immediate interests or threat mitigation.

This reality must be seen from the perspective of an omnipotent Xi Jinping, donning the mantle of a historic revolutionary with the zeal to establish China's Asian and global supremacy. China's military potential does not only deter US military intervention in Taiwan and the South China Sea, but is also increasingly manifest in the Indian Ocean. These developments demand a credible Indian Ocean-centric security architecture. This must be another critical political and security priority for India.

As far as the Quad is concerned, it remains a strategic hedge against China and an important element of India's Indo-Pacific strategy. The Quad's focus on providing public goods, its normative leadership for rules-based order, and the latency of its hard power is being welcomed in South East Asia. However, India needs to temper its expectations from the Quad as a reliable component of regional security architecture. The Quad cannot be all about the interests of its three allies alone. Greater diplomatic coordination and burden sharing are essential, not least in the absence of a decisive shift of US resources to the Indo-Pacific. Furthermore, while Japan and Australia share extensive relations with the ASEAN countries, neither has the power projection capabilities or desire to contribute to regional security beyond South East Asia. These limitations and realities should guide India's engagement in Indo-Pacific constructs, and particularly with the Quad.

Russian President Putin's visit to India in December, 2021 indicated that bilateral relations are in each other's vital interest and remain well managed. Both Russia and India understand the driving factors for their respective partnerships with China and the US. The visit affirmed that India, as a standalone and strategically autonomous power, will act in accordance with its national interests. It also created an opening to develop convergences on issues like Afghanistan, boost indigenous defence manufacturing, and enhance energy security. In 2022, Russia will be an important partner in managing India's challenges in the continental domain.

The momentum of India's strategic partnership with Japan will need to be revived under its new leadership, which has a liberal orientation distinct from the conservative former PM Shinzo Abe. With Japan pushing RCEP, a hiatus has opened up with India on regional economic policy. Bilateral economic ties

are stalling. In terms of Japan's trade with all major Asian economies, its trade with India is the lowest, as is the level of its FDI stock in India. This situation will need to be remedied through new bilateral initiatives, from renewable and clean energy to advanced manufacturing and technology partnerships. It is also time for these two "natural partners" to set higher benchmarks for bilateral diplomatic and strategic coordination across the board.

As highlighted earlier, India has made substantial inroads in West Asia, which include a new Quadilateral consultative arrangement. Efforts to enhance security, trade, investment, and technology partnerships with the region must continue apace in the coming year. India's relations with Iran are of continuing importance, both bilaterally and as part of its outreach to Central Asia and Afghanistan.

Pakistan may have installed the Taliban in power in Kabul, but remains engulfed in domestic turmoil and economic stress. The drivers of India's policy towards this troubled neighbour will remain unchanged, with little scope for re-engagement unless there are clear indications of a meaningful change in Pakistan's behaviour. Protracted delays in negotiating the transit of India's humanitarian assistance for the suffering Afghan people across Pak territory indicates that such prospects will remain bleak.

Finally, India must continue to raise its voice for a reformed multilateralism that is also representative of global power rebalancing, as well as balanced and equitable approaches to global issues that serve the interests of the developing world, including on climate change.

Conclusion

As India's diplomacy works to shape a favourable regional and global environment over the coming year, the critical importance of harnessing comprehensive national power - economic, technological and military - has never been greater. Strategic autonomy and balanced engagement with great and major powers, from the Eurasian continent to the Indo-Pacific maritime, will continue to enjoy centre stage. The raging turmoil in world order has also made it clear that India must persevere with its goal of "establishing a multipolar Asia as a foundation for a multipolar world".¹

¹ External Affairs Minister Dr. S. Jaishankar's Keynote Address at the 5th Indian Ocean Conference 2021, on 04 Dec 2021. http://mea.gov.in/Speeches-Statements.htm?dtl/34599/Keynote_address_by_the_External_Affairs_Minister_at_the_5th_Indian_Ocean_Conference_2021



Delhi Policy Group
Core 5A, 1st Floor,
India Habitat Centre, Lodhi Road
New Delhi - 110003
India

www.delhipolicygroup.org