

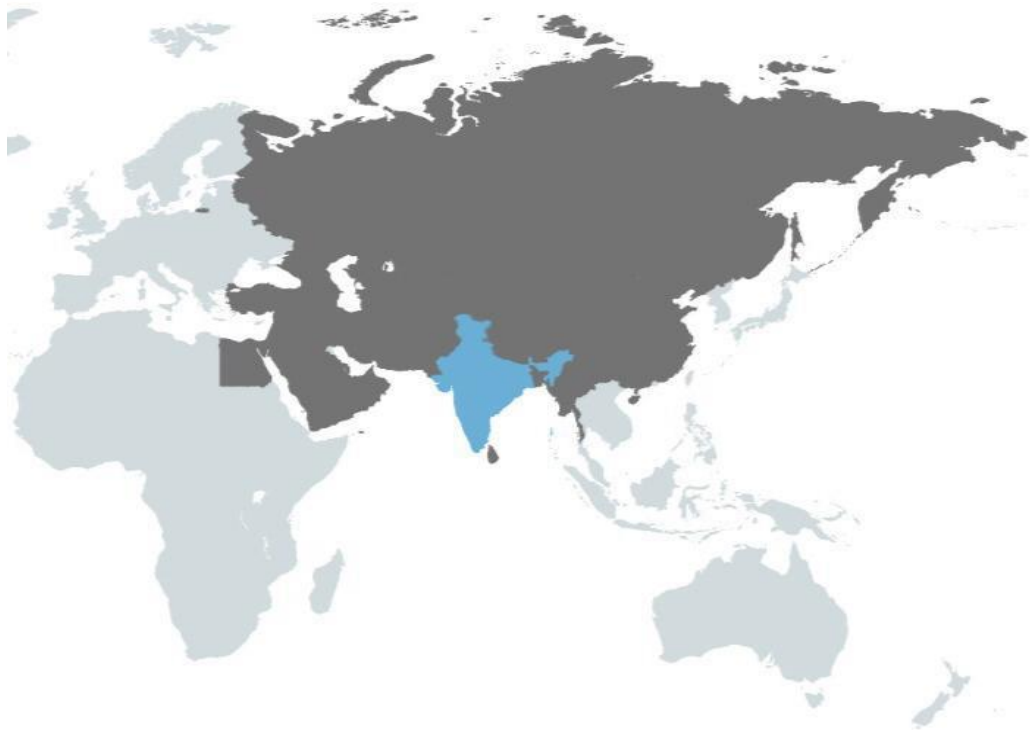


Delhi Policy Group

Advancing India's Rise as a Leading Power



INDIA STRATEGIC REVIEW



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DPG INDIA STRATEGIC REVIEW

The DPG India Strategic Review (ISR) is a monthly survey of key developments, trends and policies pertaining to India's immediate and continental neighbourhood. It is compiled by a research team which is led by Sanjay Pulipaka, Senior Fellow, and includes Research Associates Mohit Musaddi, Antara Ghosal Singh, Sanket Joshi, Shreyas Deshmukh, Libni Garg and Anushka Nair. The ISR is based on open source official statements, reports and publications. Your comments and feedback may be addressed to Mohit Musaddi at mohit@dpg.org.in. To subscribe, please [click here](#).

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World map

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Contents

Regional Overview: Marginal De-escalation, Contested Geo-economics and Strategic Partnerships

Sanjay Pulipaka and Mohit Musaddi 1

India-China Relations: Deliberations for De-escalation

Antara Ghosal Singh 9

Developments Across India's Neighbourhood: Contestations and Connectivity

Mohit Musaddi 12

The Maldives and Sri Lanka: Re-examining Connectivity

Libni Garg 18

PAI and CAR: Consolidation of Chinese Connectivity Frameworks

Shreyas Deshmukh 21

India-West Asia: Cooperation and Multilateralism amid Rising Tensions

Sanket Joshi 26

India, Russia and the Indo-Pacific

Anushka Nair 32

Regional Overview: Marginal De-escalation, Contested Geoeconomics and Strategic Partnerships

Sanjay Pulipaka and Mohit Musaddi

In the past month, India and China have deliberated on ways to de-escalate from the flashpoints across the Line of Actual Control (LAC). Given the course of past conflicts and the current power asymmetry between the two countries, there are growing concerns in India regarding the tactics that Beijing has been deploying at the negotiating table. The concerns are not unfounded, given the hostile rhetoric emanating from Beijing and the PLA's aggressive military presence on the border. Moreover, the power differential has also played out in the economic and connectivity realms. Given that India is unable to match the volume of Chinese investments and the rate of Beijing's trade expansion, it may result in a continuing dilution of Delhi's presence in its immediate and extended neighbourhood.

India, on the other hand, has sought to address the asymmetrical power balance with China by building strategic partnerships with like-minded democracies. Developments in the past few weeks, however, demonstrate that strategic congruence, especially with major powers, will also be contingent on the degree of autonomy that they enjoy in international geopolitics.

Negotiations for De-escalation – A Lost Trail?

During the past month, India's relationship with China continued to be marked by uncertainty and tensions. On July 03, the Indian Prime Minister Modi visited the Indian defence forces in Nimu, Ladakh where, in an apparent reference to Chinese aggression, he [remarked](#) that "the era of expansionism is over."¹ Then, on July 5, India's National Security Advisor (NSA) Ajit Doval and Chinese Foreign Minister Wang Yi, as Special Representatives (SR) on the Boundary Question, held a [telephone conversation](#) in which they emphasised the need for "complete disengagement of the troops along the LAC and de-escalation from India-China border areas for full restoration of peace and tranquillity."² Subsequently, on July 11, External Affairs Minister Dr S Jaishankar [noted that](#) "there is a disengagement and de-escalation process, which has been agreed upon, it has just commenced...It is very much a work in progress."³

While these statements generated hope that it would lead to a resolution of the ongoing standoff and restoration of the status quo ante, by mid-July, it had become evident that such expectations were mostly unfounded. Even though

the People's Liberation Army (PLA) partially disengaged from Patrol Point 14 in the Galwan Hot Springs and Gogra Post areas, they [did not demonstrate](#) any intention to retreat from Pangong Tso or reduce the number of troops deployed in the Depsang Plains.⁴ Unsurprisingly, during the [talks held](#) between military commanders on July 14, there was firm messaging from India that the Chinese pullback of troops is mandatory and non-negotiable.⁵ Further, on July 24, the [17th meeting](#) of the Working Mechanism for Consultation and Coordination on India-China Border Affairs (WMCC) was held where the two sides agreed that "complete disengagement" in the LAC was "essential for smooth development of bilateral relations".⁶

Despite the ongoing diplomatic and military dialogues, including at the senior commander level, there is growing scepticism regarding Beijing's intention to disengage. As Defence Minister Rajnath Singh [summed up](#), "talks are underway to resolve the border dispute, but to what extent it can be resolved I cannot guarantee."⁷ Similarly, even while the Chinese Foreign Ministry Spokesperson on July 28 [stated that](#) border troops "have disengaged in most localities", Indian government officials [have contested](#) the veracity of the claim.⁸ It is evident, therefore, that both sides do not share a standard definition of de-escalation.

Moreover, the standoff at Pangong Tso is yet to be resolved and will likely be the [main point of discussion](#) in the upcoming fifth round of talks between Corps Commanders.⁹ Recent developments, which include India's [deployment of an additional 35,000 troops](#) and the Chinese Ambassador of India [refusing even to acknowledge](#) that China has expanded its territorial claim do little to instil confidence that the tensions at the border will be resolved soon.¹⁰



The Sakteng Wildlife Sanctuary is contiguous to the Tawang District of Arunachal Pradesh, India. Source: Google Maps

Chinese attempts to stop UN funding for Bhutan's Sakteng Wildlife sanctuary on the grounds that it is "disputed territory" also requires closer attention.¹¹ It should be noted that the Sakteng sanctuary is contiguous to the Tawang district in Arunachal Pradesh, India. Therefore, China's claim suggests that Beijing's negotiation strategy on Tawang too has hardened and can be a point of future escalation should the border standoff spread to the eastern sector in Arunachal Pradesh. Even if the disengagement process between India and China is successful, given the low levels of trust, one will have to wait and see whether the relationship can be restored to a modicum of 'normalcy'.

Economic Interactions: Restrictions and Denial of Space

In June 2020, the Indian Ministry of Information Technology decided to [block 59 Chinese mobile applications](#) which were a potential threat to the "sovereignty and security" of the country.¹² [Reportedly](#), on July 28, the Indian Information and Technology Ministry banned 47 more applications, "which are clones or variants" of the earlier banned apps.¹³ Further, on July 23, the Ministry of Finance [amended](#) the 2017 General Financial Rules of India "to enable imposition of restrictions on bidders from countries which share a land border with India on grounds of... national security".¹⁴ However, the restrictions are effectively meant for China and Pakistan only as countries that receive lines of credit or developmental assistance from India have been exempted.¹⁵ Therefore, the Government of India has continued to deploy various mechanisms to limit Chinese economic interactions in India.

However, Beijing has also been scaling up its punitive economic measures against India and its Indo-Pacific partners. According to [news reports](#), Iran has decided not to seek Indian assistance for the Chabahar-Zahedan railway line.¹⁶ If this is indeed the case, Iran's reluctance to move forward is not merely a domestic decision but seems to be stemming from its desire to progress relations with China. This also indicates that Beijing is scaling up its coercive economic tactics to various other regions in Asia in order to deny India economic space. Such an assessment is not based on developments in Iran alone.

In May 2019, the Sirisena administration in Sri Lanka had signed an agreement with India and Japan to develop the East Container Terminal of the Colombo Port. However, PM Mahinda Rajapaksa [declared](#) in July 2020 that the Sri Lankan government was in the process of reviewing the project and that no final decision had been taken.¹⁷ Earlier, Sri Lanka had also halted the Japan-funded Colombo Light Railway project and a USD 480 million United States Millennium Challenge Corporation (MCC) grant.¹⁸ An MCC grant to Nepal for a

“power transmission line” and upgradation of “300 km of roads” is also [reportedly](#) on the cusp of being rejected by the Oli administration, due to pressure from Beijing.¹⁹ Instead, in July, China [reportedly](#) began conducting a feasibility study for a proposed railway line from Lhasa (Tibet) to Kathmandu and Lumbini (Nepal).

Moreover, in the past month, China has also rapidly expanded projects under the China-Pakistan Economic Corridor (CPEC). Three projects, notably the [Azad Pattan Hydro Electricity Project](#), the [Diamer-Basha Dam](#) and a project for [fibre optic cables](#) from Khunjerab to Islamabad, were flagged off in July.²⁰ On July 7, China, Afghanistan and Pakistan held a [Vice Ministers’ Strategic Dialogue](#).²¹ While the China-Pakistan economic interactions are scaling up, the overall internal security dynamics seem to be weighing heavily on Beijing. [Reportedly](#), it is in the process of supplying four drones to Pakistan to protect its CPEC projects.²² This is vital because as China and Pakistan prepare a cost-benefit analysis for various projects, it is likely that much of the security expenditure on the same will be overlooked.

Moreover, on July 27, the Foreign Ministers of China, Nepal, Pakistan and Afghanistan held a [virtual meeting](#) wherein Chinese Minister Wang Yi made a “four-point proposal to strengthen cooperation among the four countries”.²³ He proposed the need to collectively contain the pandemic, carry out joint regional cooperation, work together on “Covid-19 containment and vaccines”, and promote “economic recovery and development”.²⁴ It is, therefore, evident that China seems to be keen on operationalising new platforms in the subcontinent that will strengthen the Beijing-Islamabad-Kathmandu axis.

India: Trade and Connectivity Initiatives

While recent developments in Nepal, Sri Lanka and Iran are causes of concern for India, Delhi’s relationship with other neighbours, mainly, Bangladesh, Bhutan and Maldives have witnessed an uptick. In June, India and Bangladesh had the highest ever interchange of freight trains. Moreover, India and Bangladesh have introduced new shipping routes through inland waterways. On July 23, the [first-ever container cargo](#) from Kolkata (West Bengal) reached Agartala (Tripura) via Bangladesh’s Chattogram port.²⁵ On July 27, India also [handed over](#) ten locomotives to Bangladesh under grant assistance, fulfilling essential commitments under the Neighbourhood First policy.²⁶

With Bhutan, India opened a [new trade route](#) on July 15 between Jaigaon and Alay to help decongest traffic on other routes.²⁷ India also opened a land customs station (LCS) in Alay to facilitate Bhutan’s exports and is conducting a feasibility study to establish a rail link between the two countries.²⁸

Moreover, some of India's immediate as well as extended neighbours are diversifying economic and connectivity initiatives. Tokyo is [reportedly](#) in advanced talks to build a "liquefied natural gas-fired power plant" in Myanmar, in what will be one of Tokyo's most substantial investments in the Southeast Asian country.²⁹ Israel, on the other hand, has [signed an MoU](#) with India on July 15 to "further expand collaboration in dealing with cyber threats."³⁰ On July 5, India and Afghanistan signed [five agreements](#) for "developing educational infrastructure" across Afghanistan.³¹ Even as Afghanistan continues to be embroiled in low-intensity conflicts, Delhi has sustained its socio-economic projects in the country.

With the Maldives too, Delhi has continued its socio-economic outreach. In July, New Delhi transported 87 [patients](#) requiring "urgent medical treatment" to India for medical treatment, handed over [ferry](#) and [fitness equipment](#) to the Maldives, and there are ongoing discussions to establish an "air bubble" between the two countries.³² Further, Delhi is also set to assist Male in [developing](#) the Hanimaadhoo International Airport.³³

The Maldives, which under the previous administration was known to be closer to China, is now building closer ties with major powers such as the United States (US). Earlier this month, Foreign Minister Abdulla Shahid held [talks](#) with the US Secretary of State, Michael Pompeo, where they reiterated their commitment to strengthening the partnership between the two countries.³⁴

India-US: Consolidating the Strategic Partnership

India's relationship with the US has acquired greater salience in the past few months. As Secretary of State Mike Pompeo remarked, "India is one of the few trusted, like-minded countries whose leaders I call on a regular basis for counsel and collaboration on issues that span continents."³⁵ Moreover, in the last few weeks, National Security Advisor Ajit Doval spoke to US counterpart Robert C. O'Brien, while the Chairman of the US Joint Chiefs of Staff and the Indian Chief of Defence Staff [reportedly](#) have held conversations that facilitated "intensified intelligence and military collaboration" between Delhi and Washington.³⁶ In a development that suggests growing bipartisan support for India, the US House of Representatives [amended the](#) National Defense Authorization Act (NDAA), to criticise China's aggressive territorial assertions against India and in the South China Sea.³⁷

In terms of defence cooperation, Boeing [completed delivery](#) of the last five AH-64E Apache attack helicopters in June 2020. Apache helicopters have been deployed "at the Leh airbase as part of the forward movement of assets, amid the standoff with China in Ladakh."³⁸ India has also reportedly [initiated](#)

[discussions](#) with the US for the purchase of six more long-range Poseidon-8I aircraft.³⁹ It should be noted that India had deployed the Indian Navy's Poseidon-8I aircraft for reconnaissance purposes during the Doklam standoff, and is considering similar measures to strengthen surveillance along the India-China border. Further, in terms of regional dynamics, on July 13, Pompeo [released a redefined](#) "US position on Maritime Claims in the South China Sea", which declared the Chinese claims as unlawful.⁴⁰ As explained by Cmde. Lalit Kapur and Amb. H.K. Singh, "such an articulation of US policy on China's unrelenting power play...comes at an opportune time."⁴¹

On the economic front, the Indian Prime Minister, addressing the India Ideas Summit 2020, [noted](#) that global economic thinking should recognise the importance of focusing on resilience in addition to efficiency and optimisation.⁴² In the recent past, the concept of resilience has come to be associated with open societies and democratic nations. PM Modi also made a strong pitch for US businesses to invest in India and highlighted six key sectors, including healthcare and agriculture, which will be most beneficial to potential investors. In the past few weeks, there have been some big-ticket investments from US companies in Indian firms. In fact, between April and July 2020, India attracted USD 20 billion in foreign investments, with the largest [beneficiary](#) being the IT sector.⁴³ There have also been [ongoing discussions](#) to stockpile Indian crude oil in American strategic reserves, thus indicating the growing trust level in the India-US bilateral relationship.⁴⁴ Further, Commerce Minister [Piyush Goyal](#), remarked on July 21 that India and the US are close to a "quick" trade deal and a further "agreement for 50-100 goods and services".⁴⁵ A 'mini deal', with the prospect of a more significant trade agreement between Washington and Delhi, will help provide incentives to companies that are seeking to create alternate or new supply chains involving democracies. However, going forward, India-US relations will need to break free from conceptual straitjackets. As India's External Affairs Minister, S. Jaishankar noted, while India needs to articulate its interests better and take risks, the US needs to "learn to work...with a more multipolar world... [and] go beyond alliances."⁴⁶

India-Russia: In Search of Strategic Congruence

While the areas of convergences in the India-US relationship have expanded in the recent past, the India-Russia relationship is in search of greater strategic congruence. The recent [Constitutional Amendment](#) in Russia ensures that, at least theoretically, President Vladimir Putin can be in power till 2036.⁴⁷ The Russian President has been in power for almost two decades now, and a longer-term at the Kremlin will ensure political continuity in Russia. Given that around

[86 per cent](#) of India's military imports are from Russia, such continuity will also provide stability in supply chains for Delhi.⁴⁸ To ensure security in the Eurasian region, there have been [reports](#) that Moscow may be nudging China "to speed up" its disengagement in the India-China border and to resolve bilateral disputes with Delhi.⁴⁹

However, from an Indian perspective, the strategic congruence with Russia is incomplete for at least four reasons. One, Russia is now more economically dependent on China due to sanctions from the West. Therefore, to expect Moscow to call out Beijing for its territorial assertion and coercive tactics against India would be imprudent. Two, given the economic dependence on China, Russia is also unwilling to participate in an expanded G-10 that does not include Beijing's presence. Beijing, on the other hand, is hardly interested in accommodating powers such as India on international platforms, particularly the Nuclear Suppliers Group (NSG) or the United Nations Security Council (UNSC). Three, Russia's troubled relationship with the West and the need to factor-in Chinese interests is also prompting Moscow to distance itself from the Indo-Pacific construct. Even though the Indian Ambassador to Russia called on Moscow to be [more participative in the Indo-Pacific](#), Kremlin's reluctance to embrace the idea is quite well known.⁵⁰ Lastly, while Moscow and Delhi did share strong ties during the Cold War, the dynamism of the global order necessitates Russia and India to regularly evaluate the relationship and ensure that it is mutually beneficial.

Conclusion

The developments in the past month demonstrate at least three critical challenges for India. One, there is a long road ahead in ensuring a successful return of the status quo ante with respect to the LAC in Ladakh. Two, the power asymmetry with Beijing has the potential to limit India's economic space in its immediate as well as extended neighbourhood. Three, Delhi's strategic partnerships, especially with major powers, require to be re-worked. While India's challenges will have to be overcome with relatively lesser resources, a more pro-active and risk-taking foreign policy is the need of the hour. In terms of opportunities, there is a desire for economic diversification in the immediate and extended neighbourhood of India. There is also growing acceptance of Delhi's argument that economic interactions and political contestations cannot be divorced from each other. More significantly, friendly powers such as the US and Japan have recognised it. In fact, in July, Japan identified 87 companies eligible for government subsidies to shift production out of China.⁵¹ For India, the emergence of new supply chains will gain from how quickly a 'mini trade deal' with the US can be achieved. The Summit with the EU on July

15 has produced outcomes that showcase new opportunities for economic and security cooperation.

Prime Minister Modi's call for [reformed multilateralism](#) at the ECOSOC commemoration of the UN's 75th Anniversary is also a demand to recognise the growing diversity of rising powers and the need to include them in global institutional frameworks.⁵² While the [final draft](#) of the Declaration on the Commemoration of the 75th Anniversary of the UN does not demonstrate enthusiasm for a quick reform of the Security Council, India needs to work with like-minded democracies to ensure that the anniversary becomes a genuinely defining moment in terms of reimagining the architecture of multilateral frameworks.⁵³ Early signs of such like-minded countries working together are evident from US Secretary Pompeo's remarks on July 23 that "maybe it's time for a new grouping of like-minded nations, a new alliance of democracies".⁵⁴

India-China Relations: Deliberations for De-escalation

Antara Ghosal Singh

With the situation still volatile along the India-China border, Prime Minister Narendra Modi, on July 3, addressed Indian troops at the forward post in Nimu, Ladakh. In his speech, PM Modi paid tribute to the soldiers who died in the India-China clashes in the Galwan Valley on June 15-16. In an implied reference to continued Chinese aggression, the Prime Minister [asserted that](#) “the era of colonial expansion is over... history is a witness to the fact that such forces have been erased or have forced to relent... the whole world now has made up its mind against the policy of expansion”.⁵⁵



Prime Minister Narendra Modi visited Nimu in Ladakh on July 3, 2020, to interact with Indian troops. Source: narendramodi.in

On July 5, the Chinese Special Representative (SR) on the China-India Boundary Question, Foreign Minister Wang Yi and India's National Security Advisor Ajit Doval had a [telephone conversation](#) during which both sides agreed that “maintenance of peace and tranquillity in the India-China border areas was essential.”⁵⁶ A close reading of the Indian Ministry of External Affairs' (MEA) statement on the conversation suggested a five-pronged [approach](#) to

address the border tensions, which include “phased and stepwise de-escalation”, “strict respect [for] the line of actual control”, “no unilateral action to alter the status quo”, the need for “diplomatic and military officials of the two sides” to continue discussions, and “implement the understandings reached in a timely manner.”⁵⁷ Subsequently, on July 11, India’s External Affairs Minister (EAM) Dr S Jaishankar acknowledged that India and China “have agreed on the need to disengage because troops on both sides are deployed very close to each other... [and] there is a disengagement and de-escalation process which has been agreed upon.”⁵⁸

Meanwhile, on July 10, Defence Minister Rajnath Singh [reviewed the ongoing situation](#) in Ladakh with Chief of Defence Staff and the Chiefs of Army, Navy and the Air Force.⁵⁹ The fourth round of commander-level talks held on July 14-15, which reportedly lasted [15 hours](#), was conducted to deliberate on the question of complete withdrawal from various friction areas.⁶⁰ During his visit to [Ladakh](#) on July 17, Defence Minister Rajnath Singh asserted that “the ongoing talks between India and China should resolve the border dispute along the Line of Actual Control (LAC) in eastern Ladakh. But to what extent it will be resolved I cannot guarantee.”⁶¹ The Defence Minister was only articulating the growing unease in New Delhi that Beijing has not been honouring its commitments. The concerns have been further amplified with reports suggesting that China continues to maintain over [40,000](#) troops at forward locations in Eastern Ladakh.⁶²

Uncertainty over the restoration of status quo ante has meant that there may be additional Indian troops “who will remain deployed through the winter.”⁶³ In an interesting development, [Poseidon 8I](#), the long-range anti-submarine and reconnaissance aircraft and some MiG-29K jets “are likely to be stationed in key IAF bases in the northern sector,” to augment the airpower capabilities against China.⁶⁴ It should be noted that Chief of Defence Staff (CDS) General Bipin Rawat had acknowledged that Indian Navy’s P-8I aircraft were deployed during the [Doklam](#) standoff in 2017 for surveillance purposes.⁶⁵

Meanwhile, there were [reports](#) of India and the United States “working quietly to step up information sharing amid the tense military standoff between Indian and Chinese troops along the LAC.”⁶⁶ The reports also indicate that India’s National Security Advisor, as well as Chief of Defence Staff, interacted with their counterparts in the US during this month.⁶⁷ Delhi is also in the process of [acquiring](#) “six more long-range Poseidon-8I aircraft from the US”, while also fast-tracking “procurement of six Predator-B armed drones”.⁶⁸

With neither the diplomatic nor commander level deliberations resulting in significant de-escalation, India's Ministry of External Affairs in a [statement](#) on July 24 reportedly asserted that "any unilateral attempt to change the status quo at the LAC" will not be acceptable.⁶⁹ A day earlier, on the economic front, the Indian government announced, on July 23, a change in public procurement [rules](#) to impose curbs "on bidders from countries which share a land border with India on the grounds of defence of India, or matters directly or indirectly related thereto including national security."⁷⁰

Further, on July 28, the Chinese Foreign Ministry Spokesperson [stated](#) that "border troops have disengaged in most localities, the situation on the ground is de-escalating, and the temperature is coming down".⁷¹ India's Ministry of External Affairs contested the Chinese assessment and [observed](#) that "there has been some progress made towards this objective, but the disengagement process has as yet not been completed. The Senior Commanders of the two sides will be meeting in the near future to work out steps in this regard".⁷² Further, media [reports](#) quoted Indian Army sources that "there has been no positive movement on the ground for more than two weeks".⁷³ The standoff at "Pangong Tso and Patrolling Point 17A at Gogra is yet to be resolved and is likely to be the focus of the upcoming fifth round of talks at the level of the Corps Commander."⁷⁴

With India preparing to deploy "an additional [35,000](#) troops along the Himalayan border" and Chinese envoy to India "[rejecting](#) suggestions that China has expanded its territorial claim" the early resolution of the standoff seems to be distant.⁷⁵

Developments Across India's Neighbourhood: Contestations and Connectivity

Mohit Musaddi

Nepal

In July 2020, China [began the groundwork](#) to lay a proposed railway line from Lhasa (Tibet) to Kathmandu and finally to Lumbini (Nepal).⁷⁶ Although the plan was conceptualised by China in 2008, progress has been slow due to the complex terrain. Reportedly, the survey is ongoing as part of a "pre-feasibility study for the project".⁷⁷ India has also planned six cross border railway line projects between India and Nepal. Two of these projects, particularly the Jayanagar to Janakpur-Kurtha and the Jogbani-Biratnagar projects were expected to be completed by October 2018.⁷⁸ However, the projects have missed several deadlines and are now scheduled for completion by 2021.⁷⁹ Infrastructure and connectivity projects may have also suffered due to a [political standstill](#) between Delhi and Kathmandu.⁸⁰

However, for the month of July, political developments acquired domestic prominence in Nepal. In an internal political meeting on June 30, three leaders from the Nepal Communist Party (NCP) including Pushpa Kumar Dahal (Prachanda) [reportedly](#) sought Prime Minister KP Sharma Oli's resignation.⁸¹ While PM Oli made a [public statement](#) in June alleging that "plots" in New Delhi and Kathmandu were being "hatched" to unseat him from power, Nepalese media [reported](#) that Dahal had informed Oli that "it was not India but he (sic) who has been seeking his resignation both as party chair and prime minister".⁸² Nevertheless, on July 9, Nepal's [Multi-Systems Operator \(MSO\)](#) "decided to stop the broadcast of Indian news channels in Nepal."⁸³ The decision was [reportedly](#) taken as some Indian news channels carried "defamatory shows on the Nepali Prime Minister".⁸⁴

Facing mounting pressure to resign and concerned about a potential motion of no confidence, PM Oli on July 2 [recommended prorogation](#) of the ongoing session of the federal parliament, which was swiftly [approved](#) by President Bidya Devi Bhandari.⁸⁵ Earlier, on April 20, the Prime Minister had [introduced two ordinances](#) on political parties and the Constitutional Council, which would make it easier for him to split the party, should it come to that.⁸⁶ However, following widespread criticism, including from his party members, the cabinet [chose to](#) repeal the ordinances.⁸⁷

There were [reports](#) that the two chairs were in negotiations “to find a middle path to save the party unity”.⁸⁸ It was [speculated](#) that Prime Minister Oli and Chairman Dahal are “close to a deal”, according to which Oli will hold the “party’s general convention by November/December” and in return, Dahal would not press for Oli’s resignation.⁸⁹ Nevertheless, such reports seemed premature as co-chair Dahal and senior leader Nepal on July 28 convened a meeting of the Standing Committee of the NCP without the Prime Minister. “The Dahal faction is now demanding that Oli [must resign](#) as party chair. Oli, however, has threatened to take stern steps if he is pressed into stepping down.”⁹⁰

It should also be noted that the Chinese Ambassador to Nepal has made strenuous efforts to avoid a party split. Over the past three months, the [Ambassador held individual meetings](#) with President Bhandari, PM Oli, Madhav Kumar Nepal and Dahal, among others in an attempt to assuage the ongoing tensions.⁹¹ It, however, remains to be seen whether such an effort along with the NCP vice-chair’s [six-point proposal](#), including a Cabinet reshuffle will help to [avoid a split](#) in the party.⁹²

Myanmar

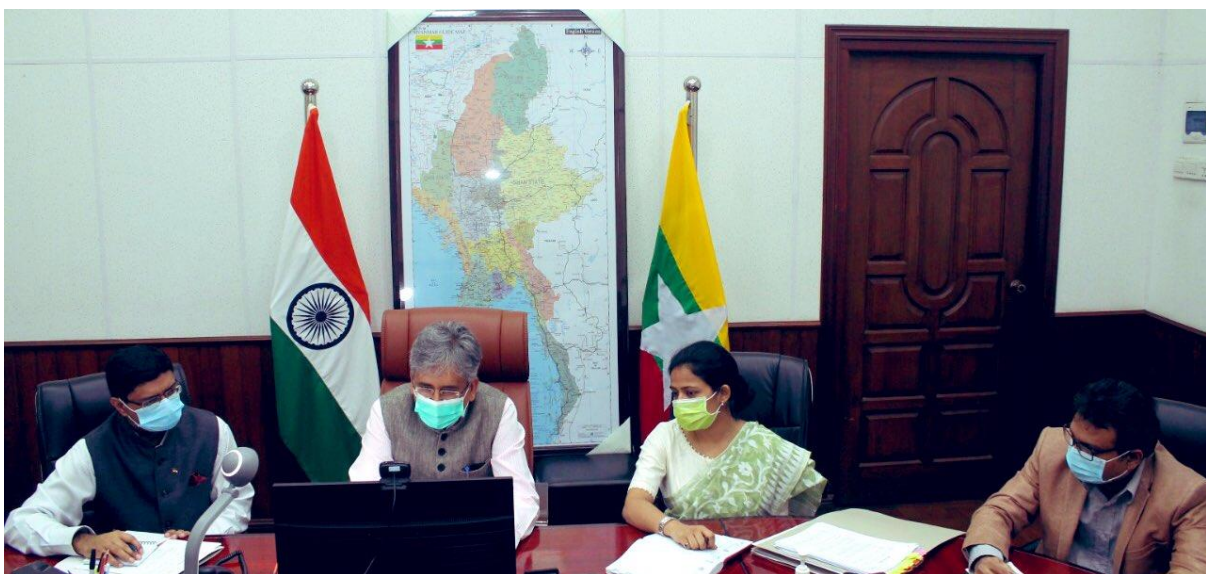
On July 19, the Chinese embassy in Myanmar [accused the United States](#) of “outrageously smearing” Beijing and attempting to create a divide between China and ASEAN over the South China Sea and Hong Kong.⁹³ The Embassy of China further remarked that “US agencies abroad were doing ‘disgusting things’ to contain China and had shown a ‘selfish, hypocritical, contemptible, and ugly face’”.⁹⁴ This comes after Secretary of State Mike Pompeo [redefined](#) Washington’s position on the South China Sea (SCS) on July 13, taking a more hard-line approach against Chinese aggression in the region.⁹⁵ The US embassy in Yangon on July 18 had [referred to Chinese actions](#) as “part of a larger pattern to undermine the sovereignty of its neighbours”.⁹⁶ In an [op-ed by the Charge d’ Affaires](#), the US Embassy drew parallels between China’s coercive tactics in the SCS and Hong Kong, and its large-scale investment projects in Myanmar, the inflow of drugs from China to Myanmar as well as trafficking of women as brides from Myanmar to China.⁹⁷

On June 23, there was a [joint raid](#) by the Thai military and police wherein a large cache of weapons was seized in Mae Sot District on the Thai side of the Myanmar-Thailand border.⁹⁸ Reportedly, the weapons were “Chinese-made” and were destined for the Rakhine state along the Myanmar-Bangladesh border. There have also been [reports](#) that some insurgent groups in India’s north-east region were the supposed recipients of the consignment.⁹⁹

While there is growing stress in the political realm between Myanmar and China, developments on the economic front have been smoother. Following an [online meeting on July 9](#), Myanmar and China agreed to “promote cooperation on the digital economy and cross-border e-commerce systems” to ensure that there is no disruption to trade and economic activity during the COVID pandemic.¹⁰⁰ Besides, China had also [planned investments](#) of USD73.5 million in Myanmar’s mobile money company, Wave Money, to “help upgrade the technological capabilities and security of the country”.¹⁰¹

Even as China continues to be a significant player in the region, other multilateral agencies such as the World Bank have also stepped in with much-needed assistance. In July, a [grant agreement](#) worth USD3.45 million was signed between the World Bank Group and the Government of Myanmar to provide access to electricity for 450,000 people in the country’s off-grid areas.¹⁰² Currently, it is [estimated](#) that over half of Myanmar’s population does not have access to the national grid and that over two-thirds of the households in rural areas depend on batteries, diesel generators and other means for power.¹⁰³

On July 8, the Indian Ambassador to Myanmar [held virtual discussions](#) with the Permanent Secretary, Ministry of Foreign Affairs of Myanmar. They discussed Delhi’s assistance to Nay Pyi Taw during the ongoing COVID crisis and took stock of India-Myanmar bilateral issues, emphasising the positive spirit of the relationship.¹⁰⁴ Earlier, on June 25, Defence Minister Rajnath Singh had [interacted](#) with Myanmar’s Military Chief, Senior General Min Aung Hlaing during his trip to Moscow.¹⁰⁵



Ambassador of India to Myanmar took stock of the India-Myanmar relationship with the Permanent Secretary of the Ministry of Foreign Affairs of Myanmar on July 8, 2020. Source: Twitter/@IndiainMyanmar

The election commission of Myanmar [announced](#) on July 1 that it would hold the next general election on November 8, 2020.¹⁰⁶ A total of 1,171 national, state and regional seats will be up for contestation in what is seen as an important test of Myanmar's transition away from military rule.¹⁰⁷

Bangladesh

India's bilateral trade with Bangladesh for the month of April-May dropped to USD424 million when compared to USD2 billion for the corresponding period in 2019. This was primarily due to the [decision](#) by the Government of West Bengal to close the Petrapole-Benapole border since late March due to the ongoing COVID-19 pandemic.¹⁰⁸ About 70 per cent of the bilateral trade between the two countries is through this border. However, the closure was one-sided as Indian goods were still allowed to cross the border to Bangladesh. On July 1, Bangladesh also decided to stop Indian trucks, thus resulting in the complete closure of the border.¹⁰⁹ The border [reopened](#) on July 5, and five trucks carrying Indian goods entered Bangladesh while five Bangladeshi trucks with export items were allowed to pass through to India.¹¹⁰

Amid such disruption, however, the ports at Kolkata and Haldia (West Bengal) introduced [new shipping routes](#) through the "inland waterways between Calcutta and Chittagong and Calcutta and Dhaka".¹¹¹ After a successful trial run in July "of a container ship from Kolkata to Agartala through Chattogram Port of Bangladesh", Indian authorities have [identified](#) eight more routes for improving North-East India's connectivity with Bangladesh.¹¹²



Source: Twitter/@MEAIndia

Moreover, in June, India and Bangladesh also had the [highest ever interchange](#) (103) of freight trains.¹¹³ In the process, essential goods such as “onion, ginger, finished products & raw materials for industries” were handed over to Bangladesh via Indian railways.¹¹⁴ Subsequently, in July, a [special parcel train](#) carrying 384 tonnes of dry chilli from Andhra Pradesh in India to Benapole in Bangladesh run for the first time.¹¹⁵ India and Bangladesh are likely to continue to use parcel trains, even after the pandemic dies down. On July 27, India also [handed over](#) ten locomotives to Bangladesh as grant assistance through a virtual ceremony attended by EAM Dr S. Jaishankar, Railway Minister Piyush Goyal and their Bangladesh counterparts AK Abdul Momen and Mohammed Nurul Islam Sujan.¹¹⁶ These developments reflect India’s intention to fulfil its ‘Neighbourhood First’ commitments.

Bhutan

In June, China had attempted to “stop funding for the Sakteng sanctuary from the UN Development Program’s Global Environment Facility (GEF), on the grounds that it was “disputed” territory”.¹¹⁷ Bhutan had then [reportedly](#) issued a demarche to China while in return, Beijing “doubled down” by claiming that the boundary between China and Bhutan “has never been delimited.”¹¹⁸ On July 21, a Chinese foreign ministry spokesman advocated a “package solution” to resolve the boundary disputes, maintaining that there were problems in the “middle, eastern and western sections”. Bhutan, on July 22, issued a [rare response](#), stating that, “all disputed areas will be discussed during the next round of boundary talks, which will be held as soon as it is mutually convenient”.¹¹⁹ Beijing and Thimphu have thus far held 24 rounds of boundary talks in a bid to resolve the disputes. [Reportedly](#), Chinese officials have never raised the Sakteng Wildlife issue in any previous rounds of boundary talks.¹²⁰

Trade between India and Bhutan acquired greater salience after a new trade route was [launched](#) on July 15 between Jaigaon (West Bengal) and Allay (Bhutan) to facilitate trade and commerce.¹²¹ The trade route will also help “decongest the vehicular traffic along the Jaigaon-Phuentsholing route”.¹²² Earlier, on July 8, the Indian Ambassador to Bhutan had [met virtually](#) with members from Bhutanese business and the Confederation of Indian Industry (CII) in an effort to expand India-Bhutan trade synergies.¹²³ Discussions included prospects for export of Bhutanese agricultural products into Indian supermarkets.

India Energy Exchange Limited (IEX) will [reportedly](#) soon begin to host “buyers and sellers from countries such as Nepal, Bhutan and Bangladesh to participate in power trading.”¹²⁴ Currently, only about 3,000 MW of power is traded in

South Asia, which includes India's annual imports of "1,200-1,500 MW power from Bhutan and exports [of] about 1,200 MW to Bangladesh, 500 MW to Nepal and 3 MW to Myanmar".¹²⁵



The Allay Land Customs Station, July 15, 2020. Source: Kuensel

The Maldives and Sri Lanka: Re-examining Connectivity

Libni Garg

The Maldives

On July 6, Foreign Minister Abdulla Shahid held [talks](#) with US Secretary of State Michael Pompeo, where they reiterated their commitment to strengthening the partnership between the two countries, especially regarding COVID-19 assistance.¹²⁶ Foreign Minister Shahid appreciated the USD2 million aid to the Maldives and thanked Secretary Pompeo for “other forms of frontline support facilitated by the US government”.¹²⁷

India continued to reach out to its Indian Ocean neighbour through various socio-economic measures. In [July](#), at least 87 [patients](#) requiring “urgent advanced medical treatment” travelled to India from the Maldives.¹²⁸ Additionally, the Maldivian government has reached out to India to develop an [air bubble](#) between the two countries, which will facilitate travel without restrictions.¹²⁹ Since tourism is a significant part of its economy, the Maldives on July 15 [decided](#) to allow travellers with various incentives such as free 30-day visa on arrival and no quarantine period.¹³⁰



Former President Nasheed speaking at the handover ceremony of outdoor gym equipment for 61 islands of the Maldives on July 13, 2020. Source: Twitter/@HCIMaldives

On July 8, Indian officials handed over a ferry [built](#) by India to assist commuting by Maldivians, particularly students.¹³¹ India also handed over [fitness equipment](#) to 61 islands in the Maldives. At the handing over ceremony, former President Nasheed reiterated the countries' partnership by [saying](#) that "The Maldives can't grow without India."¹³² These initiatives are 2 of the 18 projects in the Maldives being funded by India under a grant of 106 million MVR (USD6.9 million).¹³³ India is also set to assist the Maldives with the development of the Hanimaadhoo International Airport by extending a line of credit to boost regional connectivity.¹³⁴ Further, on July 28, the Indian High Commissioner to the Maldives handed over a "[symbolic cheque](#)" of MVR85 million (USD5.6 million) to the Minister of Foreign Affairs of Maldives for the implementation of 9 projects under the High-Impact Community Development Projects (HICDPs) scheme.¹³⁵ Delhi and Male had signed a bilateral MoU on HICDPs in March 2019, under which the government of India approved a total grant of MVR85 million (USD5.6 million) "for executing high-impact grant projects in the Maldives".¹³⁶

Sri Lanka

The Vande Bharat mission continued its evacuation project in Sri Lanka with [Air India](#) evacuating a total of 437 Indian nationals from Colombo in July under Phase IV of its mission.¹³⁷

On June 30, senior officials from Sri Lanka and India held talks regarding Colombo's [debt repayment](#) to New Delhi and discussed Sri Lanka's request for a currency swap arrangement.¹³⁸ Sri Lanka, which is scheduled to repay USD2.9 billion of its total external debt to India had requested Delhi to defer payments due to the ongoing COVID crisis.¹³⁹ Following talks, on July 24, the Reserve Bank of India [reportedly](#) signed an agreement for a USD400 million currency swap with Sri Lanka.¹⁴⁰

On July 1, PM Mahinda Rajapaksa [declared](#) that the Sri Lankan government is still deliberating the East Container Terminal agreement negotiated in 2019 with Japan and India.¹⁴¹ Subsequently, on July 3, President Gotabaya Rajapaksa appointed a five-member committee "to examine and report on the concerns" regarding the Jaya Container Terminal and the East Container Terminal of Colombo Port.¹⁴² The decision to review the project was preceded by Sri Lanka halting the Japan-funded Colombo Light Railway project and a USD480-million Millennium Challenge Corporation (MCC) grant from the US.¹⁴³ It has been [speculated](#) that these moves showcase Rajapaksa's attempt to [distance](#) Sri Lanka from the QUAD alliance amid growing pressure from [China](#).¹⁴⁴ The Sri Lanka Ports, Commerce Industries and Progressive Workers Union (hereafter,

Union) has also [expressed](#) serious reservations on India's stake in the project.¹⁴⁵ The Union, which is affiliated to Rajapaksa's political party, had reportedly threatened to [withdraw support](#) had the deal gone through.¹⁴⁶ Other [reports](#) have suggested that the Sri Lankan government may have agreed to review the project also to assuage growing opposition against it from rival parties ahead of the country's parliamentary elections scheduled for August 2020.¹⁴⁷



Colombo Port. Source: Wikimedia Commons

The rhetoric involving India is also actively gaining traction in the upcoming elections as leaders of the Tamil National Alliance (TNA) [maintained](#) that they have the endorsement of the Indian government.¹⁴⁸ However, India has not made any comments regarding the election.¹⁴⁹ In a related development, PM Rajapaksa also [revealed](#) that India has agreed to the Sri Lankan government's request not to pursue the agreement regarding the Mattala Rajapaksa International Airport which was negotiated by the Sirisena administration.¹⁵⁰

PAI and CAR*: Consolidation of Chinese Connectivity Frameworks

Shreyas Deshmukh

Pakistan continued to deploy information warfare against India in July. Prime Minister Imran Khan [falsely accused](#) India of responsibility for the terrorist attack carried out on June 29 by the Baloch Liberation Army (BLA) on the Pakistan Stock Exchange in Karachi in Pakistan's National Assembly.¹⁵¹ Earlier the Pakistan Foreign Minister had also made a similar statement. The Ministry of External Affairs of India aptly [replied](#) that "unlike Pakistan, India has no hesitation in condemning terrorism anywhere in the world, including in Karachi".¹⁵²

On the conventional front, to match Chinese deployments on the Line of Actual Control (LAC), Pakistan has reportedly moved an additional [20,000 troops](#) in the Gilgit-Baltistan region.¹⁵³ Further, it is also speculated that increased Chinese activities have been taking place in the [Skardu Airbase](#) of Pakistan.¹⁵⁴ However, the Inter-Services Public Relations (ISPR) – the media arm of the Pakistan Army – has [refuted these claims](#).¹⁵⁵ The Pakistani Army is stretched between the northern and the southern fronts of the border, managing the COVID-19 pandemic in the country. Moreover, in the last four months, the Army has lost 21 personnel, including three officers due to terrorist attacks in the Pashtun tribal areas.¹⁵⁶ On July 4, PM Imran Khan called a [high-level meeting](#), which was attended by the Defence Minister and other senior officials, to discuss issues related to the internal security situation in Pakistan.¹⁵⁷ Before the meeting, Pakistan Foreign Minister Shah Mehmud Qureshi had a [telephonic conversation](#) with his Chinese counterpart Wang Yi, which was focused on regional security developments and CPEC.¹⁵⁸

Chinese Sponsored Projects in Pakistan

The pace of expansion of the China-Pakistan Economic Corridor (CPEC) was on show during the month. On July 6, an agreement was signed with "China Gezhouba" for the construction of the 700 MW [Azad Pattan](#) Hydro Electricity Project worth USD1.5 billion.¹⁵⁹ The project, which is located on the River Jhelum, is expected to be completed by 2026. Pakistan is also in the process of constructing its largest dam, the [Di Amer-Bhasha Dam](#), with a hydroelectricity generation capacity of 4500 MW.¹⁶⁰ The construction of the dam was kicked off

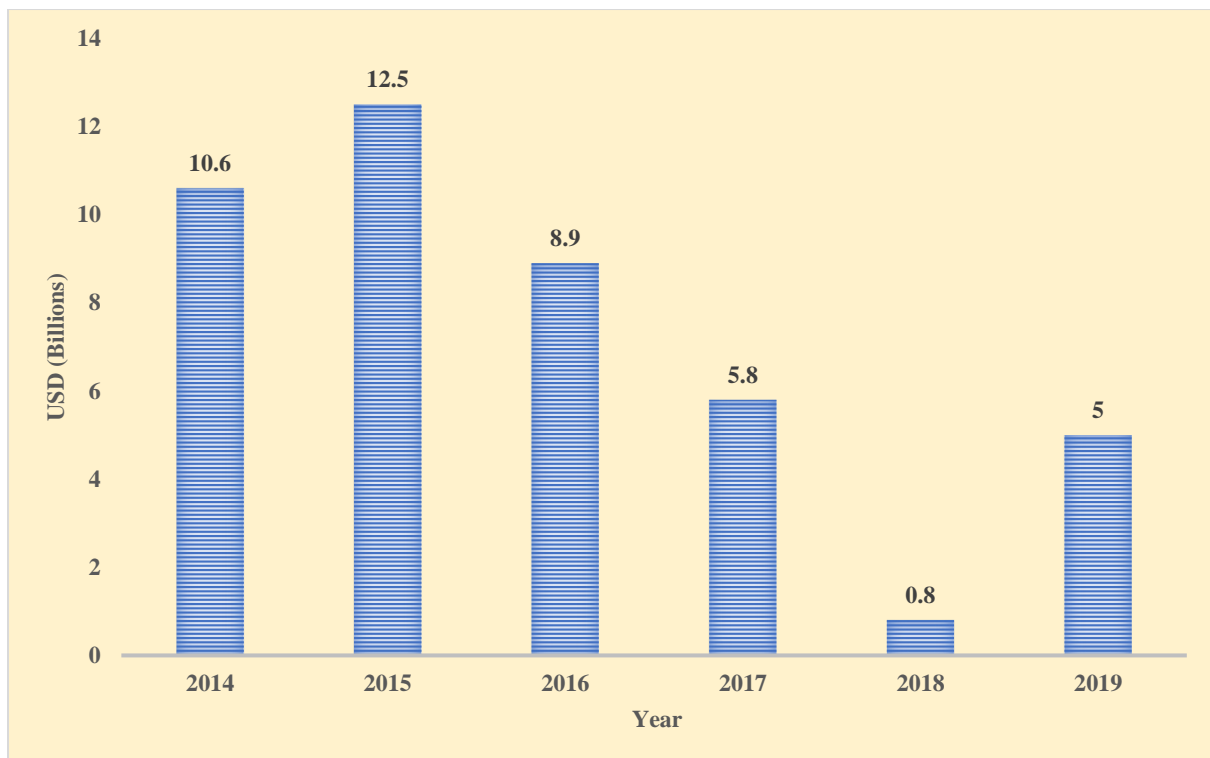
* PAI stands for Pakistan, Afghanistan and Iran and CAR stands for Central Asian Republics.

in the presence of COAS General Bajwa and PM Imran Khan on July 15. Earlier, in May 2020, the government of Pakistan had [signed a contract](#) worth Rs.442 billion (USD2.6 billion approx.) with a joint venture of China Power (70 per cent) and Frontier Works Organisation (30 per cent), the commercial arm of the [Pakistan Army](#) for the construction of the dam.¹⁶¹ The project is expected to be completed in 2028.



Diemer Bhasha Dam site, Kashmir, Source: Google Map

The dam is located in the Diemer district of Gilgit Baltistan in Pakistan occupied Kashmir. India has raised concerns on the construction of the dam. On May 14, the [MEA spokesperson stated that](#), "entire territory of the Union territories of Jammu and Kashmir and Ladakh have been, are and will continue to be integral and inalienable part of India".¹⁶² Further [on July 17, he said](#), "this dam will lead to submergence of a large part of the land of the Indian union territories of J&K and Ladakh" and condemned Pakistan's attempts to bring material changes in Indian territories under its illegal occupation.¹⁶³



China and Pakistan – CPEC and non-CPEC projects (investments, loans and grants pertaining to joint ventures, acquisitions and greenfield projects) (As per April 2019). Source: American Enterprise Institute China Global Investment Tracker

Further, “[new fibre optic cables](#) from Khunjerab Pass to Islamabad, laid under the China Pakistan Economic Corridor have been made operational”.¹⁶⁴ The fibre optic cables are to be laid along three routes of the CPEC, including railway tracks. In the next phase, cables from Islamabad to [Karachi and Gwadar](#) will be completed.¹⁶⁵ To protect CPEC projects, China is in the process of supplying four armed drones to Islamabad.¹⁶⁶

Developments in Afghanistan

On July 7, the third round of the China-Afghanistan-Pakistan Trilateral Vice-Foreign Ministers’ [Strategic Dialogue](#) was held via video link, during which the three sides agreed to jointly carry out counter-terrorism operations against anti-China terrorist organisations such as the East Turkistan Islamic Movement (ETIM).¹⁶⁷ The focus was also on the effective implementation of the Afghanistan-Pakistan Action Plan for Peace and Solidarity (APAPPS), which is crucial for China’s ambitions to expand [CPEC into Afghanistan](#).¹⁶⁸



Optical fibre cables laid under CPEC projects have been operationalised from Khunjrab to Islamabad. A data centre, July 12, 2020. Source: Twitter/@AsimSBajwa

India continued to maintain its position of supporting the legitimate Afghan Government. On July 6, it participated in a meeting of [20 regional partners](#) chaired by President Ashraf Ghani.¹⁶⁹ “Issues concerning the [Afghan peace](#) and reconciliation process and the support of regional partners to an independent, unified, democratic and sovereign Afghanistan were discussed” in the meeting.¹⁷⁰ Despite the ongoing pandemic, Delhi has signed [five agreements](#) to develop educational infrastructure across four provinces of Afghanistan.¹⁷¹

Regional Connectivity and Multilateral Fora

India’s connectivity to Afghanistan via Iran could be significantly hampered after it was [reported](#) that Tehran is dropping India from the Chabahar-Zahedan rail project.¹⁷² A deputy to Iran’s Ports and Maritime Organization denied any such development saying Iran has [not inked any deal](#) with India on this project in the first place.¹⁷³ Subsequently, the Indian Ambassador to Iran was [invited](#) by the Iranian minister for Roads and Railways to review ongoing cooperation on the project.¹⁷⁴ Although the Chabahar-Zahedan rail project was not mentioned in the trilateral agreement signed between India-Iran-Afghanistan in 2016, India did [agree to develop](#) transport and transit infrastructure with port facilities at Chabahar.¹⁷⁵ Given that Washington has imposed strict sanctions on Iran, it could be that Tehran is using coercive tactics with US allies and partners such as India to reduce dependence. With a majority of the US troops having withdrawn from Afghanistan and with the Afghan peace process heading towards some form of conclusion, Iran could also be pulling Afghanistan into regional connectivity networks involving China.



The Indian Ambassador to Iran reviewing ongoing cooperation on the Chabahar-Zahedan railway with Iranian officials, July 20, 2020. Source: Twitter/@India_in_Iran

On July 2, the Pakistan Foreign Minister [met](#) US Special Representative to Afghanistan Ambassador Zalmay Khalilzad in Islamabad who was travelling in the region to gather support for the Afghan Peace process.¹⁷⁶ Ambassador Khalilzad also visited Uzbekistan where he attended a [C5+1 meeting](#) on June 30 between the US Secretary of State and the Foreign Ministers of the five Central Asian nations.¹⁷⁷ At the meeting, Ambassador Khalilzad asked the countries to play a decisive role as Afghanistan will require the Central Asian connectivity network to strengthen its economy after the Afghan peace process has concluded. On July 17, Chinese Foreign Minister Wang Yi also conducted an inaugural [foreign ministers' meeting](#) with his Central Asian counterparts.¹⁷⁸ A [nine-point consensus](#) on "cooperation for peace and development in the region" was reportedly reached at the meeting.¹⁷⁹ The North-South Corridor, Central Asian Regional Economic Corridor (CAREC), Belt and Road Initiative and many other small sub-connectivity projects will remain at the centre of regional geopolitical developments for now and in the years to come.

India-West Asia: Cooperation and Multilateralism amid Rising Tensions

Sanket Joshi

The Israel-Palestine issue has been at the heart of geopolitical and religious conflicts in West Asia for the past 70 years. In the context of Israel's proposed plan to annex parts of the West Bank, the Indian Ministry of External Affairs (MEA) [official spokesperson](#) remarked on July 03 that, "the final status issues between Israel and Palestine should be resolved through direct negotiations between the two parties."¹⁸⁰ Delhi's position on the matter will assume greater importance as India is set to begin a two-year term as a non-permanent member at the UNSC from January 2021.

In a major boost to the growing partnership between India and Israel, on July 23, Tel Aviv [announced that](#) an Israeli delegation led by their Ministry of Foreign Affairs and India's Ministry of Defence and the Ministry of Health would conduct a series of tests in India to determine the effectiveness of rapid diagnostic solutions to COVID-19 developed by Israel.¹⁸¹ The delegation, which [landed in New Delhi](#) on July 28, also brought along ventilators and "hi-tech artificial intelligence respirators that will be given as grant to AIIMS, Delhi".¹⁸² Cybersecurity has also emerged as a critical pillar of the [India-Israel partnership](#) in recent years with Delhi and Tel Aviv signing an MoU on July 15 to "further expand collaboration in dealing with cyber threats".¹⁸³ It is expected that the MoU will help "deepen the operational cooperation between the two sides and will expand the scope of exchange of information on cyber threats in order to raise the levels of protection in the field."¹⁸⁴



India and Israel sign an MoU on operational collaboration on Cyber Security, July 15, 2020.

Source: Twitter/@indemtel

In July 2020, the Indian Air Force has sought to acquire more [SPICE-2000](#) bombs from Israel amid rising tensions with China in Ladakh.¹⁸⁵ Reportedly, these bombs were used in the Balakot air-strike on Pakistan sponsored terrorist camps in 2019.¹⁸⁶ Moreover, in a boost to 'Make in India', the [Israeli assault rifles](#) Arad and Carmel will now be manufactured in the Indian state of Madhya Pradesh.¹⁸⁷



The Indian Air Force has sought to acquire more SPICE-2000 bombs from Israel. Source: Defense World

In the economic realm, Saudi Arabia hosted a [virtual meeting](#) of G20 finance ministers and central bank chiefs on July 18 to discuss ways to combat the ongoing "coronavirus pandemic and boost the global economy".¹⁸⁸ Reportedly, 42 of the world's 73 poorest countries have requested deferment in bilateral debt payments from the G20 countries.¹⁸⁹ Although a "one-year debt standstill for the world's poorest nations" was announced in April, critics have said it is "grossly inadequate".¹⁹⁰ During the meeting, India's [Finance Minister](#) Nirmala Sitharaman spoke about the G20 action plan in response to Covid-19, about the international taxation agenda as well as the policy measures adopted by India to fight the pandemic such as direct benefit transfer, rural employment guarantee scheme, etc.¹⁹¹

On July 22, India also [participated](#) in the G20 Digital Ministers' conference hosted by Saudi Arabia. The Union Minister for Electronics and Information Technology, Ravi Shankar Prasad emphasised the need to make digital platforms "responsive" and "accountable" towards sovereign concerns. He also

spoke about “data privacy” and the need to build trustworthy “artificial intelligence” systems.¹⁹²



Union Finance Minister Nirmala Sitharaman participated in the third meeting of G20 Ministers, July 18, 2020. Source: Twitter/@FinMinIndia

While G-20 focused on the global economic architecture, the Covid-19 induced economic crisis has led to Gulf nations indigenising their economies to reduce dependence on [migrant workers](#).¹⁹³ Kuwait’s legislative assembly approved a quota for expatriates which states that the Indian expatriate community – one of the largest in the country – should not exceed 15 per cent of the national population, which could force around 800,000 Indians to leave Kuwait.¹⁹⁴ The MEA [official spokesperson](#) on July 9 said that the matter has been discussed between the foreign ministers of India and Kuwait and that India has shared its “expectation” that Kuwait will consider the “deeply rooted... people-to-people linkages” with India before making a decision.¹⁹⁵

To overcome long-term challenges, Middle-Eastern countries are diversifying their scientific and economic interactions. For instance, on July 19 the UAE successfully launched spacecraft bound for Mars on a Japanese rocket.¹⁹⁶ While it is not a purely commercial venture, the UAE-Japan partnership also indicates a desire to diversify their relationship.

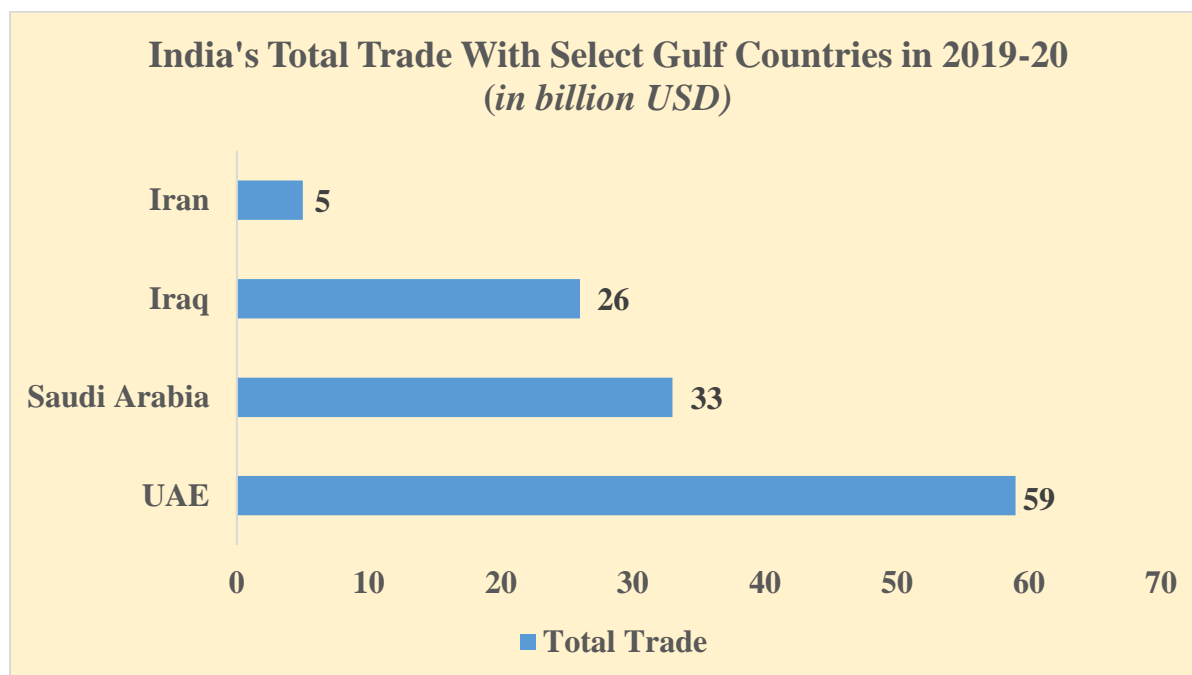
China's outreach to West Asia has continued through the 9th [China-Arab States Co-operation Forum](#) (CASCF), held via video conference on July 6.¹⁹⁷ The meeting was co-chaired by Chinese Foreign Minister Wang Yi and Jordanian Minister of Foreign Affairs Ayman Hussein Abdullah Al-Safadi. Foreign ministers or ministerial-level officials of all member states of the Arab League and Arab League Secretary-General Ahmed Aboul Gheit participated. At the conclusion of the Forum, the '[Amman Declaration](#)' was issued in which both parties agreed to hold an Arab-Chinese summit in order to enhance the strategic partnership.¹⁹⁸



China proposed closer cooperation with the Arab states in six key areas. Source: Foreign Ministry of the People's Republic of China.¹⁹⁹

Iran and China have also reportedly [finalised](#) a USD400 billion "Strategic Accord", which will expand economic and military cooperation, including weapons development and intelligence sharing. In return, it is speculated that China will get discounted oil for the next 25 years. However, the document is yet to be approved by the Iranian parliament.²⁰⁰ India's outgoing Consul General in Jeddah noted that "India has become Saudi Arabia's second-largest trading partner."²⁰¹ India is also a key partner of the UAE's and Saudi Arabia's

economic diversification programs. The graph below provides data (in USD billion) of India's total trade with select Gulf countries in 2019-20.



Source: Department of Commerce, Government of India

Despite the growing salience of economic reform rhetoric in the region, political fault lines continue to persist. The UK government had suspended arms sales to Saudi Arabia last year following a London court ruling regarding violation of human rights in the ongoing war in Yemen.²⁰² However, it is reportedly in talks to [resume the sale](#) of arms to Riyadh after London dismissed the Saudi air-strikes on Yemen as "isolated incidents".²⁰³ The war in Yemen between the Saudi-led coalition and Houthi rebels has not shown any signs of abating. In June 2020, Saudi Arabia had intercepted [ballistic missiles](#) and bomb-laden drones reportedly aimed at civilians in Riyadh, which was strongly condemned by India.²⁰⁴ The Saudi-Yemen conflict is symptomatic of larger political and ideological contestations across the region. India is not excluded from this. For instance, on July 23, a United Nations [report](#) on Da'esh and Al-Qaida noted that the "ISIL Indian affiliate (Hind Wilayah)... has between 180 and 200 members", most significantly in Kerala and Karnataka.²⁰⁵ The report [warned](#) that the Al-Qaida in the Indian Subcontinent (AQIS) is "reportedly planning retaliation operations in the region to avenge the death of its former leader", Asim Umar.²⁰⁶

The other fault-line has been Turkey's emphasis on the pursuit of an Islamist identity. President Recep Tayyip Erdogan on July 10, issued an executive decree changing the status of the Byzantine-era monument [Hagia Sophia](#) to a mosque. Even as the United States, the Vatican and the Russian Orthodox

Church strongly criticised Turkey's decision, hundreds of worshippers gathered "for the first Muslim prayers in 86 years inside Hagia Sophia" on July 24.²⁰⁷

Turkey is also pulling away from its traditional partners as evident in the United States (Lockheed Martin) decision to remove Turkey from the [F-35 global participants'](#) list.²⁰⁸ This is primarily on account of America's opposition to Turkey's purchase of the Russian S-400 missile defence system. It should be noted that India has also signed an agreement with Russia for the delivery of S-400 missiles and is also seeking to engage with the American defence firms.²⁰⁹



A US Air Force F-35A. Source: Wikipedia

India, Russia and the Indo-Pacific

Anushka Nair

With constitutional reform signed into law in early July, Russian President Vladimir Putin now has the opportunity to contest for [two additional six-year terms](#) of the Presidency after his current one expires in 2024.²¹⁰ While Putin has not explicitly expressed his intention to run for office again, this move could potentially make him the country's longest-serving leader, [surpassing](#) Joseph Stalin, who was the leader for 43 years.²¹¹

Prime Minister Narendra Modi, in a telephone conversation on July 2, [congratulated](#) President Putin on the successful constitutional amendment vote.²¹² During the conversation, the two leaders also discussed possibilities of cooperation between Delhi and Moscow to mitigate the consequences of COVID-19. They agreed to keep up the momentum of bilateral engagement, leading up to the annual India-Russia summit, for which President Putin is expected to travel to Delhi towards the end of the year.²¹³

An important expected outcome of the summit is the [formalisation](#) of the Reciprocal Exchange of Logistics Agreement (RELA) between India and Russia.²¹⁴ The agreement will reportedly enhance interoperability and support for military platforms between India and Russia. India has already committed to similar defence logistics agreements with other important partners, including the United States, France and Australia. According to the Indian Ambassador in Moscow, Russian Defence Minister Sergei Shoigu [could also visit India](#) later this year.²¹⁵

India's Defence Acquisition Council (DAC) has [approved](#) the Indian Air Force's proposal to procure 21 new Mig-29 fighter aircraft and upgrade 59 previously purchased aircraft for Rs.7,418 crore (approximately USD1 billion).²¹⁶ Russian defence cooperation has also extended to the Indian Navy, as a team of Russian technicians continue to [provide maintenance support](#) amid the COVID-19 pandemic aboard the aircraft carrier INS Vikramaditya.²¹⁷ The INS Vikramaditya is a modified Kiev-class aircraft carrier that was sourced from Russia for USD2.33 billion and entered into service in 2013.

On July 3, India and Russia participated in a [BRICS virtual meeting](#) of Sherpas in which the MEA Secretary (CPV and OIA) represented India.²¹⁸ The [discussions](#) ranged from progress on ongoing BRICS projects to prospects for future cooperation within the grouping.²¹⁹ Russia has [reportedly](#) offered to

organise a Defence Ministers' Meet of the Russia-India-China (RIC) grouping later this year, after hosting a virtual RIC Foreign Ministers' Meeting on June 23.²²⁰



MEA Secretary (CPV and OIA) at the BRICS Virtual Meeting of Sherpas on July 03, 2020.

Source: Twitter/@SecySanjay

Russia's Deputy Foreign Minister said in a [recent interview](#) that no limits had been set to the extent of bilateral cooperation between India and Russia in the sectors of space, healthcare and pharmaceuticals.²²¹ On July 14, the Indian Ambassador in Moscow met with Russia's Deputy Foreign Minister Sergey Vershinin, and the two discussed possibilities of India-Russia [cooperation at global multilateral platforms](#) such as at the UNSC, where India is to be a non-permanent member for 2021-2022.²²² Collaboration between the two countries at multilateral fora could be of relevance as Russia is due to host leaders' summits for both the RIC as well as BRICS. On July 15, the Indian Ambassador to Russia had a [telephonic discussion](#) with Russia's Deputy Foreign Minister Igor Morgulov on matters of bilateral significance as well as the planned schedule of contact for the two countries in the near future.²²³

India's Big-ticket Defence Purchases from Russia

Year of Order	Year of Delivery	Made/Assembled in India or Collaborative Projects	Russian Made
1998	2016-2019	400 PJ-10 BrahMos Anti-Ship Missiles	-
2001	2005-2019	-	140 Su-30MK FGA Aircraft
2004	2013	-	1 Gorshkov Aircraft Carrier
2004	2012	-	1 Project-971I/Akula Nuclear Submarine
2005	2010-2011	-	16 MiG-29SMT/Fulcrum-F FGA Aircraft
2006	2009-2018	-	300 T-90S Tanks
2006	2012-2013	-	3 Talwar Frigates
2007	2009-2012	40 Su-30MK FGA Aircraft	
2008	2011-2013	-	80 Mi-8MT/Mi-17 Transport helicopter
2008	2012-2019	-	63 MiG-29SMT/Fulcrum-F FGA Aircraft
2012	2013-2017	-	42 Su-30MK FGA Aircraft
2013	-	236 T-90S Tanks	
2018	-	4 Talwar Frigates	
2019	-	464 T-90S Tanks	1 Project-971I/Akula Nuclear Submarine

Source: SIPRI

India's Ambassador to Russia, in a video conference on July 15, explained the need for Moscow to be more [involved in the Indo-Pacific](#).²²⁴ Reiterating that India does not see the Indo-Pacific as a containment strategy, the Ambassador pointed out that when "established principles of international law, norms and contracts" are challenged, both Indian and Russian interests are equally affected.²²⁵ He cited Indian and Russian investments in Vietnam's oil and gas sector as one of many aspects where the two countries find their interests converging in the Indo-Pacific. The Indian Ambassador stated that differences between India's and Russia's Indo-Pacific outlooks had been exaggerated and that the two countries had far more to agree on, such as ASEAN centrality and upholding international law in the region.²²⁶

Russia continues to attract criticism regarding its cyber activities. Recently, the United Kingdom, the United States and Canada [accused](#) hackers affiliated with the Russian military intelligence group APT29 using malware to obtain information on their COVID-19 vaccine research.²²⁷ The Chief Executive of the Russian Direct Investment Fund has [denied the claims](#), stating that Russia did not need to seize any information from its competitors as it already had a deal with pharmaceutical firm AstraZeneca to produce Oxford's vaccine domestically at R-Pharm, one of its largest pharmaceutical organisations.²²⁸ On July 21, Russia's deputy defence minister claimed in an interview that Russia's first vaccine against the novel coronavirus is ready.²²⁹ Reportedly, Russian companies may start mass-producing the vaccine by August.²³⁰

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