



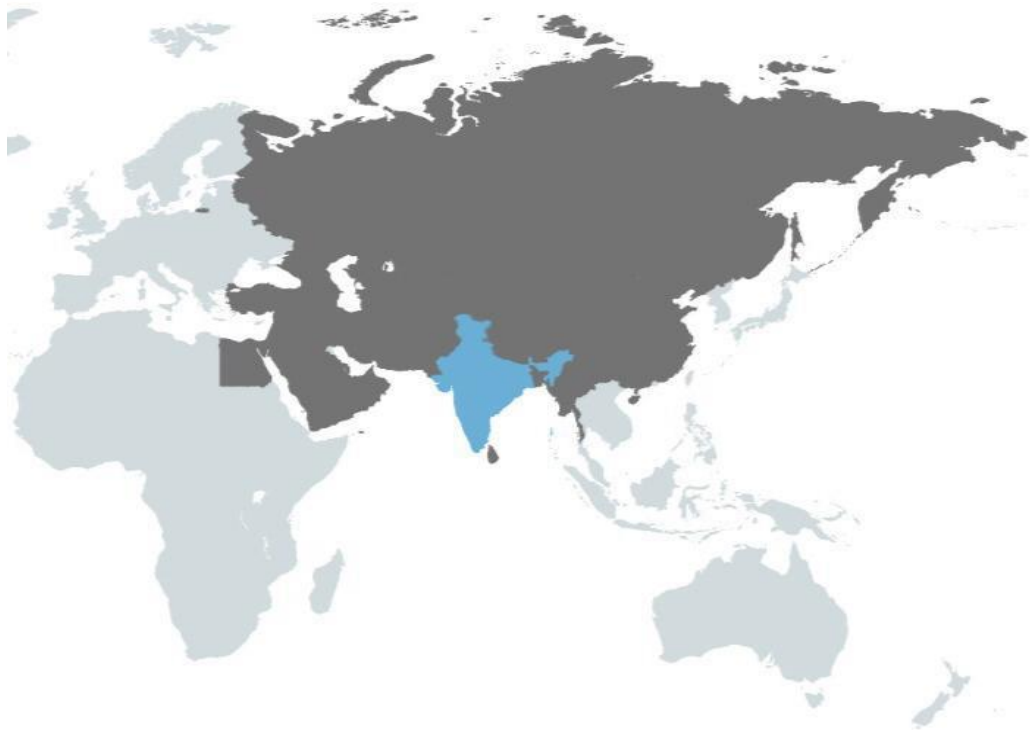
**Delhi Policy Group**

Advancing India's Rise as a Leading Power



# INDIA STRATEGIC REVIEW

## DECEMBER 2020



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Advancing India's Rise as a Leading Power

## DPG 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, Sanket Joshi, Shreyas Deshmukh 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](mailto:mohit@dpg.org.in). To subscribe, please [click here](#).

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## Contents

<b>Overview: Contesting Constructs and Geopolitical Realities</b>	
Sanjay Pulipaka and Mohit Musaddi .....	1
<b>Neighbourhood: Transitions and Consolidation of India's Partnerships</b>	
Mohit Musaddi.....	8
<b>India-West Asia: 'Investing' in Bilateral Relationships</b>	
Sanket Joshi.....	16
<b>India, PAI, CARs and Mongolia: Pandemic Co-operation and Search for 'Energising' Partnerships</b>	
Shreyas Deshmukh .....	21
<b>Russian Tilt towards China? Implications for India</b>	
Anushka Nair.....	26

## Overview: Contesting Constructs and Geopolitical Realities

Sanjay Pulipaka and Mohit Musaddi

As a turbulent year comes to an end, the world today is much more receptive to the argument that it needs to move away from the benign view that China is an economic opportunity rather than a geopolitical threat. This shift in the global perception has come about mainly because of China's handling of the COVID-19 pandemic and its subsequent aggressive diplomacy and territorial assertions. While there has been intense focus on the Indo-Pacific, there is also a general consensus on India's role as a principal player in the Indo-Pacific. This is nowhere more apparent than in the United States. In India's neighbourhood, there has been a consolidation of India's developmental and connectivity initiatives, which will pay dividends in the coming years. On the other hand, it appears that Russian and Chinese grand strategies are coming together in the Asian continental landmass, which will have adverse repercussions for India.

It is sometimes argued that social construction of reality prompts nation-states to define who their friends and adversaries are. Developments over the past year have demonstrated that objective realities cannot be brushed aside as mere social constructs. The fear that Nepal was slipping into the Chinese sphere of influence was often dismissed as a mere Indian construct. However, in the past month, senior Chinese leaders have rushed to Kathmandu to patch up fraying political alignments. Similarly, the Russian assessment that India is becoming a partner in anti-Chinese constructs created by Western countries is not an accurate depiction of geopolitical realities. China's territorial aggression is not an intellectual construct that New Delhi needs to disregard, but rather an objective geopolitical reality that merits India's response.

### The Ladakh Stand-off: No "Meaningful Solution"

On December 18, representatives from India and China held the [20<sup>th</sup> meeting](#) of the Working Mechanism for Consultation and Coordination on India-China border affairs (WMCC).<sup>1</sup> Defence Minister Rajnath Singh said on December 30 that even though there are expectations that talks will "result in a positive outcome", [no "meaningful solution"](#) has come out of the diplomatic and military level talks held with China so far and there is "status quo".<sup>2</sup> Moreover, even as diplomatic-level talks have been ongoing, there has [hardly been any progress](#) on de-escalation and disengagement at the friction points along the Line of Actual Control (LAC).<sup>3</sup> On the contrary, it appears that China has been

[upgrading](#) its “infrastructure and military positions” in the depth areas along the LAC.<sup>4</sup>

During the month, EAM Dr. S. [Jaishankar remarked](#) that the India-China relationship is “very significantly damaged” and said that Beijing has offered “five different explanations” to justify the increased deployment of soldiers along the LAC.<sup>5</sup> India has repeatedly called on China to stick to all “[bilateral agreements](#) and protocols, including the agreements of 1993 and 1996,” to ensure peace and tranquillity.<sup>6</sup> The next round of military-level dialogue is on hold at the moment and is expected to take place after the “[newly-appointed](#) PLA Western Theatre Commander Gen Zhang Xudong completes his military familiarisation on troop deployments on the Indian border”.<sup>7</sup>

On the economic front, after banning Chinese mobile applications, and placing restrictions on Chinese investments, the Government of India in December also issued a “National Security Directive” calling for the procurement of [telecommunication equipment](#) from “India’s trusted sources”.<sup>8</sup> Although the government did not specify the countries that will be impacted, it is widely believed that the directive is meant to scrutinise Chinese companies such as Huawei and ZTE.<sup>9</sup>

In light of the tense security situation along the border, India has continued to scale up its defence procurement. In mid-December, Defence Minister Rajnath Singh stated that efforts are on to [acquire](#) 38 BrahMos missiles, 11 offshore patrol vessels, ship-borne unmanned aerial systems and six AEW&C (airborne early-warning and control) aircraft.<sup>10</sup> In a boost to the Make in India initiative, almost “all the weapons and military hardware approved for procurement will be acquired from domestic industry”.<sup>11</sup>

At the same time, India has continued to receive signals of support from the United States amid the ongoing stand-off with China. During the month, outgoing President Donald Trump presented the [Legion of Merit](#) to Prime Minister Narendra Modi for “elevating the US-India strategic partnership”.<sup>12</sup> This was not just a symbolic gesture. In the National Defense Authorization Act ([NDAA](#)) released on December 3, the US Congress expressed “concern” on the “continued military aggression by the Government of China along the border with India”.<sup>13</sup> It further added that “the Government of China should... refrain from attempting to settle disputes through coercion or force”.<sup>14</sup>

The Trump administration has also continued to exert pressure on China through other means. On December 27, President Trump [signed into law a bill](#) that “pledges increased support for Tibetans, including sanctioning Chinese officials” if they try to appoint the successor to the Dalai Lama.<sup>15</sup> The [Tibetan](#)

[Policy and Support Act of 2020](#) (TPSA) recognises the Central Tibetan Administration (CTA) as a legitimate institution and introduces new “provisions aimed at protecting the environment and water resources on the Tibetan plateau”.<sup>16</sup> However, it remains to be seen how President-elect Joe Biden and his cabinet appointees tackle China, as they are yet to provide any detailed insight on their probable strategy towards Beijing.

The India-China stand-off will be a prolonged one, and China may be hoping that it may prove economically expensive for India. However, [India's defence spending](#) in 2020-21 constituted only 2.1% of its GDP, and there is significant space for India to incur more expenditure on defence.<sup>17</sup> Related to that, China is also trying to impose a cost on India by scaling up relations with South Asian neighbours. In Nepal, it has attempted to influence the ongoing domestic political turmoil by dispatching a [four-member delegation](#) led by the vice-minister of the International Affairs department of the Chinese Communist Party (CCP).<sup>18</sup>

### Neighbourhood: Political Transition and Consolidation of Indian Presence

Nepal has been reeling under an intense political crisis. On December 20, President Bidya Devi Bhandari, on the recommendation of Prime Minister K.P. Sharma Oli, [dissolved](#) the Lower House of Parliament and declared dates for the next general elections.<sup>19</sup> However, the move has received [bipartisan criticism](#) as opponents allege that there is no provision in the Nepal constitution for dissolution of the House in case of a majority government.<sup>20</sup> The decision has been challenged in court, with proceedings underway. Even though PM Oli attempted to explain this development in a televised address to the nation, few were convinced. Instead, the country has witnessed protests and several people have been arrested. Subsequently, PM Oli has been expelled from the party and senior leader Madhav Kumar Nepal has replaced him as the [Nepal Communist Party \(NCP\) chairperson](#).<sup>21</sup> Naturally, the political crisis has had an effect on Kathmandu's foreign policy as well. Arguably, PM Oli was driven by developments at home when he tried to deflect criticism by updating Nepal's political map to include Indian territories in May 2020. Even though Delhi-Kathmandu relations have seen a mild uptick since then, Nepal has been unable to commit dates for the foreign minister's visit to Delhi for the 6<sup>th</sup> [India-Nepal Joint Commission's meeting](#).<sup>22</sup>

Chinese influence has continued to expand in the Indian subcontinent; security and economic challenges have escalated. In December, Nepal and China jointly revised the [height of Mount Everest](#) from 8,848 metres to 8,848.86

metres.<sup>23</sup> In Sri Lanka, China is reportedly investing USD300 million in a [tyre factory in Hambantota](#) after it received significant tax concessions.<sup>24</sup> Even so, there are reports that China has been [refusing to disburse funds](#) for projects in Sri Lanka that were agreed earlier.<sup>25</sup> In Myanmar, Beijing is reportedly in the process of constructing a "[2000-kilometre reinforced fence](#)" to "prevent illegal crossings".<sup>26</sup> Notably, in November 2020, Beijing had to stop construction of border fences near the Shan state after it received letters of objection from the Myanmar military.

Despite the ongoing friction in the Bangladesh-Myanmar relationship over the Rohingya issue, Bangladesh PM Sheikh Hasina expressed Dhaka's willingness to be part of the [India-Myanmar-Thailand trilateral](#) highway.<sup>27</sup> Bangladesh has also formally initiated negotiations for a Free Trade Agreement ([FTA with ASEAN](#)) (Association of South-East Asian Nations).<sup>28</sup> Such step establishes Dhaka's desire to engage more with Southeast Asia. Bangladesh also signed a preferential trade [agreement \(PTA\) with Bhutan](#) on December 6, as it seeks to graduate from the least developed country (LDC) category.<sup>29</sup> The PTA will be further boosted by reports that India is in talks with Bhutan to operationalise four [new transit routes](#) for trade.<sup>30</sup> Bangladesh will be able to use these trade routes to transport goods to Bhutan, which will enjoy duty-free access under the PTA.

India's overall presence in the neighbourhood has consolidated, especially in the Maldives. India is reportedly planning to set up coastal radar stations in Bangladesh, Myanmar and the Maldives. This will not only enable real-time monitoring of threats at sea but also expand [India's capacity-building](#) assistance in the Indian Ocean littoral.<sup>31</sup>

### On an upward trajectory: India-Arab Relations

There has been a steady scaling up of the India-Saudi Arabia bilateral relationship in the past few months. Delhi and Riyadh have operationalised a "Strategic Partnership Council Agreement", which has led to [new avenues of partnership](#) in strategic areas like "defence, security, counter-terrorism, energy security and renewable energy".<sup>32</sup> In early December 2020, the Indian [Army chief visited Saudi](#) Arabia to further deepen military ties.<sup>33</sup> Meanwhile, Saudi Arabia's Ambassador to India remarked that the countries are in discussion to prioritise investment opportunities in several sectors, in consonance with Crown Prince Mohammad bin Salman's earlier announcement that [Saudi Arabia would invest](#) "over USD 100 billion in India."<sup>34</sup>

The improvement in the relationship between India and the Arab states is being noted by other regional players as well. The Israeli Ambassador to India has

suggested the possibility of an [India-UAE-Israel](#) trilateral.<sup>35</sup> Delhi-Tel Aviv security cooperation is proceeding apace, with India in talks to purchase 1,580 [ATHOS artillery guns](#) from an Israeli firm.<sup>36</sup> In a significant development, Israel established diplomatic [relations with Bhutan](#) in December which will enable cooperation in “economic, technological and agricultural” sectors.<sup>37</sup> In November 2020, Israel was reportedly in talks to set up two “[centres of excellence](#)” in the Indian state of Meghalaya aimed at “equipping farmers with technology to help increase their income”.<sup>38</sup> Such developments indicate that Israel’s engagement in eastern India is registering an uptick. However, Israel does not yet have diplomatic relations with Bangladesh yet.

Political developments in the Gulf and among Arab states are creating favourable winds for India’s enhanced engagement in the region. On the other hand, in India’s immediate Western neighbourhood, the Afghanistan-Pakistan region continues to be a source of major concern.

### **Afghanistan, Pakistan and the Search for a New Pan-Islamic Identity**

There has been a [spike in violence](#) in Afghanistan and optimism regarding the peace process has decreased significantly.<sup>39</sup> Ongoing talks between the Taliban and the Afghan government have been at an impasse since the two sides agreed on rules and procedures for the negotiations.<sup>40</sup> Even though the two factions are preparing to resume talks, a [ceasefire](#) still remains elusive.<sup>41</sup> The quick legitimisation by the US of the Taliban, from a terrorist organisation to a legitimate state actor, seems to be the consequence of a desire for a quick exit rather than geopolitical realities. China’s involvement in Afghanistan has also come to the fore after the Trump administration declassified “unconfirmed intelligence that indicates China paid [non-state actors](#) in Afghanistan to attack US soldiers”.<sup>42</sup> If this information is confirmed, it could lead to heightened tensions between Beijing and Washington.

In a demonstration of the growing salience of the [China-Pakistan axis](#), visiting Chinese defence minister Wei Fenghe met the Pakistani leadership on December 1 and termed the unique relationship as an “all-weather strategic co-operative partnership”.<sup>43</sup> Beijing and Islamabad also participated in a joint air exercise [Shaheen-IX](#) on December 10.<sup>44</sup> The general economic situation of the country and the financial situation of the Pakistan government continues to be dire, and Islamabad has had to [borrow USD 1.5 billion](#) from Beijing to maintain minimum exchange reserves.<sup>45</sup>

On the other hand, Pakistan has also been busy worrying about financial flows to UN-designated terrorists. Pakistan approached the United Nations Security Council (UNSC) 1267 sanctions committee seeking permission to [pay Zakiur](#)



[Rehman Lakhvi](#) Rs.1.5 lakh a month.<sup>46</sup> Islamabad's attempts to coerce the international community to discuss Kashmir received a setback during the month when the Organisation of Islamic Cooperation (OIC) chair rejected a [proposal by Pakistan](#) for a special meeting on the issue.<sup>47</sup> However, the OIC, in its resolution, made references to the Kashmir issue. [New Delhi expressed regret](#) that the "OIC continues to allow itself to be used by a certain country, which has an abominable record on religious tolerance, radicalism and persecution of minorities".<sup>48</sup>

Pakistan has stepped up cooperation with Turkey. On December 2, the [Turkish Defence Minister](#) met with Pakistan's naval chief in Ankara to boost defence ties.<sup>49</sup> Pakistan's deteriorating [relations with Saudi](#) Arabia has forced Islamabad to seek closer ties with the Turkey-Malaysia-Iran bloc.<sup>50</sup> Islamabad may ultimately be projecting itself as an important node in reconceptualising a pan-Islamic identity in collaboration with Turkey. However, its precarious financial situation has prompted Islamabad to be overly [dependent on China](#).<sup>51</sup>

Referring to Russia's growing ties with Pakistan, which now include military drills as well as a joint project to establish the North-South gas pipeline, the [Deputy Chief](#) of the Russian mission in India stated that "Russia is very cautious when it comes to respecting the sensitivities" and that India should not be "worried".<sup>52</sup> It remains to be seen whether these economic projects, including the gas pipeline, will be economically viable, given the financial situation in Pakistan.

Meanwhile, Moscow's relationship with Delhi may be heading towards a phase of uncertainty.

### **Russia-India: An Uncertain Future?**

On December 8, Russian foreign minister Sergey [Lavrov accused Western powers](#) of using "aggressive and devious" policies to engage India "in anti-China games by promoting Indo-Pacific strategies".<sup>53</sup> Naturally, at a time when India is in a serious territorial contestation with China, the Russian minister's comments hinting that India is a mere pawn in western machinations against Beijing did not go down well with Delhi. Quoting Prime Minister Modi's speech from 2018, the Indian Ministry of External Affairs [spokesperson stated](#) that India does not "see the Indo-Pacific region as a strategy or as a club of limited members or as a grouping that seeks to dominate".<sup>54</sup> It is clear that Moscow continues to see the world through a bipolar lens and appears to underestimate the security situation that Delhi currently finds itself in due to intense Chinese military pressure along the LAC.

India, on its part, does not approach its relationship with Russia through a China-lens. Despite Russia's close ties with China, Delhi's cooperation with Moscow is independent of its ties with Beijing. Even as India continues to depend on Russia for defence imports, bilateral challenges are emerging. One, the US may no longer be willing to take a lenient view of Delhi's defence procurement from Russia. US officials have indicated that major defence purchases from Russia "would attract sanctions under [CAATSA](#)" (Countering America's Adversaries through Sanctions Act).<sup>55</sup> On December 14, the [US imposed sanctions](#) on NATO-ally Turkey for the purchase of the Russian S-400 missile interceptor systems.<sup>56</sup> Two, Moscow increasingly tends to view Delhi through the lens of Chinese security concerns.

### Conclusion: Contesting Established Frameworks

As India assumes the role of a non-permanent member of the UN Security Council for a two-year term, Delhi has once again called for a reformed multilateralism, including a revamp of the United Nations. On December 14, EAM Dr. S. Jaishankar said that the "UN is the brand name of multilateralism" but pointed out that "[narrow representation](#) at the leadership levels of the UN is... a challenge to its credibility and effectiveness".<sup>57</sup> During the month, India also called out "[selectivity](#)" in the UN "in condemning acts of violence against religions".<sup>58</sup> Addressing the UN General Assembly session on 'Culture of Peace' on December 2, India pointed out that UN resolutions only address the three 'Abrahamic religions' (Judaism, Christianity and Islam) but fail to "acknowledge the rise of hatred and violence against Buddhism, Hinduism and Sikhism".<sup>59</sup>

For the next two years, India is poised to play a proactive role at the UNSC to push forward the agenda of multilateral reform and democracy.

## Neighbourhood: Transitions and Consolidation of India's Partnerships

Mohit Musaddi

### Nepal

On December 20, Nepal Prime Minister K.P. Sharma Oli [recommended dissolution](#) of the House of Representatives (Lower House) of the Federal Parliament during an emergency cabinet meeting.<sup>60</sup> Following months of political turmoil and the lack of consensus among the ruling party's different factions, such a step was always on the cards. President Bidya Devi Bhandari swiftly [endorsed](#) PM Oli's recommendation and approved holding the next general elections on April 30 and May 10, 2021.<sup>61</sup> However, political leaders, including the ruling party, civil society members and experts have described PM Oli's move as [unconstitutional](#) as the Constitution of Nepal "does not have a clear provision for House dissolution".<sup>62</sup> There were [bipartisan protests](#) across the country, and the Standing Committee of the ruling Nepal Communist Party (NCP) sought to seek disciplinary action against PM Oli alleging that the move was an "undemocratic and autocratic step".<sup>63</sup> As an immediate reactionary step, seven ministers from PM Oli's cabinet, who belong to the Pushpa Dahal-faction, [tendered their resignation](#) after the President approved the House's dissolution.<sup>64</sup> The move has already been challenged, and it now [rests on the Supreme Court](#) to decide the future course of action.<sup>65</sup> However, irrespective of the Supreme Court's decisions, a split in the ruling NCP is almost certain, leading to political instability in Nepal in the foreseeable future.

To limit the damage and to ensure China's influence with the government, Beijing hurriedly sent a [four-member delegation](#) on December 27 led by the vice-minister of the International Department of the Communist Party of China (CPC).<sup>66</sup> The team held a [host of meetings](#) with President Bhandari, PM Oli, Pushpa Kamal Dahal, Madhav Kumar Nepal, and other opposition parties.<sup>67</sup> They are reportedly trying to prevent a split in the party, while at the same time ensuring that China-Nepal relations enjoy bipartisan support in Kathmandu.<sup>68</sup>

To make matters worse for Kathmandu, over the past few months, at least a dozen major towns in Nepal have "witnessed [pro-monarchy rallies](#)" in a bid to restore the country's 'Hindu Kingdom' status.<sup>69</sup> The rallies' participants have "held the national flag, and displayed pictures" of former kings and queens of Nepal, [chanting slogans](#) such as "King, come forward and save the country".<sup>70</sup>

Such rallies will likely be further intensified given the volatile political situation in the country.



Protests erupted in Kathmandu on December 20, following PM Oli's recommendation to dissolve the House of Representatives. Source: The Himalayan Times/Naresh Shrestha

As a result, Kathmandu's foreign policy has taken a back seat. The Nepal Foreign Minister was due to visit Delhi in mid-December for the 6<sup>th</sup> India-Nepal Joint Commission meeting. However, given the ongoing rift in the NCP, Kathmandu has been [unable to propose the dates for the meeting](#).<sup>71</sup> On December 17, India's Chief of Defence Staff (CDS) iterated that "India's goodwill [to Nepal] comes with no strings attached".<sup>72</sup>

Some high-level meetings between India and Nepal in December included an "Inter-Governmental Committee (IGC) on [Trade, Transit and Co-operation](#)" between the Commerce Secretaries of India and Nepal on December 7 and the 8<sup>th</sup> meeting of the India-Nepal Joint Working Group on power sector cooperation (at the level of Joint Secretaries) on December 10.<sup>73</sup> In the meeting on trade, the representatives discussed government-level initiatives to enhance trade and commerce. The IGC also discussed the "creation of cross-border economic zones".<sup>74</sup> On [power sector cooperation](#), Delhi and Kathmandu discussed "grid interconnectedness, market access for Nepali surplus power and Indian investment in Nepali hydro and solar sectors".<sup>75</sup> Hydropower cooperation was also discussed between Russia and Nepal on December 8. A team led by the [Russian Ambassador to Nepal](#) met the Nepali Minister for Energy, Water Resources and Irrigation to express Moscow's "interest in investing in hydropower".<sup>76</sup> The team discussed legal provisions, hydropower

distribution and inquired about the potential and demand in the domestic and regional market.<sup>77</sup>

The 5<sup>th</sup> meeting of the [Nepal-US Trade and Investment](#) Framework Agreement (TIFA) Council was held virtually on December 15. Washington has “agreed to provide technical support for capacity building of Nepali producers in order to increase the volume of exportable goods”.<sup>78</sup> They also discussed “customs and trade, intellectual property, trademark and e-commerce, financial service, investment promotion [and] trade concessions provided by the US to Nepal and different subjects regarding investments.”<sup>79</sup> With China, Nepal jointly revised the [height of Mount Everest](#) to 8,848.86 metres (29,031.69 feet above sea level).<sup>80</sup>

Henceforth, Nepal’s external affairs will be guided by a [new foreign policy document](#) released by the Government of Nepal on December 6.<sup>81</sup> Citing the lack of an integrated foreign policy document, Foreign Minister Pradeep Gyawali said the document “aims to secure the country’s national interests by deepening mutual cooperation with all friendly countries”.<sup>82</sup> According to the document, the country will follow the principles of “[the] UN Charter, Panchsheel and good neighbourliness”, enhance ties based on “sovereign equality, mutual respect and benefit”, and resolve boundary issues via “peaceful diplomatic means and dialogue based on treaties, agreements, historic documents, evidence and facts”.<sup>83</sup>

## Bangladesh

PM Narendra Modi and PM Sheikh Hasina participated in the India-Bangladesh Virtual Summit on December 17. PM Modi reiterated the “highest priority India attaches to Bangladesh under [India’s Neighbourhood First Policy](#)” and discussed border management issues, security cooperation, connectivity initiatives, and trade partnerships, including prospects of a bilateral Comprehensive Economic Partnership Agreement (CEPA) and the Teesta water-sharing agreement.<sup>84</sup> They also discussed the need for the safe return of the displaced Rohingyas to Myanmar and highlighted the importance of multilateral institutions to foster cooperation, especially during the ongoing COVID-19 pandemic.<sup>85</sup> Delhi and Dhaka signed seven MOUs/Agreements including agriculture, hydrocarbon sector, and Indian grant assistance to Bangladesh under the High Impact Community Development Project (HICDP).<sup>86</sup> Dhaka and Delhi are also reportedly on the cusp of finalising the [“purchase of 150,000 tonnes of rice”](#) from India in what would be “the first such bilateral deal in three years after floods in Bangladesh sent local prices to a record high”.<sup>87</sup>



Prime Ministers Narendra Modi and Sheikh Hasina at the India-Bangladesh Virtual Summit, December 17, 2020. Source: PM India

During the Summit, PM Hasina also expressed interest in Bangladesh joining the India-Myanmar-Thailand ([IMT trilateral highway](#)).<sup>88</sup> She sought Delhi's support in enabling Dhaka to join the initiative, which will allow Bangladesh direct land access to ASEAN. Dhaka has also initiated negotiations for a [Free Trade Agreement \(FTA\) with ASEAN](#) "to enjoy greater market access in the bloc after graduating from the least developed country grouping".<sup>89</sup>

On December 6, Bangladesh signed its first-ever [preferential trade agreement](#) (PTA), with Bhutan. According to the PTA, around 100 Bangladeshi products will get duty-free access to Bhutan, while 34 Bhutanese products will enjoy similar market access in Bangladesh.<sup>90</sup>

## Myanmar

China is constructing a "2,000-kilometre reinforced fence" along its Myanmar border. Codenamed "[Southern Great Wall](#)", Beijing has supposedly begun construction in early 2020, and so far, 659 km have been completed.<sup>91</sup> It should be noted that in November 2020, China had begun construction of fences near Myanmar's Shan state border, but had to stop after receiving letters of objection from the Myanmar military. While the porous borders between Myanmar and China were earlier beneficial to China, there is probably concern in Beijing regarding the "possible flow of anti-state [China] activities" from Myanmar.<sup>92</sup> Although the current rationale is that Beijing wants to contain the spread of COVID-19, in truth, China may be looking to [secure its southern borders](#) which is "one of the few frontier areas through which reactionary ideas and other undesirable, foreign ideas can enter the country".<sup>93</sup> Chinese Foreign Minister Wang Yi reportedly plans to [visit Nay Pyi Taw](#) in January 2021 to "show support"

for the NLD-led government “while pushing it to speed up construction of projects delayed by the pandemic under the China-Myanmar Economic Project”.<sup>94</sup>

On December 10, India and Myanmar held the 5<sup>th</sup> bilateral meeting on [Drug Control Co-operation](#). They agreed upon the “exchange of intelligence information in a timely manner to conduct follow-up investigation in drug seizure cases” and also agreed to strengthen “existing cooperation on drug law enforcement”<sup>95</sup> There are also [persistent security concerns](#) along the India-Myanmar border, which is reportedly the reason for the delay in the Kaladan Multimodal Transit Project (KMTT).<sup>96</sup> India and Myanmar officials will reportedly meet in January 2021 to discuss [resumption of border trade](#).<sup>97</sup>

## Bhutan

India will reportedly make [four new trade routes](#) operational for transit to Bhutan. These include Nagarkata (West Bengal), Agartala (Tripura), Jogighopa and Pandu (Assam).<sup>98</sup> Earlier, in October 2020, India and Bhutan had also operationalised trade through Allay as an alternative to Phuentsholing.



Israel's ambassador to India (right) signs a deal with his counterpart, Ambassador of Bhutan to India establishing diplomatic relations with Israel, December 12, 2020.

Source: Times of Israel

Four Bhutanese space engineers will be trained by the Indian Space Research Organisation (ISRO) for the launch of Bhutan's satellite in 2021. The “launch of

the satellite is part of India's efforts to back Bhutan King Jigme Khesar Namgyel Wangchuck's plans to use [advanced technology](#), including ICT and space technology, for developing his country".<sup>99</sup>

On December 12, Israel became the second country in two months to [establish diplomatic relations](#) with Bhutan. The Israeli Ambassador to India signed the agreement with his Bhutanese counterpart in New Delhi. Key areas of cooperation between Thimphu and Tel Aviv will reportedly include "economic, technological and agricultural development".<sup>100</sup> Bhutan does not have diplomatic ties with any of the five permanent members of the UNSC, while Israel has normalised relations with the UAE, Bahrain, Sudan and Morocco in recent months under the Abraham Accords.

### Sri Lanka

On December 7, the High Commissioner of India to Sri Lanka met the Sri Lankan Minister of Foreign Relations and the Minister of Fisheries. They [discussed](#) Colombo's "proposal for joint management for Palk Bay and Gulf of Mannar" and possible post-COVID-19 mutual cooperation.<sup>101</sup> On December 30, Delhi and Colombo also held a virtual meeting of their joint [working groups on fisheries](#) and discussed the "issue of the recent apprehension of 36 Indian fishermen and [the] seizure of five fishing vessels by the Sri Lankan Navy".<sup>102</sup>

Further, on December 18, the High Commissioner signed [four MOUs](#) with the Secretary of Sri Lankan State Ministry of Rural Housing and Construction "towards streamlining the implementation mechanisms of the ongoing village and housing projects" in Sri Lanka.<sup>103</sup> The Indian government is constructing 2,400 houses across the island under the programme.<sup>104</sup> On December 9, the Deputy High Commissioner of India to Sri Lanka had reviewed the progress of [ongoing Indian projects](#) in the Mannar and Jaffna districts of Sri Lanka.<sup>105</sup>

Adjacent to the Hambantota Port, Beijing will be investing USD300 million in a [tyre-factory](#) in Sri Lanka.<sup>106</sup> It is China's first large-scale investment in the manufacturing sector in Sri Lanka, and has reportedly been approved "under legislation that allows generous tax concessions".<sup>107</sup> On December 17, a subsidiary body of the state-run China Communications Construction Company Limited (CCCC) signed a [USD1-billion agreement](#) with the Sri Lankan conglomerate LOLC group "for developing the Colombo International Financial Centre".<sup>108</sup> However, Colombo may be aware that even after agreements, Chinese investments are not always guaranteed. A 2014 agreement between Colombo and Beijing to build the first segment of an expressway in Sri Lanka was [delayed](#) for four and a half years as the Chinese government refused to release the money.<sup>109</sup> The Sri Lankan government had



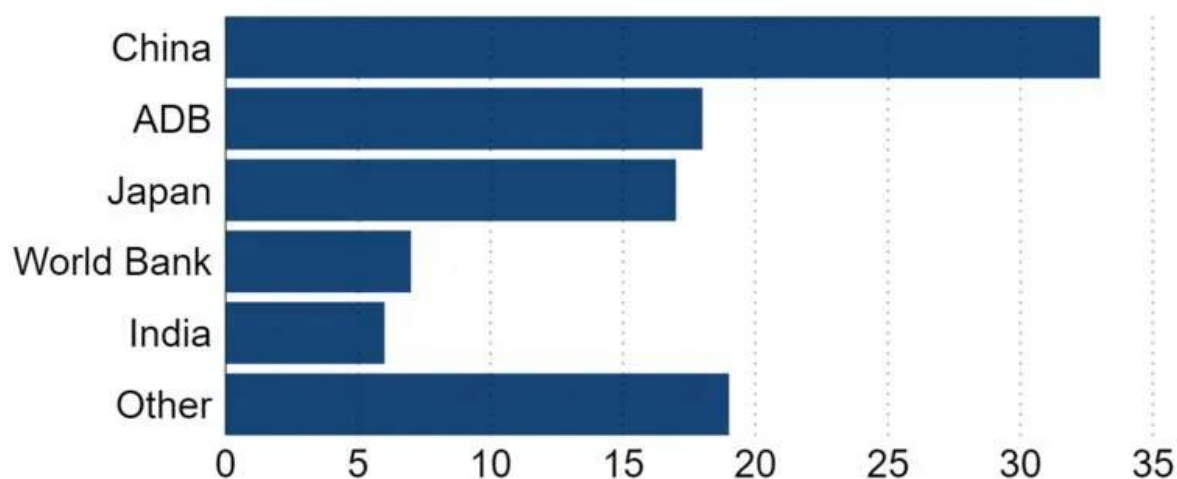
to reportedly allow China to “reclaim more land as compensation” in order for them to disburse the funds.<sup>110</sup>

On the other hand, other foreign partners, including the United States and Japan, face difficulties investing in Sri Lanka. The US-government foreign aid agency Millennium Challenge Corporation (MCC) withdrew a five-year, [USD480-million grant](#) offered to the Government of Sri Lanka in April 2019 citing “lack of partner country engagement”.<sup>111</sup> The grant was meant for a “land and a transport project” but could never take off due to [opposition from certain sections](#) of the country, who felt that the country’s resources would end up with “Western individuals and corporations endangering the sovereignty of Sri Lanka”.<sup>112</sup>

Colombo is also reportedly considering [scrapping two Japanese-funded](#) infrastructure projects. These include the USD1.8-billion loan for a light rail transit project and a USD500-million loan for the Eastern Container Terminal venture.<sup>113</sup> Apparently, the Rajapaksa government aims to “end foreign loans for infrastructure projects” and will instead prefer “investment-led public-private partnerships”.<sup>114</sup>

## Sri Lanka's infrastructure financing by lender

(In percent of total in 2005-2019)



Source: [Nikkei Asia/Verite Research](#)

## The Maldives

India is reportedly at an advanced stage of setting up “[coastal radar stations](#) in [the] Maldives, Myanmar and Bangladesh”.<sup>115</sup> This is part of efforts to “expand the coastal radar chain network meant to enable real-time monitoring of the high seas for threats and (sic.) also expand India’s assistance for capacity

building to Indian Ocean littoral states".<sup>116</sup> Delhi is also looking to boost defence cooperation with Male. As part of the Aero India 21 series of webinars, the Indian [Ministry of Defence \(MoD\)](#) on December 17 organised a virtual seminar and an expo between India and the Maldives.<sup>117</sup> During the meeting, the Maldives National Defence Force (MNDF) briefed the participants on their requirements and, in turn, Indian defence firms "highlighted their capabilities, product offerings and solutions".<sup>118</sup>

On December 10, [Male and Beijing](#) held bilateral-level talks virtually at the level of Director-General. They discussed the need to "enhance cooperation... on mutual areas of interest as well as on topics relating to the prevention of the spread of the ongoing global Covid-19 pandemic and economic recovery from the pandemic".<sup>119</sup>

The Maldives has also received senior dignitaries from international organisations. The World Bank's Country Director for the Maldives, Nepal and Sri Lanka travelled to the Maldives in December and called on the President as well as other senior officials. They discussed the [World Bank's role](#) in supporting "the Maldives in building back better [from the effects of COVID-19] for inclusive and sustainable economic growth".<sup>120</sup> The World Bank is currently engaged in nine projects in the Maldives, with a total net commitment of USD148 million.<sup>121</sup>

## SAARC and BIMSTEC

On [SAARC's 36<sup>th</sup> Charter Day](#), PM Narendra Modi remarked that "the full potential of SAARC can only be realised in an atmosphere free of terror and violence".<sup>122</sup> Pakistan PM Imran Khan deemed it 'unfortunate' that "longstanding disputes among the member states" and "artificial obstacles" have prevented SAARC countries from taking advantage of "Pakistan's potential as a melting pot for positive economic interest".<sup>123</sup> Nepal PM KP Sharma Oli said that "SAARC is not a choice, but a necessity" and highlighted the need for a fresh impetus to SAARC.<sup>124</sup> It should be noted that the last SAARC Summit was held in 2014.

BIMSTEC Transport Connectivity Working Group met virtually on December 8. Delegations of all seven BIMSTEC countries participated in the meeting.

## India-West Asia: 'Investing' in Bilateral Relationships

Sanket Joshi

The [Indian Army Chief](#) General M.M. Naravane visited the United Arab Emirates (UAE) and the Kingdom of Saudi Arabia on December 9 and held talks with the [land forces commanders](#).<sup>125</sup> The Army Chief's visit to the two major Gulf countries is a reflection of India's growing strategic engagement in the region and is expected to further open up avenues for cooperation in defence. Further, Saudi Arabia, the UAE and Qatar are reportedly interested in purchasing the Indo-Russian '[BrahMos](#)' supersonic cruise missile systems, talks for which are in the early stages.<sup>126</sup>



Indian Army Chief Gen. M.M. Naravane visited the King Abdul Aziz Military Academy in Saudi Arabia, December 14, 2020. Source: Twitter/@adgpi

### India's Look West Policy and the Gulf

Indian Minister for Petroleum and Natural Gas recently highlighted the "success of '[India's Look West](#)' policy and a fundamental reset in relations between New Delhi and the Gulf nations".<sup>127</sup> In last six years, "India's relations with the Gulf partners, especially Saudi Arabia and the UAE have been upgraded to [strategic partnership](#) level, which shows a higher level of commitment than bilateral relations, and includes strategic dialogues in several sectors".<sup>128</sup> In December 2020, [Saudi Arabia also deported a group of NRIs](#) for protesting against India's proposed 'National Register of Citizens (NRC)'.<sup>129</sup>

In the energy sector, the Indian Minister for Petroleum and Natural Gas announced that “due to the successful implementation of Phase I of the [strategic petroleum reserves](#) (SPR) policy, India now has crude oil storage that can last for 74 days; adding that the government plans to launch the second phase of SPR soon”.<sup>130</sup> India, which had stopped [oil imports from Iran](#) to comply with the US sanctions, believes that following the victory of Joe Biden in the US Presidential election, oil imports from Iran and Venezuela could restart, allowing India to diversify its crude supplies.<sup>131</sup> Meanwhile, it must be noted that the US is strongly backing construction of the ‘[EastMed Gas Pipeline](#)’ and on completion, it will help Europe diversify its gas supply away from Russia.<sup>132</sup>

## Investments

On the investments front, Prime Minister Narendra Modi and the Amir of Qatar, Sheikh Tamim Bin Hamad Al-Thani discussed the [creation of a special task force](#) to facilitate investments by the Qatar Investment Authority into India.<sup>133</sup> Both leaders “resolved to explore Qatari investments in the entire Indian energy value-chain”.<sup>134</sup> Investcorp, the Bahrain-based global alternative asset management fund currently has assets worth USD500 million in India and it has [set a target](#) of USD1.5 billion medium-term investment in India especially in private equity, real estate and credit markets.<sup>135</sup> Saudi Arabia’s Ambassador in Delhi, showing confidence in India’s post-pandemic economic recovery, stressed that “[Saudi Arabia’s investment plans in India](#) are on track”.<sup>136</sup>

### Announcements of major investments from the Gulf countries in India since June 2020.

Country	Amount and Recipients
Saudi Arabia (Public Investment Fund)	USD1.5 billion: Reliance Jio Platforms <sup>137</sup>
UAE (Mubadala Investment Company)	USD1.2 billion: Reliance Jio Platforms <sup>138</sup>
UAE (Abu Dhabi Investment Authority)	USD751.7 million: Reliance Jio Platforms <sup>139</sup>
Saudi Arabia (Public Investment Fund)	USD1.3 billion: Reliance Retail Ventures <sup>140</sup>
Bahrain (Investcorp Bahrain)	USD110 million: Xpressbees <sup>141</sup>
Oman-India Joint Investment Front II	USD5.6 million: DCB Bank <sup>142</sup>

Source: Compiled by Author

In a major boost to [food security](#) cooperation, the UAE-India food summit was held in Dubai on December 8-9.<sup>143</sup> A proposed [UAE-India food corridor](#) is expected to “triple the exports of agricultural and food products from India to the UAE to about USD7 billion in three years”.<sup>144</sup> The food corridor is expected to benefit [two million farmers](#) and create 200,000 jobs in India.<sup>145</sup> Further, the UAE-based ‘Lulu Group International’ announced a plan to set up a [food processing centre in Srinagar](#) to source agricultural products from the Indian Union Territory of Jammu and Kashmir.<sup>146</sup>

### OIC, Pakistan and Turkey

The Organisation of Islamic Cooperation (OIC) snubbed Pakistan’s proposal to hold a special session on Kashmir at its 47th Session of the Council of Foreign Minister’s (CFM) held in Niamey, Niger. However, the [OIC did adopt a resolution](#) that reiterated the organisation’s position that the “Jammu and Kashmir dispute must be peacefully settled in accordance with the relevant United Nations Security Council (UNSC) Resolutions”.<sup>147</sup> India’s Ministry of External Affairs categorically rejected “the [factually incorrect](#), gratuitous and unwarranted references to India in resolutions adopted by the Organisation of Islamic Conference (OIC)”.<sup>148</sup>

In a security-related development, Pakistan is reportedly buying ‘[mini-drones](#)’ from Turkey to bolster its surveillance capability against India.<sup>149</sup> It has also been reported Turkey is sending [Syrian mercenaries](#) who had earlier fought in Libya and Azerbaijan to reinforce and fight in Kashmir.<sup>150</sup>

### India-Israel: A Growing Partnership

During an address to the India-led [International Solar Alliance](#) (ISA), the Israeli Prime Minister Benjamin Netanyahu underlined India and Israel as partners in the quest for a low carbon future and green economy.<sup>151</sup> In December, India and Israel also held the 16<sup>th</sup> round of [foreign office consultations](#), which comprehensively reviewed progress in the ongoing cooperation in defence and security, counter-terrorism, cyber-security, water and agriculture, innovation and start-up’s, academic collaborations, and trade.<sup>152</sup> To further defence cooperation, India reportedly plans to purchase 1,580 artillery guns from the Israeli firm [Elbit Systems](#), which has promised to make 70 per cent of these weapon systems in India.<sup>153</sup> Israel’s Ambassador to India also reiterated Tel Aviv’s strong commitment to meet Delhi’s [defence requirements](#) and once again highlighted the possibility of trilateral cooperation between India, Israel and the UAE.<sup>154</sup>

On December 10, [Morocco](#) became the latest Arab country to partially normalise diplomatic relations with Israel. India welcomed this development and reiterated its call for talks between Israel and Palestine for an acceptable two-state solution.<sup>155</sup>

India has also urged the international community to address the presence of terrorist organisations like [Al-Qaeda and ISIS](#) in parts of Yemen and their continuous attacks on civilians.<sup>156</sup> India's Deputy Permanent Representative to the United Nations stressed the need for global unity to fight the "[dark forces of terror](#)" and the need to hold those who support and shelter terrorist groups accountable.<sup>157</sup>

### India-GCC Relations

Prime Minister Narendra Modi congratulated Sheikh Sabah Al-Khaled Al-Hamad Al-Sabah, on his re-appointment as the [Prime Minister of Kuwait](#) and expressed confidence that relations between India and Kuwait<sup>158</sup> would become even closer. Further, Kuwait announced its decision to allow the return of the [foreign workers](#) beginning December 7; in the initial phase, workers only from India and the Philippines will be allowed back in Kuwait.<sup>159</sup>



V. Muraleedharan holds talks with Oman's Foreign Minister Badr Albusaidi, December 16, 2020, Source: Twitter/@MOS\_MEA

India's Minister of State (MoS) for External Affairs, [V. Muraleedharan visited Oman](#) on December 16 and 17.<sup>160</sup> Mr Muraleedharan held talks with Oman's Foreign Minister and thanked him for the support extended to the Indian community during the ongoing COVID-19 pandemic. The MoS also held talks with Oman's Minister for Commerce and Industry and conveyed Delhi's willingness to [partner Muscat in its vision 2040](#), while seeking Oman's partnership in the making of an Atmanirbhar Bharat.<sup>161</sup> Oman has exempted Indian citizens from mandatory [entry visa requirements](#) for travel of up to 10 days.<sup>162</sup>

### CAATSA Sanctions on Turkey

The [United States sanctioned Turkey](#) under 'Countering America's Adversaries through Sanctions Act (CAATSA)' for knowingly engaging in a significant transaction with Russia to purchase the S-400 surface-to-air missile system.<sup>163</sup> In the light of India's purchase of a similar system, a senior US diplomat recently stated, "the [CAATSA sanctions](#) are not designed to be punitive to a partner and ally that has got a sustainment, operation or a maintenance issue".<sup>164</sup>

## India, PAI, CARs and Mongolia: Pandemic Co-operation and Search for 'Energising' Partnerships

Shreyas Deshmukh

Even as countries start rolling out immunisation programme against COVID-19, new strains of the virus have threatened to cause further disruption. The rising infection rates in [Afghanistan](#), Pakistan, Iran and the Central Asian Republics (CARs) have also led to an increase in the number of fatalities and generated pressure on governments to expedite the process of procurement of the vaccine.<sup>165</sup> Apart from clinical approval, these countries are dependent on their geopolitical partners for the supply of the vaccine. For instance, Pakistan approved the final phase of clinical trials for the [Ad5-nCoV](#), co-developed by CanSino Biologics, and the Academy of Military Medical Sciences, a Chinese military-backed research arm.<sup>166</sup> In return, China will supply COVID-19 vaccines to Pakistan on a priority basis. Meanwhile, Iran's National Coronavirus Taskforce has said that it would not replace Pfizer with [Russian and Chinese vaccines](#).<sup>167</sup>

### Geopolitical Opportunities in Mongolia

India has provided essential medicines and medical equipment to its immediate neighbours and other countries including continental neighbours of China such as Mongolia during the pandemic. In the bilateral meetings between India-Mongolia and India-Uzbekistan, held on December 3 and December 14 respectively, India promised continued support of medical assistance to them. In the [7<sup>th</sup> meeting](#) of the India-Mongolia Joint Committee on Cooperation, both countries agreed to establish an [information-sharing mechanism](#) on COVID-19 and discussed the procurement of the vaccine from India in the future.<sup>168</sup><sup>169</sup> India is called the 'pharmacy of' the world, and increased cooperation in the pharmaceutical sector between India and continental neighbours of China gives Delhi greater leverage in the region.

Mongolia recently has joined the International Solar Alliance (ISA), an initiative led by India and France. In the alternative energy segment, the role of Mongolia will remain critical, considering its vast [reserves of uranium](#).<sup>170</sup>

### India-Uzbekistan Relations: A New Chapter

There is a significant scope to work with other countries like CARs on renewable energy, considering availability and reserves of abundant clean



energy resources. On December 11, Indian Prime Minister Narendra Modi and Uzbekistan President Shavkat Mirziyoyev co-chaired a [Virtual Summit](#)<sup>171</sup> in which both sides welcomed the conclusion of a bilateral civil nuclear [cooperation agreement](#).<sup>172</sup> Currently, India imports uranium and thorium from Kazakhstan among others. During the summit, both the countries signed nine agreements such as cooperation in the fields of solar energy, information technology and High Impact Community Development Projects, among others. Additionally, the joint statement focused on areas such as cooperation to tackle the pandemic, defence and security, terrorism, reformed multilateralism, developments in Afghanistan and connectivity.



Prime Minister Shri Narendra Modi and President of Uzbekistan Mr. Shavkat Mirziyoyev at the India-Uzbekistan Virtual Bilateral Summit, December 11, 2020

Source: Flickr/ MEA Photo Gallery

Following the India-Uzbekistan bilateral summit, on December 14, the first [trilateral working group](#) meeting between India, Iran and Uzbekistan on the joint use of Chabahar Port was conducted.<sup>173</sup> In a media interview on December 30, India's envoy to [Uzbekistan said](#), "while transit through railways and trucks already takes place from Iran's Bandar Abbas port to Central Asian countries, the need is to develop the infrastructure to connect Central Asia to the Chabahar port."<sup>174</sup> In early December, Iran and Afghanistan jointly held the virtual opening ceremony of the 225-km [Khaf-Herat railway project](#).<sup>175</sup> The city of Khaf is already connected to the port of Bandar Abbas by railways, even though Chabahar is the closest port. India and Iran are jointly working on Chabahar-Zahedan Railway which can be further extended to Khaf. Peace in Afghanistan is crucial for the success of [Chabahar-Central Asia connectivity](#), but investing in the [existing network](#) between Iran and Central Asia can also provide a secure alternative for India.<sup>176</sup>

## Afghanistan Railway Network and Regional Commercial Ports.

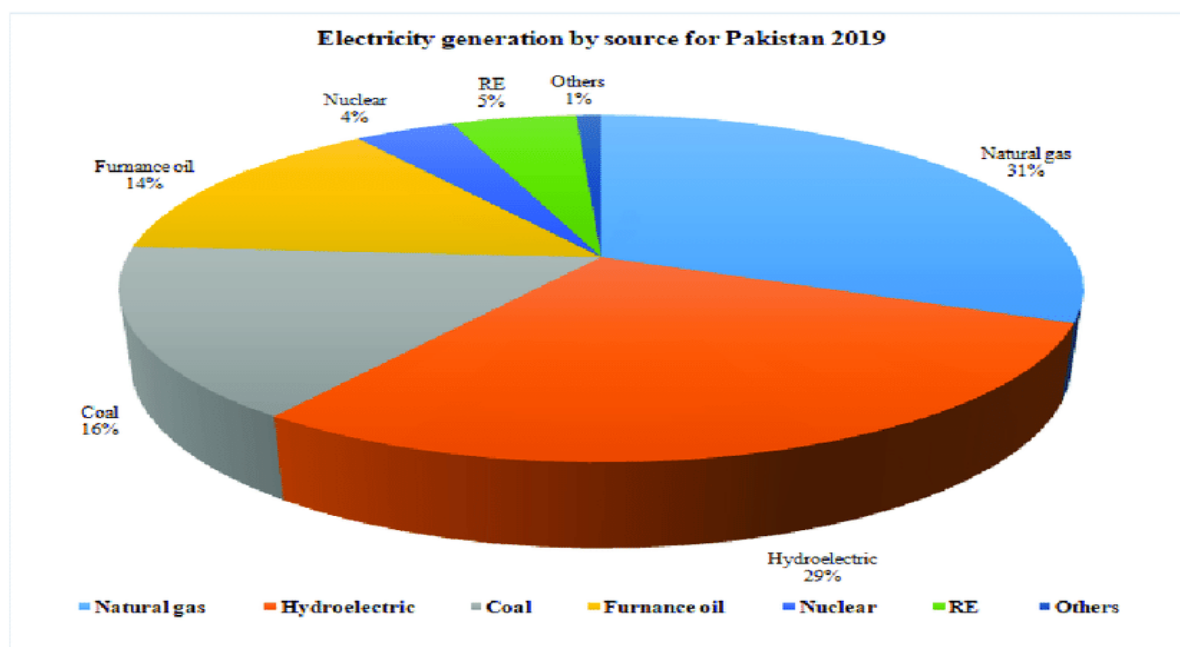


Source: Afghanistan Railway Authority, March 2017<sup>177</sup>

### Pakistan

Pakistan will hope that the Central Asian countries can route their trade through the ports of Gwadar and [Karachi](#).<sup>178</sup> Islamabad is renegotiating to [streamline the trade](#) with Kabul, a gateway to CARs.<sup>179</sup> In December 2020, Islamabad decided to establish 12 [joint trade markets](#) (JBTMs) along the Durand Line.<sup>180</sup> However, the frequent [blowing up of tracks](#) by terrorists and disruptions to the existing railway connectivity networks have undermined Pakistan's efforts to emerge as a legitimate connectivity hub.<sup>181</sup>

Moreover, Pakistan also continues to face economic hardship. In December, it had to [repay USD1 billion](#) to Saudi Arabia as the second instalment of a USD3 billion soft loan, at a time when it only has USD13.3 billion in its central bank as foreign reserves.<sup>182</sup> To maintain the amount of the minimum reserve, it, therefore, had to borrow USD1.5 billion from China under a [currency swap agreement](#).<sup>183</sup>



Electricity Generation by source for Pakistan in 2019.<sup>184</sup>

Pakistan has been heavily dependent on the spot market for LNG supplies. Natural Gas constitutes fifty per cent of [Pakistan's primary energy mix](#) with the demand of 8,000 MMCFD, whereas the domestic production has been stagnant at 4,000 MMCFD since the last ten years.<sup>185</sup> In the last decade, Pakistan has shifted most of its energy power plants from furnace oil and coal to LNG. In December, Pakistan had to launch a second emergency bidding to get LNG imports for the month of January 2021. Almost all the bids it received were above average price, equivalent to USD85-90 per barrel of oil against the current Brent price of about [USD50 per barrel](#).<sup>186</sup> If the country fails to secure LNG imports at a price below [USD10.27 mbtu](#), electricity prices will rise sharply, leading to increased production costs for most goods.<sup>187</sup> With immediate intervention, the country secured few cargoes for January, but the threat continues to persist. Among other factors, Pakistan's energy sector has had to also contend with an almost [USD14-billion circular debt](#) and requires immediate structural changes.<sup>188</sup> Therefore, the country must secure a long-term, reliable and regular supply of fuel. Gas pipeline projects such as Iran-Pakistan (IP) and the Turkmenistan-Afghanistan-Pakistan-India (TAPI) are critical for the energy security of Pakistan, for which it requires good neighbourly relations.

The [visit of Pakistan Foreign Minister](#) Shah Mehmood Qureshi to UAE on December 17-18, was crucial to address Pakistan's immediate economic concerns.<sup>189</sup> The core agenda of the discussion during the visit was the visa ban the UAE has imposed on Pakistani nationals owing to security concerns. UAE is the second-largest source of remittances for Pakistan as its [1.3 million](#)

[expatriates](#) send more than USD5 billion annually back home.<sup>190</sup> Islamabad will hope for a reversal of the visa ban by Abu Dhabi.

## Afghan Peace Process

An initial breakthrough in the Afghan peace process was achieved when the Taliban and the Afghan government, finalised the [preamble of the negotiation](#). The next step involves discussions on more substantive issues, such as negotiations on a permanent ceasefire.<sup>191</sup> Despite its internal difficulties, Pakistan has remained a crucial actor in the Afghan peace process. Prior to initiating the next round of negotiations, a delegation of the Taliban Political Commission headed by Mullah Abdul Ghani Baradar held discussions with the Pakistani Foreign Minister [during his visit](#) on December 16-18.<sup>192</sup> Meanwhile, the Foreign Minister of Afghanistan Mohammed Haneef Atmar discussed the [status of the peace process](#) with India's External Affairs Minister Dr S Jaishankar.<sup>193</sup> Kabul will need to swiftly address the increase in the level of violence as it could potentially disrupt the ongoing peace process.

### Defence Updates

- Pakistan's Chief of Naval Staff, Admiral Mohammad Amjad Khan Niazi, visited Turkey on December 6 to inspect the under-construction Pakistan Navy's MILGEM projects. The MILGEM project is a Turkish national warship programme under which it is building a modern littoral combat warship with indigenous anti-submarine warfare and high-seas patrol capabilities, extensively using the principles of stealth technology in its design.<sup>194</sup>
- The Chinese State Councillor and Minister of Defence of China General Wei Fenghe visited Pakistan from December 1-3 as a part of the Chinese military's regional outreach. During the visit, he inked an MoU for enhancement of defence cooperation between the armies of the two countries.<sup>195</sup>
- A month-long Pakistan-China joint air exercise Shaheen-IX began at a Pakistan Air Force operational airbase on December 9. Shaheen-IX is the ninth in the series of joint air exercises which is conducted each year in both countries alternatively. A contingent of the People's Liberation Army Air Force (PLAAF), comprising combat pilots, air defence controllers and technical ground crew participated in the exercise.<sup>196</sup>
- The governments of Afghanistan and Turkey signed the Military Financial Co-operation Agreement and the International Protocol of Financial Assistance, providing financial aid for five years to the Afghan forces. The financial aid that totals to around USD13 million will enable Afghan National Defence and Security Forces (ANDSF) to procure military equipment.<sup>197</sup>

## Russian Tilt towards China? Implications for India

Anushka Nair

On December 4-5, the Russian and Indian navies conducted [PASSEX2020](#) in the Eastern Indian Ocean Region (IOR).<sup>198</sup> While India-Russia defence cooperation is progressing at a steady pace, the bilateral relationship has come under scrutiny after comments from senior Russian leaders. At the meeting of the Russian International Affairs Council on December 8, Russia's Foreign Minister [blamed the West](#) for steering the world towards a unipolar order, with the United States at its helm.<sup>199</sup> He accused Western countries of using [India as an object](#) in their "persistent, aggressive and devious policy as they are trying to engage it in anti-China games by promoting Indo-Pacific strategies, the so-called QUAD", while also saying that the West is attempting to undermine the strategic partnership that India and Russia share.<sup>200</sup> Previously, the Russian Foreign Minister had stated at the Raisina Dialogue in January 2020, that the Indo-Pacific is an attempt to "[exclude China](#)".<sup>201</sup>



Sergey Lavrov, Minister of Foreign Affairs of the Russian Federation at the Russian International Affairs Council, Moscow, December 8, 2020. Source: RIAC

While India did not issue a formal reply to the Russian statement, the Ministry of External Affairs' (MEA) spokesperson, responding to a query, said that India's relationship with Russia stands on its own merit, and is [not guided by any third party](#) interests.<sup>202</sup> The MEA spokesperson also cited Prime Minister Modi's

remarks at the 2018 Shangri-La dialogue and noted that the Indo-Pacific is a step towards a free, open and inclusive region for all.<sup>203</sup> Russia's Ambassador in India said that while Russia understood India's vision for the Indo-Pacific, the QUAD would prove to be [detrimental to the dialogue](#) for inclusivity in the region.<sup>204</sup>

Despite several high-level delegations being sent to Russia from New Delhi, President Putin's visit to India is yet to be scheduled. The Russian Ambassador in India has said that Putin may now be scheduling a visit in the first half of 2021 instead and hinted that numerous bilateral agreements and a Free Trade Agreement (FTA) between [India and the Eurasian](#) Economic Union (EAEU) might get formalised during the visit.<sup>205</sup>

While commitments to enhancing global economic cooperation continue, Russia's domestic economic situation is deteriorating. On December 9, [President Putin](#) acknowledged falling incomes, pressurised labour market and a steep rise in food prices.<sup>206</sup> Despite the present situation, forecasts for recovery remain optimistic. Russian credit rating agency ACRA predicts a [3.8% growth](#) in the GDP in 2021 – the highest since 2012, as well as a stable rouble, provided Russia does not face any new Western sanctions next year.<sup>207</sup> The Russian Central Bank chief says Russia can “expect stable restart of [recovering growth](#) next spring”, as the COVID-19 pandemic is expected to wane after large-scale distribution of vaccines.<sup>208</sup>

Meanwhile, in early December, the 25<sup>th</sup> Russian Prime Minister Mikhail Mishustin and China's State Council Premier Li Keqiang conducted a [virtual meeting](#) to discuss numerous aspects of the Sino-Russian comprehensive strategic relationship.<sup>209</sup> While acknowledging China as Russia's largest trade partner, Prime Minister Mishustin also highlighted that the countries' bilateral [trade volume had contracted](#) by three per cent to USD 97.38 billion during January-November 2020.<sup>210</sup> The two leaders, however, reaffirmed their commitment to fulfilling President Vladimir Putin and President Xi Jinping's mutual aim to expand bilateral trade to USD200 billion. In a further consolidation of ties between Moscow and Beijing, Chinese firm Sinopec will participate in building the Sibur petrochemical plant and will hold a [40 per cent stake](#) in what is projected to be among the world's largest polymer producing plants in the Russian Far East.<sup>211</sup>

It is ironic that while India, which has been at the receiving end of Chinese aggression, has refrained from commenting on the consolidation of the Moscow-Beijing relationship, Russian leaders have frequently critiqued India's participation in various international frameworks.

On the other hand, Russia-US relations are further deteriorating. Recently, the US State Department notified Congress of the decision to shut the last two remaining [American consulates](#) in Russia (Vladivostok and Yekaterinburg).<sup>212</sup> While Yekaterinburg is under temporary closure, the move will leave the United States with a single diplomatic station in Russia, its embassy in Moscow. Subsequently, [cybersecurity fears](#) were raised after reports of Russian intrusion into US government and private computer systems.<sup>213</sup> President Putin finally extended his congratulations to President-Elect Biden on December 15, a day after the Electoral College confirmed the results. In his message to the American President-elect, Putin expressed hope that despite their differences, the [two global powers](#) could "contribute to solving many problems and challenges that the world is currently facing."<sup>214</sup>

However, the prospect of a quick improvement in the US-Russia relationship looks unlikely while the Moscow-Beijing relationship is progressing apace. India's attempt to isolate and nurture its strategic partnerships with Russia may come under increasing stress.

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## ENDNOTES

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