



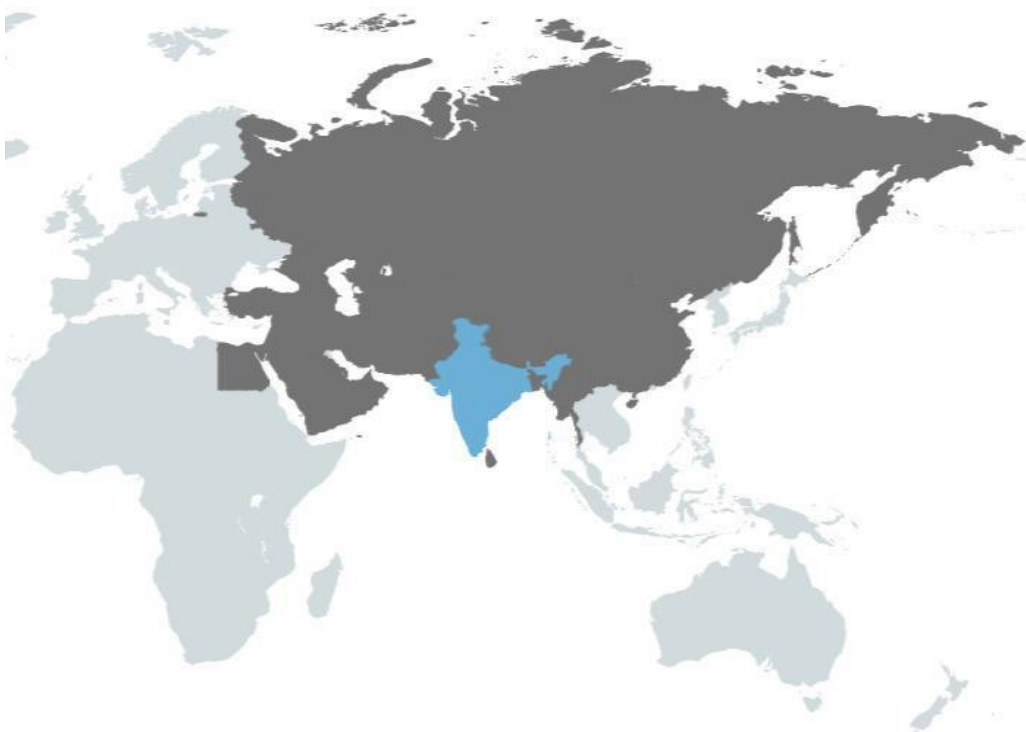
**Delhi Policy Group**

Advancing India's Rise as a Leading Power



# INDIA STRATEGIC REVIEW

## MARCH 2021



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Delhi Policy Group  
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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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*World map*

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## Overview

Sanjay Pulipaka and Mohit Musaddi

India's immediate neighbourhood presents contrasting scenarios. Myanmar is on the brink of political chaos, and this development will have a negative effect on India's security as well as its economic engagement with Southeast Asia. In Nepal, sustained political instability is threatening to halt economic progress. Moreover, Beijing is increasingly becoming an important player in the evolving political dynamics in Kathmandu. In contrast, Bangladesh presents an image of stability and progress. Amidst such diverse political realities coupled with China's territorial assertions and drive for influence, India is seeking to operationalise economic and connectivity integration with the neighbourhood.

### Neighbourhood First

Bangladesh has been celebrating the 50<sup>th</sup> year of its independence and hosted leaders from across the region during March. At the invitation of the Prime Minister (PM) of Bangladesh, Indian PM Narendra Modi visited Dhaka on March 26-27. This was the Prime Minister's first international visit since the outbreak of the COVID-19 pandemic. The visit resulted in the signing of [five memorandums of understanding](#) (MoUs), including on disaster management and supply of ICT equipment.<sup>1</sup>

In the recent past, Bangladesh has received considerable international attention for its economic progress. While there are concerns about religious fundamentalism, as witnessed in protests and violence by extremist groups during PM Modi's visit, Dhaka has maintained its focus on economic and developmental progress. From an Indian perspective, Bangladesh's willingness to enhance connectivity networks is a welcome development. In mid-March, Bangladesh's food products were exported to India using [inland waterways](#).<sup>2</sup> Simultaneously, Bangladesh is also exploring possibilities of signing preferential trade agreements (PTAs) with [Nepal](#)<sup>3</sup>, [Sri Lanka](#)<sup>4</sup> and [the Maldives](#).<sup>5</sup> Bangladesh had signed its first [PTA with Bhutan](#) in December 2020.<sup>6</sup> These policy measures suggest that Dhaka recognises the importance of the Bay of Bengal and the Indian Ocean and that its economic progress is tied with South Asia's regional economic integration.

India's connectivity projects with the Indian Ocean archipelagic state, the Maldives, have also gained momentum. Since the India-Maldives Air Bubble Agreement, the Maldives has received the highest number of [tourists from](#)

[India](#), accounting for over 23 per cent of all tourist arrivals.<sup>7</sup> The two countries enjoy a sustained bilateral people-to-people interaction and have enhanced cooperation in the tourism sector. As India's economic growth picks up momentum, the Maldives will further benefit, with more tourist inflows.

Meanwhile, maritime connectivity efforts received a setback after Sri Lanka cancelled the tripartite agreement with India and Japan to develop the country's East Container Terminal (ECT). However, in March, the Rajapaksa government reportedly sent a Letter of Intent (LoI) to Indian firm Adani Ports and Special Economic Zones to "develop and operate the [West Container Terminal \(WCT\)](#) in Colombo".<sup>8</sup>

Developing connectivity networks is closely tied with domestic political fragility in India's neighbourhood. During the month, Sri Lanka lost a [crucial vote](#) in the UN Human Rights Council (UNHRC), which will allow the United Nations to collect and examine information related to "gross violations of human rights" in the country.<sup>9</sup> In Nepal, sustained political instability has halted development and created conditions for an uncertain future. Myanmar has plunged into a humanitarian crisis marked by increasing suppression by the Tatmadaw (military). [As of March 31](#), at least 536 persons had been killed and 2,729 others detained.<sup>10</sup>

## **Afghanistan-Pakistan**

In India's Western neighbourhood, the emergence of integrated connectivity networks has been stymied by Pakistan's reluctance to engage in economic activities with India. On March 18, Pakistan's Chief of Army Staff (COAS) [General Bajwa's suggestion](#) that it was time for India and Pakistan to "bury the past and move forward" generated a ray of hope that Pakistan may adopt a new approach on regional economic interactions.<sup>11</sup> Nonetheless, there has been considerable scepticism on whether Islamabad would be able to translate such words into action. The sceptics were proved right [when Pakistan reversed a decision](#) to allow imports of sugar and cotton from India.<sup>12</sup>

India's regional connectivity with Afghanistan also remains hampered, while the security situation in that country deteriorates. On March 18, representatives from the US, Russia, China and Pakistan (Qatar and Turkey were observers) attended an [international peace conference](#) in Moscow with delegates from the Afghan government and the Taliban.<sup>13</sup> In a [joint statement](#), the countries stated that they "do not support the restoration of the Islamic Emirate" and called on the participants of the intra-Afghan negotiations to work towards the formation of a "peaceful and stable Afghan state".<sup>14</sup> On March 29, another meeting on Afghanistan was held at the foreign ministerial level in Dushanbe,

Tajikistan, under the “[Heart of Asia](#)” process.<sup>15</sup> EAM Dr S. Jaishankar represented India and [noted that](#) “the situation in Afghanistan continues to give cause for grave concern...The continued involvement of foreign fighters in Afghanistan is particularly disturbing”.<sup>16</sup> These two meetings will be followed by [high-level talks hosted by Turkey](#) on the Afghanistan peace process in April 2021.<sup>17</sup>

The key stakeholders in the Afghan peace process are struggling to find common ground. While the Taliban and its benefactor Pakistan have the upper hand, they do not have complete control. The Afghan government and international stakeholders are concerned about the Taliban’s vision for Afghanistan but are also not in a position to ensure that the Taliban’s approach is more aligned with their own.

## India-West Asia

Despite the challenges in Afghanistan, India continues to push forward connectivity projects involving Iran, Afghanistan and Central Asia. On March 4, India commemorated [Chabahar Day](#), in which ministers from Afghanistan, Armenia, Iran, Kazakhstan, Russia and Uzbekistan participated.<sup>18</sup> EAM Dr S. Jaishankar pointed out that the region is suffering from “a huge [infrastructure deficit](#)”, and the development of Chabahar Port is an attempt to fill that gap.<sup>19</sup>

India-West Asia economic cooperation continued apace during the month with a focus on trade, investment and commodities (oil and natural gas). On March 10, PM Modi conversed with the Saudi Crown Prince to review the [India-Saudi Arabia Strategic Partnership Council](#)’s functioning.<sup>20</sup> Saudi Arabia’s [Public Investment Fund](#) is maintaining a positive approach towards India’s digital economy and start-ups.<sup>21</sup> India is also scaling up its defence relationship with West Asia. India participated in a multilateral air exercise [Desert Flag VI](#) hosted by the UAE from March 4 to 27.<sup>22</sup> [Other countries](#) which took part in the exercise included the US, France, Saudi Arabia, South Korea and Bahrain.<sup>23</sup>

Under a major China-Iran agreement concluded during the month, China will reportedly invest “[USD 400 billion](#) in Iran over 25 years in exchange for a steady supply of oil”.<sup>24</sup> Such a deal could boost China’s connectivity projects in the region and deepen Beijing’s influence. How the growing Chinese footprint in Iran will impact the operationalisation of the International North-South Transport Corridor (INSTC) remains to be seen.

## India-China

Further disengagement between Indian and Chinese forces in eastern Ladakh is remains stalled. On March 12, India and China held the [21<sup>st</sup> meeting](#) of the Working Mechanism for Consultation & Coordination (WMCC) and agreed that “The two sides should continue their dialogue to reach a mutually acceptable solution for complete disengagement from all friction points at the earliest.”<sup>25</sup>

Meanwhile, Chinese Foreign Minister Wang Yi, in his [annual press conference](#) on March 7, stated that India and China are “friends and partners, not threats or rivals”.<sup>26</sup> He went on to add that the boundary dispute is not the whole story of the India-China relationship, and the two sides can together “bring greater benefits to the 2.7 billion people in China and India, make greater contributions to the advent of the Asian Century.”<sup>27</sup>

## Russia

The [Russia-China strategic partnership](#) is consolidating, and new institutional frameworks are being proposed. During an interaction on March 22 in Guilin, China, the foreign ministers of the two countries proposed to “establish a regional security dialogue platform to forge consensus on resolving the security concerns of countries in the region.”<sup>28</sup> While announcing a new framework, the ministers criticised the US for “creating new closed alliances”.<sup>29</sup> Further, during the month, Russia [recalled its Ambassador from the US](#) after President Biden remarked that President Putin “would pay a price for alleged election meddling”.<sup>30</sup>

## India-US

US Secretary of Defense Lloyd Austin visited India on March 19-20. The [visit focused on](#) deepening the “US-India Major Defense Partnership (MDP) and advancing cooperation between the two countries for a free, prosperous and open Indo-Pacific and Western Indian Ocean Region”.<sup>31</sup>

During the month, India and the US participated in the 11<sup>th</sup> edition of the special forces joint military exercise, ‘[Vajra Prahar](#)’, in Himachal Pradesh.<sup>32</sup> On March 28-29, the two countries’ navies conducted a Passage Exercise ([PASSEX](#)) where India deployed its warship INS Shivalik and a maritime patrol aircraft, while the US Navy was represented by the USS Theodore Roosevelt carrier strike group.<sup>33</sup>

Two French warships have arrived in Kochi, ahead of the [La Pérouse joint naval exercise](#) in April, which will be led by France and include representation from

the navies of the Quadrilateral countries (Quad).<sup>34</sup> This will be the first time France is conducting a joint naval exercise with all four Quad members.

### Quad, trilaterals and Vaccine diplomacy

On March 12, Australia, India, Japan and the United States virtually held the first-ever Quad summit. Their [joint statement](#) called for “promoting a free, open, rules-based order, rooted in international law” and stressed the importance of working towards operationalising “quality infrastructure investment”.<sup>35</sup>

[Forthcoming trilaterals](#) between the Foreign Ministers of India-Australia-France and India-Australia-Indonesia in April 2021 will help operationalise maritime connectivity initiatives.<sup>36</sup>

India’s proactive [vaccine diplomacy](#) continued to be deployed for global good. As of March 31, India had supplied 64 million made-in-India doses of the COVID-19 vaccine worldwide.<sup>37</sup> India’s neighbourhood has received priority, with Bangladesh receiving 10.2 million, Myanmar 3.7 million and Nepal 2.4 million doses.<sup>38</sup> India has also donated 200,000 doses of the [COVID-19 vaccine to the UN](#), which will be used for peacekeepers “in some of the most difficult environments in the world without relying on already stretched national health systems or ongoing COVAX.”<sup>39</sup>



## India and the Neighbourhood<sup>1</sup>

Mohit Musaddi

In March, Bangladesh celebrated its 50<sup>th</sup> Independence Day and the birth centenary of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman. To commemorate, several leaders from the neighbourhood, including Prime Minister Modi, were invited. Myanmar's crisis, on the other hand, has deepened since the military takeover on February 1 and has been marked by increasing violence and killings. Nepal's political crisis is also far from over, and Sri Lanka has lost a crucial vote on the subject of human rights violation in the UNHRC.

### Bangladesh

As part of the golden jubilee of Bangladesh's independence as well as the birth centenary celebrations of the founding father of the country, several leaders from the neighbourhood, including Maldivian President Ibrahim Solih (March 17-18), Sri Lankan Prime Minister Mahinda Rajapaksa (March 19-21), Nepal President Bidya Devi Bhandari (March 22-23), Bhutanese premier Lotay Tshering (March 24-25) and Indian Prime Minister Narendra Modi (March 26-27) visited Dhaka.



Prime Minister Narendra Modi and Prime Minister Sheikh Hasina hold bilateral talks in Dhaka, March 27, 2021. Source: Flickr/MEA Photogallery

<sup>1</sup> In the Neighbourhood, this chapter will cover Bangladesh, Nepal, Sri Lanka, Myanmar, The Maldives and Bhutan

The visit to Bangladesh marked Prime Minister Narendra Modi's first foreign visit since the outbreak of COVID-19 in India. During his visit, Delhi and Dhaka [signed five MoUs](#) in the areas such as disaster management, trade remedial measures and supply of ICT equipment".<sup>40</sup> Apart from meeting Prime Minister Hasina, PM Modi also called on the President of Bangladesh and met with the Foreign Minister, members of alliances and opposition parties, and community leaders, including representatives of minorities. The joint statement envisaged cooperation between India and Bangladesh in several sectors such as bilateral trade and investment, power and energy, connectivity, public health, border management, space and satellite research, nuclear technology and multilateral forums.<sup>41</sup> On the contentious issue of the Teesta water-sharing agreement, the Indian side reiterated its efforts to finalising the agreement of January 2011.<sup>42</sup> On March 4, EAM Dr S. Jaishankar, during his visit to Dhaka had said that even though the [Teesta agreement](#) was discussed during his talks with his counterpart, India's position on the issue has not changed.<sup>43</sup> The EAM also discussed the India-Bangladesh partnership in economic and health-related recovery from the pandemic. Further, he highlighted the potential for a [trilateral partnership](#) between India, Japan and Bangladesh for connectivity projects in the region.<sup>44</sup>

Religious fundamentalism continues to plague Bangladesh and may be a major impediment to its growth. On the [occasion of PM Modi's visit](#), "members of a hard-line Islamist group attacked Hindu temples and a train in eastern Bangladesh".<sup>45</sup> In ensuing clashes with the police, at least ten protestors were killed and several others injured.

In March, there was a protest rally in front of the National Mosque of Bangladesh by leaders of Islamist groups for China to [end the persecution of Uyghur](#) Muslims.<sup>46</sup> The protestors called for a boycott of Chinese-made goods until Beijing stopped persecuting Uyghurs.<sup>47</sup>

## Nepal

Nepal's political crisis drags on despite the Supreme Court's decision to nullify Prime K P Sharma Oli's unilateral move to dissolve the Parliament. On March 7, even as Nepal's Lower House held its first meeting in months, the Nepal Supreme Court declared the ruling Nepal Communist Party ([NCP](#)) [illegitimate](#) because another political party with the same name is already registered with the Election Commission.<sup>48</sup> This implies that the CPN-UML and the Communist Party of Nepal (Maoist Centre) have now been reinstated to their pre-merger status of October 2017. While the Communist Party of Nepal (Maoist Centre) is led by Pushpa Kumar Dahal (Prachanda), the CPN-UML is led

by Oli and includes other senior leaders such as Madhav Kumar Nepal and Jhala Nath Khanal. There has been [instability within CPN-UML](#) as Oli has been accused of “taking arbitrary decisions and promoting factionalism in the party”.<sup>49</sup> On March 29, [Oli suspended Nepal](#) and another senior leader Bhim Rawal from the party for six months.<sup>50</sup> If Prachanda’s party withdraws its support from CPN-UML, Oli will have to seek a vote of confidence within 30 days to remain Prime Minister. Alternatively, the CPN-UML can also garner the [support of other parties](#) such as the Rashtriya Janata Party (34 members) and Nepali Congress (63 members), which have the required numbers for Oli to continue as leader of the government.<sup>51</sup> The Maoist Centre has said it [would not withdraw support](#) as “such a move without ensuring an alternative government could lead to political instability”.<sup>52</sup>

Nevertheless, political instability in Nepal has affected Nepal’s development. Since the House reconvened on March 7, PM Oli has [not attended](#) a single meeting of Parliament.<sup>53</sup> No new business has been initiated, and there have been reports that the Oli faction still prefers to dissolve the House and seek fresh elections.<sup>54</sup>

Over the course of the month, the Chinese Ambassador to Nepal has [held meetings](#) with the senior leadership across party lines.<sup>55</sup> The meetings are reportedly in order to keep the Left together, which would allow Beijing to exert maximum influence in the country. While China frequently advocates principles its five principles of peaceful coexistence, which includes non-interference in each other’s internal affairs, its track record in Nepal points to the contrary. Moreover, Nepali traders continue to struggle as their “merchandise-laden trucks” have [not been allowed](#) to cross the China-Nepal border for more than a year.<sup>56</sup> Around 300 trucks are reportedly stranded at the Kerung and Tatopani border points, apparently because of the Covid-19 pandemic.<sup>57</sup> Given that Nepal’s most essential commodities come from India, the current blockade has not generated as much political backlash within the country.

Over the course of the month, [four schools](#)<sup>58</sup> and a [co-operative promotion centre](#)<sup>59</sup> built with India’s help were inaugurated while foundation stones were laid for the reconstruction of four [cultural heritage projects](#)<sup>60</sup> and two more [secondary schools](#).<sup>61</sup> On March 28, the Indian Army handed over 100,000 doses of made-in-India COVID-19 [vaccines to the Nepal Army](#) as part of efforts to enhance bilateral cooperation.<sup>62</sup>

In March, [Nepal and Bangladesh signed four MoUs](#) on tourism cooperation, sanitary and phytosanitary cooperation, cultural exchange programme and a

"Letter of Exchange to designate Rohanpur-Singabad railway route as an additional transit route" during Nepal President Bidya Devi Bhandari's visit to Dhaka.<sup>63</sup> President Bhandari met her counterpart President Abdul Hamid; she also held discussions with Bangladesh PM Sheikh Hasina. The Bangladeshi PM reportedly stressed the need for signing a preferential trade agreement (PTA) between Dhaka and Kathmandu and pitched for a [joint hydropower plant](#) with India.<sup>64</sup>



Bangladesh Prime Minister Sheikh Hasina with the President of Nepal Bidya Devi Bhandari in Dhaka, March 22. Source: The Financial Express

## Sri Lanka

Between March 11 and 13, India's High Commissioner to Sri Lanka visited the Northern and Eastern Provinces of the country and held discussions with senior Tamil leaders. He [emphasised that](#) "achieving the legitimate aspirations of the minority Tamil community through meaningful devolution within a unified Sri Lanka will contribute to peace, inclusive progress and strength of the island nation".<sup>65</sup>

The High Commissioner's visit came in the backdrop of the Sri Lanka resolution to be moved at the UN Human Rights Council, where voting took place on March 23. The [draft resolution](#), sponsored by the UK, Canada and Germany, among others, calls upon Colombo to "fulfil its commitments on the devolution of political authority" and ensure that "all provincial councils... are



able to operate effectively, in accordance with the thirteenth amendment to the Constitution of Sri Lanka".<sup>66</sup> Out of the 47-member council, 22 member states [voted in favour](#) of adopting the resolution titled, "Promoting reconciliation, accountability and human rights in Sri Lanka".<sup>67</sup> While India abstained from voting, 11 countries, including Russia, China, Pakistan and Bangladesh, voted against it.<sup>68</sup> India's abstention generated [criticism from regional parties](#), who termed the ruling government's action as a "betrayal of Sri Lankan Tamils".<sup>69</sup> [Sri Lanka called the resolution](#) "unwarranted, unjustified and in violation of the UN Charter".<sup>70</sup> President Gotabaya Rajapaksa said that Sri Lanka will not "be a victim of big power rivalry in the Indian Ocean" and [will not succumb to pressure](#) from the UNHRC.<sup>71</sup> This resolution will [allow the United Nations](#) to collect information and evidence of violations of human rights in the country and support relevant judicial proceedings.<sup>72</sup>

On March 13, Sri Lankan President Gotabaya [Rajapaksa spoke](#) to Prime Minister Narendra Modi and discussed "cooperation between both countries in bilateral and multilateral forums".<sup>73</sup> Delhi reportedly [conveyed its displeasure](#) at the cancellation of India's contract of the Colombo East Container Terminal project and the awarding of an energy project off the Jaffna peninsula to China during the phone call to President Rajapaksa.<sup>74</sup> In March, Sri Lanka received "[ten railway passenger coaches](#) from India as part of the supply of 160 coaches to Sri Lankan Railways by the Rail India Technical and Economic Service (RITES)".<sup>75</sup>

During the month, China approved a 10-billion yuan (USD1.5 billion) [currency swap agreement](#) with Sri Lanka, providing the Rajapaksa government respite from the precarious economic situation of "dwindling foreign reserves, a tumbling currency and rising debt levels".<sup>76</sup>

The Rajapaksa administration's decision to extend an invitation to the Myanmar junta's Foreign Minister for a virtual BIMSTEC meet in April has drawn criticism from Sri Lanka's opposition leaders. The Sri Lankan government is yet to take a stance on the military coup in Myanmar, but [the Opposition](#) has contended that the invitation has "basically legitimised the military takeover".<sup>77</sup>

Sri Lanka and Bangladesh signed [six MoUs](#) during Sri Lankan Prime Minister Mahinda Rajapaksa's visit to Dhaka in March. These include "cooperation for strengthening youth development... agriculture, vocational education, training of nurses, research, and training on foreign affairs, and cultural exchange".<sup>78</sup> Dhaka and Colombo also agreed to improve air and sea connectivity and expressed interest in a "joint feasibility study for a free trade agreement".<sup>79</sup>

On March 13, the Sri Lankan government approved the [ban on the burqa](#) on the grounds that it has an “impact on national security” and that it is a “sign of religious extremism”.<sup>80</sup> The government also plans to ban more than 1,000 Islamic schools for reportedly “defying national education policy”.<sup>81</sup> The matter is likely to attract criticism of the Sri Lankan government from the international community.

## Myanmar

The military coup on February 1 has resulted in a severe political, humanitarian and economic crisis for Myanmar. Clashes between the Myanmar military (Tatmadaw) and the anti-coup protestors have [turned violent](#) in recent weeks.<sup>82</sup> Tatmadaw has opened fire at different protest sites across the country and has carried out airstrikes as part of their crackdown on the anti-coup protestors. As a result, 3,000 people have reportedly [crossed over](#) from Myanmar into Thailand’s Mae Hong Son province.<sup>83</sup> Given that India also shares a long border with Myanmar, there have been reports that more than 1,000 Myanmar nationals have crossed over to the [Indian state of Manipur](#).<sup>84</sup>

A group of elected Members of Parliament have formed a “shadow parliament” called the Committee for Representing Pyidaungsu Hluttaw ([CRPH](#)) and urged citizens to continue protesting against the “unjust dictatorship”.<sup>85</sup> The CRPH is in response to the State Administration Council (SAC), which the Tatmadaw formed to legitimise its actions. On March 31, the CRPH announced that it has [abolished the 2008 constitution](#) and has proposed a “federal democracy charter” as a new interim constitution.<sup>86</sup>

The international reaction to the coup has sharpened as a result of the increase in violence. On March 29, [the US suspended](#) all “trade engagement with Burma under the 2013 Trade and Investment Framework Agreement”.<sup>87</sup> On March 10, Washington sanctioned the [two adult children](#) of the military commander-in-chief Min Aung Hlaing and, on March 22, [extended the sanctions](#) to Burma’s Chief of Police, Special Operations Commander and two Army Units.<sup>88</sup> Further, on March 25, the US and the UK imposed sanctions on [two conglomerates](#) operated by Tatmadaw.<sup>89</sup> The [Quad Leaders’ Summit](#) held on March 12 also emphasised the “urgent need to restore democracy” in Myanmar.<sup>90</sup> On March 22, [the EU sanctioned 11 individuals](#) in relation to the coup.<sup>91</sup> On March 10, [the UN Security Council \(UNSC\)](#) issued a statement strongly condemning the violence.<sup>92</sup> However, the UNSC is yet to term the actions of the Tatmadaw as a military coup, reportedly due to Opposition by permanent members China and Russia.<sup>93</sup> China has continued to refer to the coup as Myanmar’s “internal matter”. Beijing’s refusal to condemn the coup seems to have angered

Myanmar protestors. Meanwhile, on March 14, fires broke out in [Chinese-owned factories](#) in Myanmar after the Tatmadaw launched an offensive against the anti-coup protestors.<sup>94</sup> There are reportedly 32 Chinese-invested factories in Myanmar; the loss has been estimated at [over USD 36 billion](#).<sup>95</sup>



The Myanmar public has voiced support for the CPRH shadow parliament.

Source: Twitter/@cvdom2021

Tatmadaw organised the Myanmar [Armed Forces Day](#) parade on March 27, the same day it killed at least 90 civilians, according to watchdog group Assistance Association for Political Prisoners.<sup>96</sup> [Russia's role](#) has come under criticism after Moscow sent its Deputy Defence Minister for the parade; the minister also held meetings with Senior General Min Aung Hlaing and expressed interest in increasing military cooperation with Myanmar.<sup>97</sup> China, India, Pakistan, Bangladesh, Thailand, Laos and Vietnam also reportedly sent their military attaches to the Myanmar Armed Force Day parade.<sup>98</sup>

ASEAN has not yet played a prominent enough role in resolving the crisis. Indonesia seems to have taken the lead in recent weeks, and Foreign Minister Retno Marsudi is in close contact with her regional counterparts. There have been calls by Jakarta for a high-level ASEAN meeting on the crisis, but it has not yet materialised. [Singapore](#) has also been a key member to denounce Tatmadaw's actions, and its Foreign Minister has discussed the coup with his Indonesian (March 25), Malaysian (March 23) and Brunei (March 22) counterparts.<sup>99</sup> ASEAN, with the help of other major players, needs to act swiftly and decisively to prevent further worsening of the crisis. "An unresolved Myanmar crisis may also corrode ASEAN centrality and widen divisions within the group".<sup>100</sup>



## The Maldives

Following the India-Maldives air-bubble agreement, which became operational in the fall of 2020, India has emerged as the “top source market for Maldives” with over [23 per cent tourist arrivals](#).<sup>101</sup> Maldives’ Minister of Tourism has expressed gratitude to India for the air-bubble agreement and for providing the country with made-in-India vaccines.<sup>102</sup> On March 29, the Maldives received the [first batch of 100,000 vaccines](#) under an agreement with the Serum Institute of India.<sup>103</sup>



The first batch of 100,000 made-in-India COVID-19 vaccines was delivered to the Maldives on March 29. Source: Avias

In February 2021, during the visit of EAM, Dr S. Jaishankar, India, and the Maldives had signed an “agreement to develop and maintain a [coastguard harbour](#) and dockyard” at an atoll near Male.<sup>104</sup> However, it generated concerns among lawmakers that the agreement would permit the stationing of Indian military personnel in the Maldives. Subsequently, an emergency motion was filed, and there was a demand for a parliamentary debate on the nature and details of the defence agreement. There were also soft copies of the agreement leaked online confirming those allegations, but the Maldivian government has maintained that the documents are fake and that there is “no threat to national security or sovereignty” in the signed agreement.<sup>105</sup> The Maldives National Defence Forces (MNDF) is also planning to [seek “legal action](#) against those spreading falsehoods in relation to the force”.<sup>106</sup> There is speculation that the controversy has been created by the Opposition for political gains. Local elections in the country are scheduled to be held in April 2021.



Maldives President Ibrahim Solih met Bangladesh PM Sheikh Hasina during his visit to Dhaka on March 17-18. The Maldives and Bangladesh have [signed four MoUs](#) relating to the "Establishment of the Maldives-Bangladesh Joint Commission on Comprehensive Cooperation"; "Establishment of bilateral consultations"; "Establishment of the field of Fisheries"; and "Establishment of Cultural Exchange Programme (CEP) for 2022-2025".<sup>107</sup> President [Solih also visited Qatar](#) during the month and met with the Emir of Qatar. They discussed the need to enhance diplomatic engagements to increase "investments and development cooperation".<sup>108</sup> It should be noted that the Maldives had [reinstated full diplomatic relations with Qatar](#) in January 2021 after bilateral ties were severed in June 2017 when Abdulla Yameen was President.<sup>109</sup>

## Bhutan

On March 22, Bhutanese PM Lotay Tshering thanked India for [donating 400,000 additional doses](#) of the Covishield vaccine.<sup>110</sup> Bhutan had received the first batch of 150,000 vaccines as a gift from India in January 2021. On March 27, the Himalayan nation initiated its [nationwide COVID-19 vaccination programme](#).<sup>111</sup>

India will loan Rs.4,058 crore (USD 552 million approximately) to Bhutan for a 600-megawatt (MW) [hydropower project](#) to be constructed through a joint venture between India's SVJN Ltd. and Druk Green Power Corporation Ltd.<sup>112</sup> While Bhutan has the potential to generate 30,000 MW of hydropower, it currently has a capacity of just 1,490 MW.<sup>113</sup>

### Made-in-India COVID-19 Vaccine Supplies to India's Neighbourhood (As of March 31, 2021)

S. No.	Country	Total Supplies
1.	Bangladesh	10,200,000
2.	Myanmar	3,700,000
3.	Nepal	2,448,000
4.	Sri Lanka	1,264,000
5.	Afghanistan	968,000
6.	Bhutan	574,000
7.	Mauritius	400,000
8.	Maldives	312,000
9.	Seychelles	50,000
	<b>TOTAL</b>	<b>19,916,000</b>

Total supplies include grants, commercial contracts and supply by India through the UN-led COVAX initiative. Data Source: Ministry of External Affairs, Government of India

## CARs and PAI<sup>2</sup>

Shreyas Deshmukh

There has been persistent anxiety in Afghanistan on whether the US-Taliban agreement will hold. During the course of the month, there has also been no clarity as to when the US will eventually withdraw from the country. Amidst such uncertainties, the Taliban has been making rapid territorial gains. In Pakistan, domestic political uncertainty continues, and the overall economic situation is dire. It is broadly in this context that there have been attempts to normalise India-Pakistan relations.

### Pakistan

After the announcement of a ceasefire along the Line of Control (LoC) and all other sectors from February 25, there have been reports that Delhi and Islamabad may initiate formal talks. The Indian [Foreign Secretary](#) on March 15 said, "India desires good neighbourly relations with Pakistan... any meaningful dialogue can only be held in a conducive atmosphere, and the onus is on Pakistan to create such an atmosphere."<sup>114</sup> Similarly, while speaking at the [Islamabad Security Dialogue](#) (ISD) on March 18, the Pakistan Chief of Army Staff stated that "we feel that it is time to bury the past and move forward. But for resumption of the peace process or meaningful dialogue, our neighbour will have to create a conducive environment".<sup>115</sup> On March 24, on the occasion of Pakistan Day, Indian Prime Minister Narendra Modi [sent a letter](#) to Pakistan PM Imran Khan stating that "India desires cordial relations with Pakistan but an atmosphere of trust, devoid of terror and hostility, is imperative for it".<sup>116</sup> Reciprocating the gesture, PM Imran Khan has [sent a letter](#) to PM Modi on March 29 in which, besides touching upon resolving the Kashmir issue, he said, "Creation of an enabling environment is imperative for constructive and result-oriented dialogue".<sup>117</sup>

While one can debate about the definitional dimensions of an 'enabling environment', the fact that a delegation from Pakistan visited Delhi to attend the [116<sup>th</sup> meeting](#) of the Permanent Indus Commission on March 23 after two years is an indication that first steps have been taken.<sup>118</sup> Meanwhile, confidence-building measures are gathering momentum, and there have been no reports of [ceasefire violation](#) on the LoC in March.<sup>119</sup>

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<sup>2</sup> CARs stand for Central Asian Republics and PAI stands for Pakistan, Afghanistan and Iran



India-Pakistan delegation at 116<sup>th</sup> meeting of the Permanent Indus Commission in New Delhi, March 23, 2021. Source: Twitter/@MoJSDoWRRDGR

## Internal Dynamics of Pakistan

The reconciliatory tone of Pakistan's military establishment with India and a positive approach towards the Afghan peace process and other regional matters will have major internal political implications for Imran Khan. The ruling Pakistan Tehreek-e-Insaf (PTI) has been weakened in the recent [senate elections](#), as the serving finance minister lost his seat.<sup>120</sup> The PTI leadership has blamed the Election Commission of Pakistan and demanded the [resignation](#) of the entire staff.<sup>121</sup> Credible reports of [electoral fraud](#) during the Senate Chairman's Election<sup>122</sup> and the [by-elections](#) in Daska, Punjab, indicate that the PTI cannot survive without the help of the establishment.<sup>123</sup>

PTI is trying to weaken the Opposition by taking over their agenda, which includes maintaining good relations with neighbours and increasing trade with other countries in the region to bring Pakistan's economy back on track. The union of opposition parties under the banner of the Pakistan Democratic Alliance have significant differences on issues such as the mass resignation of officeholders.

In the absence of any other strong and favourable (for the Army) political force, the military establishment has stood firmly behind PM Imran Khan. Due to the several economic and geopolitical challenges that Pakistan faces, the Army may not want political change at this juncture.

## Geopolitics to Geoeconomics?

An important reason behind the dynamic policy changes in Pakistan is its dire economic condition. According to the latest data released by the State Bank of Pakistan, the federal government's [total debt](#) increased to Rs. 36.537 trillion (USD 238.65 billion) by the end-January, thus taking its debt-to-GDP ratio to 87 per cent.<sup>124</sup> As a result, the core discussions in Pakistan during the month revolved around the need for a shift from geopolitics to geo-economics.

In the Islamabad Security Dialogue, Chief of Army Staff (COAS) General Javed Bajwa laid down [four core pillars](#) of Pakistan's geo-economic vision, which includes "moving towards a lasting and enduring peace within and outside; non-interference of any kind in the internal affairs of our neighbouring and regional countries; boosting intra-regional trade and connectivity; bringing sustainable development and prosperity through the establishment of investment and economic hubs within the region".<sup>125</sup>

During the visit of the [Kuwaiti foreign minister](#) to Islamabad on March 18, Pakistani Foreign Minister Shah Mehmood Qureshi stressed, "Pakistan's shifting focus to geo-economics with emphasis on peace, development, and connectivity".<sup>126</sup> Pakistan is also trying to [rejuvenate SAARC](#) for this purpose and is trying to woo Central Asian countries to use the Karachi and Gwadar Port for trade.<sup>127</sup> In this regard, PM Khan had assured [complete facilitation](#) in access to Pakistani ports to Uzbekistan's FM Dr Abdulaziz Kamilov during the latter's visit to Islamabad on March 10. In fact, Uzbekistan is working with Pakistan on the development of two connectivity options — the Trans-Afghan railway project and a road route.<sup>128</sup> "Uzbekistan has been desirous of acceding to the Quadrilateral Traffic in Transit Agreement (QTTA), an agreement between China, Pakistan, Kyrgyzstan and Kazakhstan to facilitate transit traffic and trade."<sup>129</sup> Later, on March 16, the deputy chairman of Uzbekistan Railways led a 16-member delegation to visit the [Karachi Port Trust](#) and said that a significant volume of Uzbekistan's cargo and containers would be availing the facilities at the port.<sup>130</sup> However, given the difficult terrain, arduous journey and existing infrastructure, it needs to be seen whether Uzbekistan will make regular use of the Karachi port facility.



Source: Nikkei Asia

In a major drive against oil smuggling, the government approved a comprehensive action plan against 2,094 illegal petrol retail outlets in three provinces and to halt the [smuggling of petroleum](#) products at the border stations in Balochistan.<sup>131</sup> It is possible that Iran and Pakistan could be jointly working on it. Recent [incidents of violence](#) in Iran's Sistan and Baluchestan Province where Revolutionary Guards and security forces have used lethal force against fuel couriers could be a part of this operation.<sup>132</sup>

The International Monetary Fund has suggested macroeconomic reforms such as passing the State Bank of Pakistan (SBP) Amendment Bill, 2021, which will allow "unprecedented autonomy" to the SBP to "target inflation".<sup>133</sup> The country is also building [border trade centres](#) to curb smuggling on the Afghan and Iranian borders.<sup>134</sup> If the economy remains the driving force behind Pakistan's Foreign Policy, we may see a constructive change in [regional politics](#) in times to come.<sup>135</sup>

## Afghanistan

While the US and NATO allies remain uncertain about their Afghan policies, a new approach towards conflict resolution is in the offing. In [a letter](#) written to Afghan President Ashraf Ghani, the US Secretary of State Antony Blinken proposed an international conference to be held in Turkey in April and suggested the formation of an interim government.<sup>136</sup> However, President



Ghani [rejected the US proposal](#) and proposed a new presidential election within six months.<sup>137</sup> Against this backdrop, the Minister of Foreign Affairs of Afghanistan visited New Delhi on March 22. During the visit, [India reassured](#) the "Afghan Foreign Minister of India's long-term commitment towards a peaceful, sovereign, stable and inclusive Afghanistan".<sup>138</sup> Consistent with [the promises](#), on March 23, the India Union Cabinet approved the signing of a Memorandum of Understanding (MoU) between the Union Public Service Commission (UPSC), India, and the Independent Administrative Reforms and Civil Services Commission (IARCSC), Afghanistan.<sup>139</sup> The agreement will facilitate the sharing of experience and expertise of both parties in the area of recruitment to the civil services. Earlier, on March 7, India's External Affairs Minister (EAM), Dr S. Jaishankar, had discussed the latest developments in the peace talks with the US special representative, Ambassador Zalmay Khalilzad.<sup>140</sup>



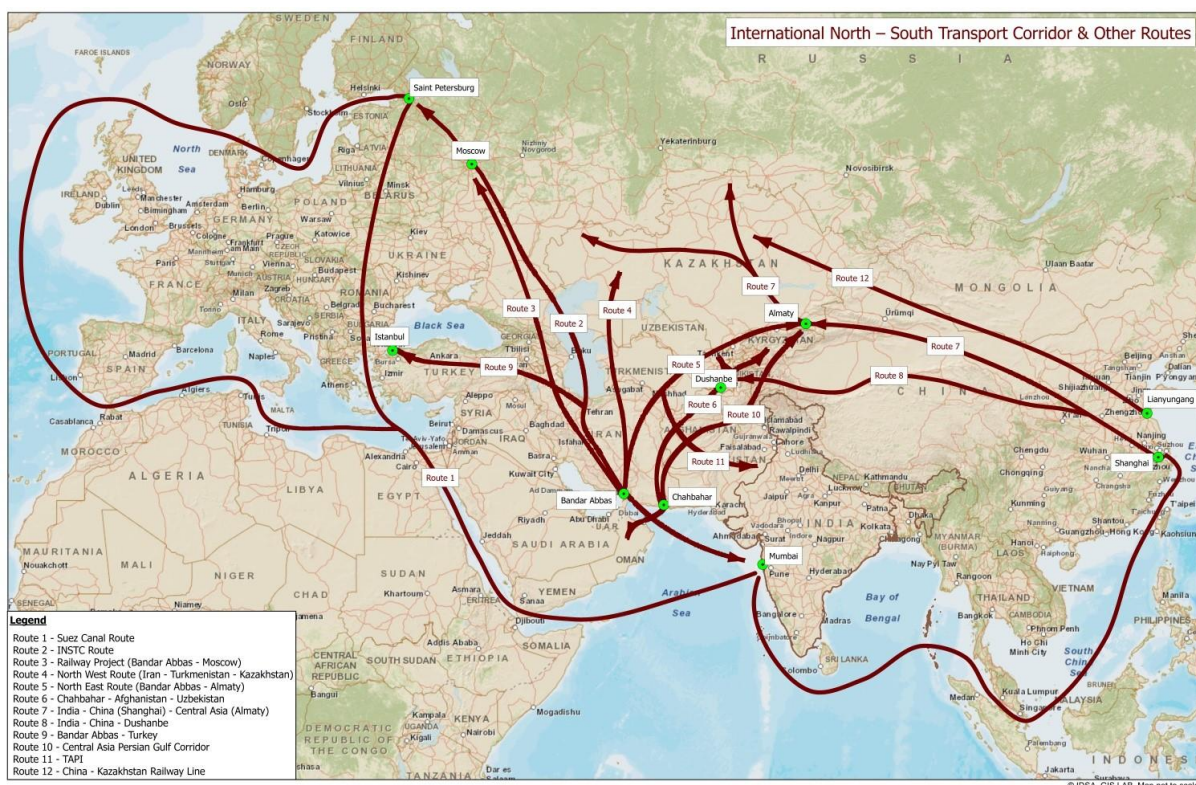
External Affairs Minister meets Mohammad Haneef Atmar, Minister of Foreign Affairs of the Islamic Republic of Afghanistan, New Delhi, March 22, 2021. Source: MEA

Indian Foreign Minister Dr S Jaishankar participated in the [9th Ministerial Conference](#) of Heart of Asia-Istanbul Process (HoA-IP) on Afghanistan in Dushanbe, Tajikistan, on March 31. In his statement, he spoke about the "double peace", that is, peace within Afghanistan and peace around Afghanistan." He also supported the UN-led conference on Afghanistan scheduled in April.<sup>141</sup> On the sidelines, the EAM held a [meeting with](#) the Foreign Minister of Tajikistan, in which they discussed all aspects of the bilateral relationship, including the development of projects under Indian grant assistance.<sup>142</sup> However, contrary to media speculation, a meeting between Dr Jaishankar and Pakistan Foreign Minister Shah Mahmood Qureshi did not take place on the sidelines of the conference.<sup>143</sup>

By calling for an international conference, the US is trying to bring all international and regional parties on board. However, the ideological issue of the Islamic Republic versus the Islamic Emirate continues to remain at the core of the conflict.

## Iran and Central Asia

The idea of the International North-South Transport Corridor (INSTC) has been slowly gathering momentum in the almost twenty years since it was first mooted. On March 2, ministers from Afghanistan, Iran, Uzbekistan, Russia, Kazakhstan, and Armenia participated in [Chabahar day](#) celebrations<sup>144</sup>, in which [India proposed](#) the inclusion of the Chabahar Port in INSTC.<sup>145</sup> In 2016, Uzbekistan and Afghanistan had expressed interest in joining the corridor. According to a media report, Uzbekistan is holding an [International Conference](#) on the Interconnection between Central and South Asia scheduled for July 2021, for which the Uzbek FM has invited his Russian counterpart.<sup>146</sup> With a fully operational Chabahar port, countries can also avail the benefits from the INSTC corridor. Recently, [a shipment](#) of 20,000 litres of Malathion 95% ULV pesticide supplied by India to Iran under a government-to-government locust control programme reached Chabahar.<sup>147</sup> Iran is the linchpin of the project and, if the US re-joins the JCPOA in the near future, it could help accelerate the work and re-establish confidence in INSTC.



INSTC and alternative routes, Source: MPIDSA<sup>148</sup>

Work on the East-West corridor has also accelerated since the announcement of the Belt and Road Initiative (BRI) by China in 2014. The Turkish Foreign Minister [visited](#) three Central Asian countries from March 6-9. Boosting trade was a big part of the Foreign Minister's agenda during his visit to Turkmenistan, Uzbekistan, and Kyrgyzstan, but there were other reasons as well, such as the promulgation of the Turkish governance model and facilitation of the discussions on the role of CARs in the Afghan Peace Process.<sup>149</sup>

However, existing border issues in Central and South Asia have hampered these initiatives. After holding talks with his Kyrgyz counterpart in Tashkent, the President of Uzbekistan on March 12 said that both countries would attempt to solve the contentious [border issue](#) which has existed since their independence in 1991.<sup>150</sup>

To sum up, geo-economic competition has intensified among the Central Asian Republics (CARs), economic compulsions have forced Pakistan to re-evaluate its foreign policy and revisiting the JCPOA could be beneficial for the Iranian economy. The US, Russia, China and regional actors have converged over the idea of a peaceful Afghanistan.

### Defence Updates

- The India-Uzbekistan [joint military exercise](#) "DUSTLIK II" was conducted at the Foreign Training Node Chaubatia, Ranikhet (Uttarakhand), from March 10 to 19. The training focused on counter-insurgency/counter-terrorism operations in urban scenarios and on sharing expertise on skills at arms. This is the second edition of the annual bilateral joint exercise. The first edition was held in Uzbekistan in November 2019.<sup>151</sup>
- Special Forces Training School (SFTS) of the Indian Army conducted a [training exercise](#) for paratroopers of the Turkmenistan Special Forces in Combat Free Fall as a precursor to a series of other customised professional courses that will assist in capability enhancement of Turkmenistan Special Forces.<sup>152</sup>
- The United States has prevented Turkey from supplying 30 ATAK T-129 attack helicopters to Pakistan. The ATAK T-129 is a twin-engine, all-weather attack helicopter based on the Agusta A129 Mangusta platform and is equipped with American engines. The US is holding up export clearance for the LHTEC engine. Turkey and Pakistan signed a USD1.5-billion deal for the Turkish-made helicopter gunships in July 2018. However, the delivery date was pushed back after the Pentagon refused to issue the Turkish company an export licence for the engines. Meanwhile, Pakistan has given [another extension](#) to the deal, giving Ankara six more months to deliver the aircraft.<sup>153</sup>



## India-West Asia

Sanket Joshi

On March 10, Prime Minister Narendra Modi held a [telephonic conversation](#) with Saudi Arabia's Crown Prince Mohammed bin Salman.<sup>154</sup> "The two leaders reviewed the functioning of the bilateral Strategic Partnership Council established in 2019... Prime Minister [Modi] expressed his desire to further expand trade and investment... and highlighted the opportunities that the Indian economy offers to Saudi investors".<sup>155</sup> Further, the Governor of Saudi Arabia's Public Investment Fund ([PIF](#)) [reiterated](#) "Riyadh's confidence and positive outlook towards India's digital economy and start-ups".<sup>156</sup> There have also been reports that the Saudi Agriculture and Livestock Investment Company (Salic) will [step up investments](#) in the Indian agricultural sector.<sup>157</sup>

The Delhi Policy Group (DPG) hosted the Ambassador of the Kingdom of Saudi Arabia to India on March 12.<sup>158</sup> The Saudi Ambassador shared [Riyadh's perspectives](#) on developments in West Asia, the transformational change in Saudi Arabia's relations with India, geo-economic issues of global energy security, and the broader geopolitical issues of the Indo-Pacific.<sup>159</sup>



Dr Saud Mohammed Al-Sati, Ambassador of the Kingdom of Saudi Arabia, addresses the Delhi Policy Group, March 12, 2021. Source: Twitter/@DPG\_ORG

## OPEC, India and the Crude Oil Prices

In recent weeks, OPEC+ has ignored calls to [increase crude production](#) and prevent a spike in oil prices.<sup>160</sup> The Indian Minister for Petroleum's [request to ease production cuts](#) as rising crude prices were hurting post-COVID economic recovery went unheeded.<sup>161</sup> Saudi Arabia had reportedly [advised India](#) to use its crude reserves bought last year, when oil prices were low, to tide over the situation.<sup>162</sup> "India had purchased 16.71 million barrels of crude in April-May 2020 to fill its strategic petroleum reserves".<sup>163</sup> The [escalation of the war in Yemen](#) has also played a part in the rising crude prices, as Houthi rebels have been targeting the Saudi Aramco facilities.<sup>164</sup>

India and the UAE have vowed to [strengthen energy cooperation](#) during a virtual meeting between the Indian Petroleum Minister and the Chief Executive of Abu Dhabi National Oil Company (ADNOC).<sup>165</sup> Despite these moves, it must be noted that India is planning to buy [less crude oil](#) from the Middle East (especially Saudi Arabia), as OPEC+ production cuts make US crude more attractive.<sup>166</sup>

In a related development, India's imports of crude oil from Iran fell to 'zero' in the financial year 2020-21 from a historic high of 27.2 million tonnes in 2016-17. The [US has replaced Iran](#) as an alternative supplier for India's crude basket.<sup>167</sup> However, China continues to disregard US sanctions on Iranian oil exports. "Chinese refiners are [buying so much Iranian crude](#) that the ports in the Shandong province are experiencing tanker traffic congestions".<sup>168</sup> In light of this, the United States warned that it "will [not turn a blind eye](#) to rising Iranian oil exports".<sup>169</sup>

On US-Iran relations, the US National Security Advisor revealed that Washington and Tehran are engaged in "[indirect diplomacy](#)" on possible ways in which Iran can resume compliance with the 2015 Joint Comprehensive Plan of Action (JCPOA).<sup>170</sup> Further, the US Secretary of State reiterated that the "US will [not relieve sanctions](#) imposed on Iran before Tehran's compliance with the terms agreed under the JCPOA".<sup>171</sup>

## India-Israel: Forward and Upward Trajectory in Relations

In an address to a conference of Israeli heads of missions in the Asia-Pacific region, India's External Affairs Minister (EAM), Dr S. Jaishankar, [urged the Israeli diplomats](#) to "further the forward and upward trajectory in bilateral relations".<sup>172</sup> In terms of defence cooperation, "Kalyani Rafael Advanced Systems (KRAS), a joint venture between India's Kalyani Group, and Israel's Rafael Advanced Defense Systems rolled out its first batch of [medium-range](#)

[surface to air missile](#) (MRSAM) kits for the Indian Army and the Indian Air Force".<sup>173</sup> The Indian Oil Corporation (IOC) and Israeli start-up Phinergy have launched a joint venture, '[IOC Phinergy Private Limited](#)' to manufacture aluminium-air systems in India.<sup>174</sup> As part of this, "recycling of aluminium will boost India's self-reliance in energy requirements; it also intends to develop fuel cells and indigenous hydrogen storage solutions for promoting green mobility".<sup>175</sup> On the investments front, the Indian Ambassador to Israel urged Israeli investors to "take a long-term view to tap business potential in India". He drew attention to the [growing strategic partnership](#) between the two nations and highlighted the "immense potential for cooperation in sectors such as fintech, cyber-security, telecom, and health".<sup>176</sup>



External Affairs Minister Dr S. Jaishankar addressed the Israeli heads of missions of the Asia-Pacific region on March 2, 2021. Source: Twitter/@DrSJaishankar

## India-GCC Relations

India and Kuwait have decided to establish a [joint commission](#) co-chaired by their respective foreign ministers.<sup>177</sup> The joint commission will work to strengthen bilateral relations in the fields of energy, trade, investment, manpower, skills, science and technology, IT, health, and education.<sup>178</sup> In February 2021, the UAE's Minister of Foreign Affairs, [Sheikh Abdullah bin Zayed Al Nahyan](#) had met Indian External Affairs Minister Dr S. Jaishankar in New Delhi to review the growing cooperation between the two nations.<sup>179</sup>



On the investments front, UAE-based Shari'ah-compliant financial services major [Gulf Islamic Investments](#) (GII) is set to announce the launch of its second India-focused fund, with a size of USD 50 million.<sup>180</sup> This announcement comes in light of India's decision to upgrade UAE's foreign portfolio investors (FPI's) from Category-II to Category-I licence.<sup>181</sup>



Indian External Affairs Minister Dr S. Jaishankar and Kuwait's Foreign Minister in New Delhi, March 18, 2021. Source: Twitter/@DrSJaishankar

In a significant development with ramifications for Indian migrant workers, [Qatar's new minimum wage law](#) came into effect on March 20.<sup>182</sup> The "new legislation ensures that all employees [will] receive a minimum monthly wage of 1,000 Qatari Riyals [USD 275], as well as a minimum allowance of 300 Riyals for food and 500 Riyals for housing" unless these are provided by the employer.<sup>183</sup> Further, employees will not require a No Objection Certificate (NOC) to terminate their contracts and pursue new opportunities.<sup>184</sup>

## Regional Security

Saudi Arabia's Deputy Foreign Minister has underlined Riyadh's role in "[mediating between India and Pakistan](#) to bring peace in the region".<sup>185</sup> There have also been [news reports](#) highlighting the UAE's role in brokering the ceasefire between India and Pakistan after the top diplomat from the country travelled to New Delhi in February 2021 for a one-day visit.<sup>186</sup>

In another sign of India's growing strategic footprint in West Asia, the Indian Navy carried out a [Passage Exercise](#) in the Persian Gulf with the Bahrain Royal Naval Force as part of 'Operation Sankalp' on March 17.<sup>187</sup> Further, to strengthen

regional maritime cooperation, the UAE will take part in the '[Varuna Naval Exercise](#)' involving India and France in the Gulf of Oman and the Persian Gulf on April 25-27, 2021.<sup>188</sup>

Saudi Arabia announced an initiative to [end the Yemeni crisis](#) and reach a comprehensive political resolution with a view to bringing peace to war-torn Yemen.<sup>189</sup> "India welcomed this initiative as it inter alia proposes a [comprehensive ceasefire across Yemen](#) under the supervision of the United Nations as well as consultations between the Yemeni parties to reach a political resolution under the auspices of the UN".<sup>190</sup>

On the counter-terrorism front, Indian intelligence agencies are keeping an eye on an [Al-Qaeda linked charity group from Turkey](#) that has reportedly been colluding with 'Islami Sangh Nepal' to provide sanctuary to expand a logistical hub for "jihadist networks".<sup>191</sup> The charity group has been "named in the UN Security Council documents for supporting armed terrorist groups in Syria".<sup>192</sup> In another development, India [urged the United Nations Security Council](#) (UNSC) to investigate the alleged use of chemical weapons in Syria and issued a warning about the potential dangers of weapons of mass destruction (WMD's) falling into the hands of terrorist organisations.<sup>193</sup>

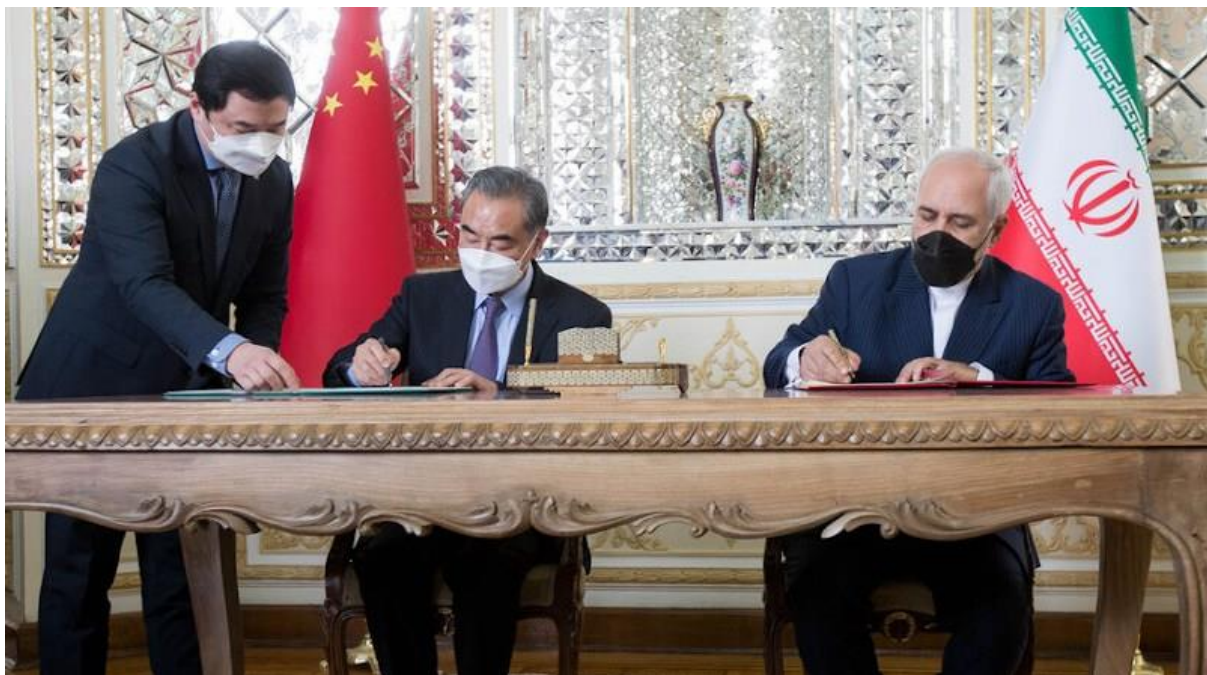
On the [blast](#) outside the Israeli Embassy in New Delhi in January 2021, Indian counter-terrorism officials have reportedly deduced the role of the Islamic Revolutionary Guards Corps (IRGC).<sup>194</sup> Investigators believe that the IRGC tasked a local Shiite cell with planting the remote-controlled device.<sup>195</sup>

### China's Footprints in West Asia

On the arms procurement front, a report by the Stockholm International Peace Research Institute (SIPRI) states that [arms imports in the Middle East](#) increased by 25 per cent in the last decade.<sup>196</sup> Saudi Arabia, Qatar, and Egypt have substantially increased arms imports during this period.<sup>197</sup> Importantly, 47 per cent of these imported weapons in the region came from the United States, which is "far more than any other international arms supplier".<sup>198</sup>

In another major development, Israel's Shin Bet has reportedly started a crackdown on the country's private arms industry to rein in [weapons sales to China](#).<sup>199</sup> Israeli private arms sales to China are problematic for Tel Aviv as these anger the US. Further, Chinese drone sales are on an upward trajectory in the region. The UAE army plans to purchase [Chinese unmanned aerial vehicles](#) (UAVs), which include Golden Eagle CR500 drones fitted with Red Arrow 12 missiles and 20 MR40 unmanned aircraft fitted with BBE-2 bombs.<sup>200</sup> These two deals are worth USD 9 million and USD 7 million, respectively.<sup>201</sup>

China has also stepped up its Middle East (West Asia) diplomacy to strengthen its political and economic footprint in that region. Chinese Foreign Minister Wang Yi undertook a multi-nation tour of the Middle East during the month, which included visits to Saudi Arabia, Turkey, Iran, the UAE, Bahrain and Oman.<sup>202</sup> Significantly, on March 27, Iran and China signed a 25-year plan for comprehensive cooperation. The spokesperson of the Chinese Ministry of Foreign Affairs stated that “The plan focuses on tapping the potentials in economic and cultural cooperation and charting course for long-term cooperation. It neither includes any quantitative, specific contracts and goals nor targets any third party, and will provide a general framework for China-Iran cooperation going forward”.<sup>203</sup> While the Chinese government did not reveal any specific details about how much Beijing is planning to invest in Iran, reportedly, the figure is around USD 400 billion.<sup>204</sup>



During Chinese Foreign Minister Wang Yi's visit to Iran, the two countries signed a 25-year deal which will provide a framework for China-Iran cooperation going forward. Source: Eurasia Review/Mehr News Agency



## Russia and the West

Anushka Nair

Defence and energy exports are both of critical importance to the overall performance of the Russian economy. However, according to a recent study published by the Stockholm International Peace Research Institute (SIPRI), [Russia's global arms exports declined](#) by 22 per cent between the periods 2011-15 and 2016-20.<sup>205</sup> About 90% of this decline was due to a steep fall in Russian arms exports to India. India's arms imports declined by 33 per cent in 2016-20 compared to 2011-15. Russia has "recently signed new large arms deals with several states, and its exports will probably gradually increase again in the coming years."<sup>206</sup>

Further, the India-Russia defence partnership is acquiring third country dimensions. There are reports that [India may supply the BrahMos missile](#) (produced by an Indo-Russian joint venture) to the Philippines.<sup>207</sup> India and the Philippines [signed the 'implementing arrangement'](#), which will create the "legal framework for the procurement under the government-to-government modality."<sup>208</sup> Nonetheless, India will have to carefully navigate the prospect of CAATSA sanctions for such defence sales.<sup>209</sup>

In the realm of economic cooperation, India and Russia have reached an agreement to set up a working group to [explore bilateral cooperation in the energy sector](#), for which an India Energy Office in Moscow was opened recently.<sup>210</sup> The newly opened centre is designed to assist business between Indian and Russian oil companies and create opportunities for joint ventures like the development of new regions, joint oil production, and setting up of new enterprises in segments like LNG and greenfield development. India-Russia energy cooperation will have to contend with the already robust energy cooperation between Moscow and Beijing.

Russia's Sputnik V vaccine is gaining traction with Indian pharmaceutical companies. Bangalore-based Stelis Biopharma has become the fourth company to [sign a production agreement](#) with Russia's Direct Investment Fund (RDIF).<sup>211</sup> Previously, Dr Reddy's Laboratories, Hetero, and Gland Pharma had signed similar deals with Russia's sovereign fund. India has now emerged as one of the largest production hubs for Sputnik V outside Russia.<sup>212</sup> This increase, nearly [three times the amount originally planned for production in India](#), is in line with Russia's ambitions to inoculate a tenth of the global population with its state-sponsored vaccine.<sup>213</sup> Moreover, Dr Reddy's

Laboratories had [applied for emergency use authorisation](#) of the Russian vaccine in India, but approval has been denied as the Subject Expert Committee (SEC) has asked for more data.<sup>214</sup>

Russian President Vladimir Putin, too, reportedly [received one of the country's three domestically developed vaccines](#) on March 23 in a bid to boost the country's immunisation campaign, which has so far received a lukewarm response.<sup>215</sup> Doubts have been raised in the media about Putin's delay in taking the COVID vaccine, making him one of the last major world leaders to be inoculated. The administration's unwillingness to disclose which shot he was given and the fact that it was done off-camera after he publicly declared the Sputnik V to be the world's best vaccine was also [questioned by critics globally](#).<sup>216</sup>

March 18 marked, amid heavy criticism globally, the seventh anniversary of what Moscow views as the reunification of the region of Crimea and the city of Sevastopol with Russia. The Foreign Ministers of the [Group of Seven \(G7\) nations issued a statement](#) condemning "Russia's illegitimate and illegal annexation".<sup>217</sup> Moscow maintains that the integration was carried out after a referendum in which a majority of the voters were in favour of the move, a claim that most of the world continues to denounce.

Russia's ties with the United States are rapidly deteriorating. New [sanctions were announced by the US and the European Union](#) on Russia in response to the poisoning and subsequent arrest of Russian opposition figure Alexei Navalny.<sup>218</sup> The US Secretary of State recently advised NATO allies that while [dialogue with Russia must continue](#), it was important to be "very clear-eyed" in these dealings.<sup>219</sup> The NATO Secretary-General has advocated a revival of the NATO-Russia Council (NRC) (which facilitated consultations between the bloc and Moscow but has not convened since July 2019) amid increasingly strained ties between Russia and the West.

The Presidents of Russia and the United States have also [engaged in aggressive verbal exchanges](#) with US President Biden, replying in the affirmative when asked if he thought Russian President Putin was a killer.<sup>220</sup> President Putin responded by saying, "It takes one to know one".<sup>221</sup> Subsequently, the Russian Ambassador in Washington was [recalled by Moscow](#).<sup>222</sup> Russia also criticised the US refusal of President Putin's offer of a [live-streamed online discussion](#) on the issues faced by their respective countries.<sup>223</sup>



The decline in Moscow's global relationships is pushing the country closer to China. Russia's Foreign Minister visited the city of Guilin to meet with his Chinese counterpart, where the two [condemned Western attempts at belligerent domination](#) of global fora and criticised the United States for relying on Cold War military alliances to coordinate sanctions against China and Russia.<sup>224</sup> While the two countries have reportedly [proposed setting up a "regional security dialogue platform"](#), the Foreign Ministers have criticised the United States for "forming small circles to seek bloc confrontation".<sup>225</sup>



The Russian Foreign Minister Sergey Lavrov with his Chinese counterpart Wang Yi in Guilin, China, on March 23. Source: Russian Foreign Ministry

Amid a rapidly evolving international situation, India finds itself walking the tightrope between old and new partners on the global stage. Despite Russia and China coming together to tackle 'common' challenges, Russia will continue to invest in its bilateral relationship with India, a long-term friend and significant market for its arms exports, especially given the defence purchases and joint manufacturing that have taken place between Delhi and Moscow in recent years.

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## ENDNOTES

### Overview

- <sup>1</sup> "Joint Statement issued on the occasion of the visit of Prime Minister of India to Bangladesh", [Ministry of External Affairs](#), March 27, 2021
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- <sup>4</sup> "Dhaka, Colombo agree to sign PTA to pave way for FTA", [United News of Bangladesh](#), March 20, 2021
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- <sup>6</sup> "Bangladesh signs first Preferential Trade Agreement (PTA) since its independence", [All India Radio](#), December 6, 2020
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