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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.To subscribe, please <u>click here</u>.

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World map

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## DPG India Strategic Review

Vol. II, Issue 6 June 2021

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## I. Overview: Responding to a Fluid Multipolar Order

Sanjay Pulipaka and Mohit Musaddi

In June, multipolarity was an important cornerstone of Indian diplomacy. Delhi hosted the BRICS (Brazil, Russia, India, China and South Africa) Foreign Ministers' Summit, participated in the G20 Foreign Ministers' Meeting, and was invited to three outreach sessions at the G7 Leaders' Summit. Foreign Secretary Harsh <u>Shringla stressed</u> that India "must have a dynamic and proactive global strategy in a multipolar world that adjusts to alliances and convergences that are fluid and issue-based".<sup>1</sup>

The fluidity of the multipolar order was also evident in the summit meeting held between Presidents Biden and Putin in Geneva. Even though the results of the summit were meagre, it pointed towards a possible restoration of meaningful dialogue in US-Russia ties. Similar fluidity was also evident in the Middle East, with the simultaneous engagement of the major powers by Turkey, Israel and the Arab countries.

As China continues to make rapid inroads in India's neighbourhood, Delhi's development assistance in the subcontinent has registered an uptick. With Beijing unwilling to complete the disengagement process along the Line of Actual Control (LAC), Delhi has increased its boots on the ground in Ladakh.

#### India-China

India-China border tension has now persisted for over a year, and friction points remain along the LAC. On June 25, the two countries held the 22<sup>nd</sup> meeting of the Working Mechanism for Consultation & Coordination on India-China Border Affairs (WMCC), in which they "agreed on the need to find an early resolution to the remaining issues along the LAC in Eastern Ladakh".<sup>2</sup> They have reportedly decided to focus on disengagement at <u>Gogra and Hot</u> Springs, which will be discussed during the 12<sup>th</sup> round of the India-China military dialogue.<sup>3</sup> However, there were reports that Delhi has redirected 50,000 additional troops to the LAC<sup>4</sup> in response to China moving "additional forces from Tibet to the Xinjiang Military Command, which is responsible for patrolling disputed areas along the Himalayas".<sup>5</sup> Defence Minister Rajnath Singh travelled to Ladakh during the month and reiterated the need for talks to resolve bilateral issues with neighbours. During the month, he also <u>inaugurated 75 projects</u> built by the Border Roads Organisation (BRO), including in Ladakh and Jammu and Kashmir, which are important to national security.<sup>6</sup>



Chinese companies were barred from 5G trials which commenced in India in June, underlining Delhi's intention to keep Chinese firms out of critical infrastructure. Indian companies Airtel and Tata Consultancy Services joined hands to implement the <u>5G broadband network</u> and related solutions in India.<sup>7</sup>

#### Neighbourhood

In India's neighbourhood, Beijing's economic engagements continued to generate concern. A <u>China-funded</u> coal power plant in Chattogram, Bangladesh, which was the site of recent protests, was again under the scanner for failing to comply with proper environmental standards.<sup>8</sup> A government official said that Bangladesh would investigate the issue if it receives a formal complaint about air quality standards.<sup>9</sup>

Bangladesh's economic engagement with India continued its upward trend. India's exports to Bangladesh registered a <u>46 per cent increase</u> (on an annualised basis) during January-March this year.<sup>10</sup> This is largely due to a 95.93 per cent increase in <u>India's agricultural exports</u> to Bangladesh in 2020-21.<sup>11</sup>

On June 16, India agreed to provide Sri Lanka with a USD100 million <u>line of credit</u> to assist Colombo's target of renewable energy meeting 70 per cent of its national power requirements.<sup>12</sup> India's External Affairs Minister (EAM) Dr. S. Jaishankar, in a telephone conversation with the Foreign Minister of Sri Lanka, <u>discussed bilateral relations</u> and cooperation in multilateral mechanisms.<sup>13</sup> They reportedly also discussed the China-funded Colombo Port City Project. India has expressed the hope that Sri Lanka will <u>remain mindful</u> of the bilateral relationship, including mutual security in the maritime domain.<sup>14</sup>

India continued to be a prompt responder to requests for humanitarian assistance and disaster relief management in the subcontinent. At the request of the Sri Lankan government, the Indian Navy's hydrographic survey ship INS Sarvekshak carried out an extensive <u>underwater survey</u> for MV Xpress Pearl, which sank after having caught fire in May this year.<sup>15</sup>

Political instability in Nepal continued, and no end is yet in sight. During the month, the Supreme Court of Nepal heard writ petitions against the President's move to dissolve the House of Representatives for the second time in five months. Prime Minister Oli sought to appoint new ministers to his cabinet, but the Supreme Court struck down the decision. As a result, PM Oli is left with only four cabinet ministers. Depending on the final verdict of the Supreme Court, Nepal is set to undergo fresh elections in November 2021. As China



operationalised a high-speed <u>rail line in Tibet</u> in June,<sup>16</sup> there were reports that six routes have been proposed for a <u>China-Nepal railway line</u>.<sup>17</sup>

In Myanmar, with Chinese support, the Tatmadaw is attempting to gain legitimacy on international platforms. Two events during the month indicated a willingness by some international actors to provide legitimacy to the Myanmar military coup. First, on June 3, a delegation comprising the ASEAN Secretary-General and Brunei's (ASEAN Chair) second minister for foreign affairs <u>visited Naypyidaw</u> and held talks with Senior General Min Aung Hlaing.<sup>18</sup> It is well known that the Chinese foreign minister held a conversation with his Brunei counterpart in April, during which he advised against "inappropriate intervention" in Myanmar.<sup>19</sup> Second, Russia hosted General Hlaing for the Moscow Conference on International Security. General Hlaing met with the secretary of the Russian Security Council and an executive from a Russian state-run arms exporter.<sup>20</sup> These developments also indicated a convergence between Moscow and Beijing in their Asia policies.

#### India, Russia and the US

Commenting on the larger geopolitical context, Russian President Vladimir Putin said on June 4 that <u>India-Russia relations</u> would continue to prosper despite closeness between Moscow and Beijing and cooperation in various sectors between Delhi and Washington.<sup>21</sup> During the month, the India-Russia defence partnership registered progress with the possibility of India participating in systems trials for the <u>Russian Sprut-SDM1 light tanks</u>.<sup>22</sup> Significant strides were also made in India-Russia nuclear cooperation with the <u>commencement of work</u> on the fifth and sixth light water reactors at the Kudankulam power plant in Tamil Nadu.<sup>23</sup>

While the summit meeting held in Geneva between Presidents Biden and Putin did not fundamentally alter the US-Russia bilateral relationship, it did raise hopes of a possible rapprochement. For India, a thaw will be a welcome development as it has the potential to increase the density of multipolarity in Asia.

India-US military cooperation continued, with the Indian Navy participating in a <u>Passage Exercise</u> with the US Navy's Ronald Reagan Carrier Strike Group in the Indian Ocean on June 23-24.<sup>24</sup> There is also an expectation that the US will soon begin <u>phased deliveries</u> of the 24 MH-60R Seahawk helicopters, which are being purchased for the Indian navy through the Foreign Military Sales (FMS) route.<sup>25</sup>



Earlier, on June 3, Prime Minister Narendra Modi and US Vice President Kamala Harris, in a telephone conference, discussed "ongoing efforts to further strengthen India-US vaccine cooperation" and explored the potential of the India-US "partnership to contribute to post-Covid global health and economic recovery".<sup>26</sup> PM Modi thanked Vice President Harris "for the assurance of vaccine supplies to India."<sup>27</sup>

Officials of Quad countries are reportedly discussing the possibility of launching the <u>Quad Vaccine Initiative</u> to roll out 1 billion vaccines, a substantial portion of which will be allocated for "the Indo-Pacific region, including India."<sup>28</sup> There are also reports that PM Modi may participate in the first inperson <u>Quad leaders' meeting</u> in the US later this year.<sup>29</sup>

#### Middle East

Four broad trends are impacting the larger geopolitical dynamics in the Middle East. First, the US is conducting a "major <u>realignment</u> of its military footprint" in the region to focus on challenges from China and Russia.<sup>30</sup> During the month, there were reports that Washington is reducing the presence of various weapons systems such as Patriot anti-missile batteries, THAAD systems, jet fighter squadrons and troops deployed in the region.<sup>31</sup> Second, Turkey, while being a NATO ally, is scaling up relations with Russia. Turkey's purchase of the Russian S400 missile system was <u>discussed</u> between President Biden and President Erdogan on June 14 on the sidelines of the NATO Summit.<sup>32</sup> Third, the US's punitive approach towards Iran is being negated through coordinated actions by Moscow and Beijing. Finally, Israel's rapprochement with the Arab states appears likely to continue under the new Prime Minister Naftali Bennett, who assumed office on June 13.

It is broadly in this fluid geopolitical context that India is seeking to scale up its engagement in the Middle East. The upward momentum in India's relationship with Arab states continued in June with EAM Dr. Jaishankar's visit to Kuwait on June 9-11. India has received oxygen cylinders, concentrators and other medical equipment from Saudi Arabia and Kuwait.<sup>33</sup> While Kuwait's immigration policy in the recent past had been a source of concern to India, the two countries <u>signed an agreement</u> on June 10 that will streamline the recruitment of Indian workers and provide them with "protection of the law".<sup>34</sup>

A key development during the month was the first <u>India-Arab Energy Forum</u> which was held virtually on June 8-9. The meeting explored "potential and challenges of cooperation in the fields of energy transition, intra-regional



power trading, hydrocarbons and nuclear power generation".<sup>35</sup> The economic partnership between India's Reliance Industries and Saudi Arabia's Aramco solidified through the appointment of the latter's chairperson as an <u>independent director</u> on the Reliance board.<sup>36</sup> Partnerships have moved to the provincial level as well, with greater Arab investments in India's economy, including online retail platforms. However, the pricing of crude oil by leading producers such as Saudi Arabia has been a source of concern for Delhi. There were reports that Saudi Arabia had <u>increased oil prices</u> for its main market of Asia and Europe, while those for the US remained constant.<sup>37</sup>

Qatar has been the largest supplier of LNG and LPG to India and has recently also emerged as a key logistics and transportation hub.<sup>38</sup> In Doha, on June 9, EAM Dr. Jaishankar held discussions with the Qatari National Security Advisor against the backdrop of the Taliban-US talks held on the same day. There was speculation that the EAM may have met some Taliban leaders in Doha. However, the <u>MEA Spokesperson</u> called these reports "false and mischievous" and said no meeting had occurred between the EAM and any Taliban leader.<sup>39</sup>

#### Afghanistan-Pakistan

There has been an increase in violence in Afghanistan, with the Taliban gaining foothold over large parts of the country, including cities that are vital for cross-border trade. The Taliban have <u>reportedly captured</u> over 100 districts and important border towns such as Sher Khan Bandar.<sup>40</sup>

Pakistan is following dual policies with respect to Afghanistan. Islamabad is protecting and <u>promoting Chinese interests</u>, which was evident in discussions during the China-Pakistan-Afghanistan trilateral held on June 4.<sup>41</sup> Simultaneously, Islamabad has indicated its willingness to accommodate Washington's interests in Afghanistan. While Pakistan has maintained that it will not allow US boots on the ground or military bases on its territory, US National Security Advisor Jake Sullivan said that the US has had "<u>constructive discussions</u> in the military intelligence and diplomatic channels with Pakistan on terrorism emanating from Afghanistan".<sup>42</sup> Further, there were reports that the US Central Intelligence Agency director had made an <u>unannounced visit</u> to Pakistan in an effort to explore the possibility of a US airbase in the country.<sup>43</sup>

However, Islamabad's grand geopolitical game stands alongside a dire economic situation. There has been severe stress in the Pakistani economy with weak agriculture growth and <u>an increased trade deficit</u>.<sup>44</sup> Moreover, the continued listing of Pakistan in the <u>'grey list'</u> of the Financial Action Task Force



(FATF)<sup>45</sup> has dampened prospects for Pakistan's external engagement, and foreign direct investment (FDI) inflows into the country.

#### Multilateralism

Reforming the multilateral order was the dominant theme of India's external engagements during the month. In his virtual <u>address to the G7</u>, on June 12, PM Modi stated that "India is a natural ally for the G7 countries in defending the shared values from a host of threats stemming from authoritarianism, terrorism and violent extremism, disinformation and economic coercion".<sup>46</sup> India, along with the G7 countries, issued an <u>Open Societies Statement</u>, which "reaffirmed and encouraged others to embrace the values such as democracy, social inclusion, gender equality and an effective multilateral system underpinned by principles of openness, transparency and accountability."<sup>47</sup>

At the <u>BRICS foreign ministers meeting</u> held on June 1, EAM Dr. S. Jaishankar noted that as the chair of the BRICS forum on its 15<sup>th</sup> anniversary, India would work to reform the multilateral system.<sup>48</sup> Dr. Jaishankar also participated in the <u>G20 Foreign Ministers' Meeting</u> on June 29, in which he "shared views on contemporary challenges" and highlighted that "livelihood, health, digital access and climate action should now constitute the new developmental priorities".<sup>49</sup> The Ministers adopted the '<u>Matera Declaration</u>', which focused on food security, nutrition and food systems.<sup>50</sup>

During the month, India was <u>elected to</u> the UN Economic and Social Council (ECOSOC) for 2022-24.<sup>51</sup> India also supported the election of the Maldives' Foreign Minister, Abdulla Shahid, as President of the UN General Assembly (UNGA). Subsequently, an Indian foreign service officer has been appointed as Shahid's '<u>chef de cabinet</u>' (chief of staff).<sup>52</sup> With this development and with India as a non-permanent member of the UNSC, Delhi is better positioned to push for reform of the multilateral system and respond to the challenges of a multipolar order.



## II. India and the Neighbourhood: Between Unrest and Stability<sup>1</sup>

Mohit Musaddi

Russia and China continued to provide legitimacy to the military coup in Myanmar. There was no end in sight for Nepal's ongoing political crisis amidst a global pandemic. Bangladesh emerged as the fourth largest export destination for India, while Delhi provided USD 100 million Line of Credit to Sri Lanka. Maldives assumed the UNGA Presidency for the first time, and an Indian official has been named the 'chief of staff'. India and Bhutan held the 3<sup>rd</sup> round of development cooperation talks and also signed an MoU on environmental cooperation.

#### Myanmar

More than four months after the military coup, the <u>trial</u> of ousted Myanmar civilian leader Daw Aung San Suu Kyi began on June 14.<sup>53</sup> The <u>main charges</u> levied against her include allegations of sedition, inciting public disorder and flouting coronavirus restrictions.<sup>54</sup> Some charges carry prison terms of up to 15 years, and conviction on almost any allegation will result in Suu Kyi "being banned from running in any future election".<sup>55</sup>

The UN Security Council held a <u>closed-door discussion</u> on Myanmar on June 18. Myanmar's Ambassador to the UN called for "effective collective measures to prevent any possible crimes against humanity" by the military regime.<sup>56</sup> On June 18, the UN General Assembly adopted a draft resolution, "The situation in Myanmar<sup>"</sup>, in which 119 member states, including Myanmar, voted in favour of, 36 nations abstained while Belarus voted against it.<sup>57</sup> India abstained from voting on the resolution as its views were not reflected in the draft, and it did not believe that the resolution would be conducive "towards strengthening [the] democratic process" in Myanmar.58 The resolution called on the Tatmadaw to "immediately and unconditionally release" all who have been arbitrarily detained, charged or arrested.<sup>59</sup> Moreover, "to de-escalate violence, the Assembly called on all Member States to prevent the flow of arms to the country".<sup>60</sup> Even as the resolution was being adopted at the UN, Myanmar Senior General Min Aung Hlaing was in Moscow to attend a security conference and reportedly discuss arms acquisitions from Russia.<sup>61</sup> Russian

<sup>&</sup>lt;sup>1</sup> In the neighbourhood, this chapter will cover developments in Myanmar, Nepal, Bangladesh, Sri Lanka, the Maldives and Bhutan.



Defence Minister Sergei Shoigu has said that Moscow is committed to deepening military ties with Myanmar.



Russia's Defence Minister Sergei Shoigu and Myanmar's Commander in Chief Min Aung Hlaing in Moscow, June 22, 2021

Clashes between the Tatmadaw and civilian forces continued during the month. In June, a village in central Myanmar was <u>set ablaze</u> by the Tatmadaw.<sup>62</sup> On June 22, the Tatmadaw also <u>raided</u> a People's Defence Force base in Mandalay.<sup>63</sup> More and more Myanmar civilians, including Buddhist monks, have <u>taken up arms</u> in the fight against the military coup.<sup>64</sup> Some of them have joined various <u>ethnic armed organisations</u> (EAOs) across the country's borderlands.<sup>65</sup> Others have joined civilian defence forces that have sprung up in cities.

There have been reports that the Tatmadaw now has access to top-of-the-line <u>surveillance technology</u>.<sup>66</sup> The Tatmadaw has sought to acquire "<u>forensic and</u> <u>surveillance technology</u> from American, Chinese, Russian and European companies" that could "extract data from smartphones, access phone conversations, and monitor people's movements".<sup>67</sup>

It is estimated that <u>at least 230,000 people</u> have been dislocated, with some crossing borders, while others have been hiding in jungles.<sup>68</sup> Reports have emerged that more than 10,000 refugees have <u>crossed over</u> to Mizoram.<sup>69</sup>



These include security personnel and lawmakers, with the latest high-profile individual being the <u>Chief Minister of Chin state</u>.<sup>70</sup> On June 15, the Mizoram Chief Minister said that the Government has "<u>sanctioned money</u> for relief operations for Myanmar refugees in the state".<sup>71</sup> The refugee situation along India's northeast has led to an increase in arms trafficking. On June 22, the Assam Rifles <u>seized large caches of arms</u> that were being smuggled from Mizoram to Myanmar, reportedly for the Chin National Army (CNA).<sup>72</sup>

On June 4, General Min Aung Hlaing met with the ASEAN Secretary-General and, according to the <u>state media</u>, discussed Myanmar's cooperation on "humanitarian issues [and] holding an election once the country was stable".<sup>73</sup>

The military coup has worsened the economic situation in Myanmar. "Factories in the Japan-backed Thilawa Special Economic Zone (SEZ) in Yangon have <u>suspended operations</u> amid post-coup turmoil".<sup>74</sup> A report from Oxford Economics has said that the Myanmar economy <u>could contract</u> by 13 per cent by the end of the financial year.<sup>75</sup> On June 21, the <u>EU sanctioned</u> "8 individuals, 3 economic entities and the War Veterans Organisation in relation to the military coup".<sup>76</sup>

On June 24, India signed a Memorandum of Understanding (MoU) with Myanmar to import <u>350,000 tonnes of lentils</u> every year from 2021-22 to 2025-26 through private trade.<sup>77</sup>



Remains of the houses after they were burnt in Kin Ma village in Myanmar. Source: The Guardian



#### Nepal

On June 9, the Supreme Court of Nepal issued a <u>show-cause notice</u> against President Bidya Devi Bhandari and Prime Minister K P Sharma Oli over the dissolution of the Nepal House of Representatives.<sup>78</sup> The House was dissolved for the second time in five months by President Bidya Devi Bhandari in May on the advice of Prime Minister K P Sharma Oli, who is currently heading a minority government. <u>Petitions</u> were filed against the move in the Supreme Court, and a constitutional bench was set up.<sup>79</sup> In response to the Supreme Court's notice, the President submitted a <u>written clarification</u> defending the decision and contested that "any action carried out by the President as per Article 76 of the Constitution cannot become a subject of any petition and this cannot be an issue for judicial review".<sup>80</sup> PM Oli also issued an <u>18-point</u> <u>response</u> arguing that "government formation is a political process and that it cannot be decided by the Supreme Court".<sup>81</sup>

During the month, PM Oli also <u>reshuffled his cabinet</u> and appointed members from the Janata Samajbadi Party, including a deputy Prime Minister.<sup>82</sup> However, on June 22, the Supreme Court <u>quashed the decision</u> on the grounds that PM Oli is currently heading a caretaker government and, therefore, the appointments are "against the intent and spirit of the government".<sup>83</sup> As a result, Oli is left with only five ministers in the cabinet, including himself. Depending on a final verdict by the Supreme Court, Nepal is set to undergo fresh elections in November 2021.

In preparation for the upcoming parliamentary elections, PM Oli said that "there were <u>misunderstandings [with India]</u> at one time, but now those misunderstandings are gone".<sup>84</sup> He also spoke on the recent surge in Covid-19 cases in India and Nepal and requested the Indian Prime Minister to "extend full cooperation to Nepal".<sup>85</sup> On the occasion of the International Yoga Day (June 21), PM Oli <u>claimed</u> that yoga had originated in Nepal, but it was unable to make it popular.<sup>86</sup> On June 11, the Indian Army <u>handed over medical equipment</u>, including ventilators, ambulances and ICU beds worth NPR288 million (USD 2.43 million) to the Nepal Army.<sup>87</sup>





Indian Envoy to Nepal hands over medical equipment to Chief of the Nepali Army, June 11, 2021. Source: Twitter/@sidhant

The political upheavals in Nepal continue amid Covid-19 and natural disasters. Heavy rain across the country has caused <u>floods and landslides</u>, killing at least 18 people while 21 others went missing.<sup>88</sup> In terms of Covid-19, although Nepal seems to have passed the peak of the second wave, there is not much cause for optimism as the country still <u>reports</u> close to 1,500 daily new cases.<sup>89</sup> Kathmandu has reportedly procured four million doses of the Chinese <u>Sinopharm vaccine</u> under a "non-disclosure agreement".<sup>90</sup> Some media reports quoted the price as USD10 per dose, but the Nepal Health Ministry <u>dispelled</u> the reports calling the price "speculative and misleading".<sup>91</sup>

#### Bangladesh

India's exports of goods to Bangladesh have risen by 46 per cent (on an annualised basis) and recorded figures of USD3.16 billion during January-March 2021. As a result, Bangladesh is now India's <u>fourth-biggest</u> export destination, and this has largely been fuelled by "diplomatic efforts, logistics in terms of rail and waterways, and demand for agricultural items".<sup>92</sup>

The pandemic has also caused a dent in Bangladesh's foreign direct investment (FDI) inflows. According to the UNCTAD World Investment Report 2021, Bangladesh's <u>FDI inflows</u>, which had dropped 10.8 per cent to USD2.6 billion in 2020, are unlikely to pick up in 2021.<sup>93</sup> Chinese investments in Bangladesh continue to come under scrutiny. A <u>Chinese-backed</u> coal-fired power plant,



which was subjected to a crackdown on protests in April, was found to have failed to "ensure proper environmental inspections".<sup>94</sup>

The Indian High Commissioner to Dhaka said on June 20 that India is keen to resume exports of <u>Covid-19 vaccines</u> to Bangladesh but did not say when it would be able to do so.<sup>95</sup> <u>Covid-19 cases</u> in the country had peaked at more than 7,500 per day in April 2021 and remained high at around 4,000 cases per day in June.<sup>96</sup> Bangladesh has vaccinated close to three per cent of its population through a combination of Pfizer, Sinopharm and the made-in-India Oxford-AstraZeneca vaccines. It is also <u>reportedly purchasing</u> 70 million doses of the Johnson & Johnson vaccine through the COVAX initiative.<sup>97</sup>

#### Sri Lanka

On June 21, India's External Affairs Minister Dr. S. Jaishankar held a <u>telephone</u> <u>conversation</u> with his Sri Lankan counterpart to review the bilateral agenda and discuss BIMSTEC, IORA and other regional mechanisms.<sup>98</sup> India is also closely monitoring developments in the Colombo Port City Economic Commission Bill. On June 17, the <u>MEA spokesperson</u> said that "we expect Sri Lanka will remain mindful of our excellent bilateral cooperation, including for mutual security in our shared environment, which includes the maritime domain".<sup>99</sup> The project will be China-funded and is next to the main Colombo Port.

In order to fulfil Sri Lanka's vision of ensuring that 70 per cent of its power requirements are met via renewable energy sources by 2030, the EXIM bank of India extended a Line of Credit (LOC) worth USD100 million. The LOC will help finance projects in the solar energy sector for Sri Lanka and enhance global efforts to tackle climate change.<sup>100</sup>

India has stepped up focus on "facilitating the <u>reconciliation</u> of Sri Lanka's Tamil minority by giving them greater representation through the implementation of the 13<sup>th</sup> amendment to the country's constitution".<sup>101</sup> On June 17, India's High Commissioner to Sri Lanka <u>discussed</u> the issue with a five-member delegation from the Tamil National Alliance (TNA) in which the "delegation apprised [the] high commissioner on progress regarding provincial council elections".<sup>102</sup>

In May, the Singapore-bound MV X-Press Pearl caught fire and sank a month later in June. A UN representative warned against <u>potential environmental</u> <u>damage</u> that could "threaten lives and livelihood of the population in the coastal areas".<sup>103</sup> Colombo submitted an interim claim of USD40 million to the ship's operating company while the police launched a criminal investigation into the



incident. The <u>Indian Navy</u> had deployed its coast guard vessels to douse the fire and provide pollution control help.<sup>104</sup>

Sri Lanka, facing an acute shortage of the AstraZeneca vaccine, has <u>asked</u> <u>Japan</u> to provide 600,000 doses for administering the second dose to its citizens.<sup>105</sup> As of March 2021, India had provided over <u>1.2 million doses</u> of the vaccine before it had to limit exports to meet domestic demand.<sup>106</sup> There has been an increase in the number of cases and deaths due to the celebrations and shopping during Sri Lanka's traditional New Year festival.<sup>107</sup>



The MV X-Press Pearl. Source: Twitter/@SriLankaNavy

#### The Maldives

Male secured a multilateral victory in June as Foreign Minister Abdullah Shahid was elected as the 76<sup>th</sup> <u>UNGA President</u> receiving 143 votes out of the 191 ballots.<sup>108</sup> The Maldives received public support from India and will occupy the office for the first time. FM Shahid has said that, as UNGA President, his <u>agenda</u> <u>will be</u> ensuring vaccine equity, addressing human rights issues and facilitating consultations for multilateral reform.<sup>109</sup> An Indian IFS officer has been named FM Shahid's '<u>chef de cabinet</u>'.<sup>110</sup>

The People's Majlis (the legislative body of the Maldives) has <u>voted in favour</u> of the Maldives joining the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC).<sup>111</sup> ICIEC is a member of the Islamic Development Bank (IsDB) Group and "was established to provide investment and export credit insurance solutions".<sup>112</sup> Male had applied in 2017 for ICIEC membership and hopes it will help "increase investment opportunities and expand businesses".<sup>113</sup>



The <u>tourism sector</u> in the Maldives is picking up momentum. More than 483,000 tourists have arrived in the Maldives in 2021 (as of June 16). Russians account for more than 24 per cent of arrivals, followed by Indians (18.5 per cent) and Germans (5.5 per cent).<sup>114</sup>

#### Bhutan

On June 28, Delhi and Thimphu virtually held the Third India-Bhutan Development Co-operation Talks and reviewed the "entire gamut of India's development partnership with Bhutan".<sup>115</sup> So far, the "Government of India has committed INR4500 crore for the implementation of development projects and INR400 crore for the transitional Trade Support Facility during Bhutan's 12<sup>th</sup> Five Year Plan (2018-2023). Seventy-seven large and intermediate projects and 524 small development projects (SDPs)/ high impact community development projects (HICDPs) are at various stages of implementation under the 12th Five Year Plan".<sup>116</sup>

India and Bhutan, on June 18, signed a Memorandum of Understanding (MoU) for <u>environmental cooperation</u>, which "will open new vistas of bilateral cooperation in the area of climate change, waste management, etc."<sup>117</sup> Through the MoU, Delhi and Thimphu will also explore possibilities of conducting joint environmental projects in areas of mutual interest.<sup>118</sup>

In a major shift in policy, the Bhutanese Government is expected to introduce a proposal during the ongoing session of Parliament to <u>lift the ban</u> on the sale of tobacco products.<sup>119</sup> There are frequent reports of smuggling of such products through Bhutan's porous borders, which could be a contributing factor in the spread of Covid-19 in the country.<sup>120</sup> The sale, manufacture and distribution of <u>tobacco products</u> are banned in Bhutan since 2010, but it has allowed controlled imports after hefty duties.<sup>121</sup>

#### BIMSTEC

On the occasion of the 24<sup>th</sup> BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation) Day, Indian PM Narendra Modi <u>remarked</u> that the organisation "has emerged as a promising regional grouping to fulfil the common aspirations of its people and serve the shared interests of the Member States".<sup>122</sup> He recalled that "progress has been made on several fronts including the finalisation of the BIMSTEC Master Plan for Transport Connectivity and the text of the BIMSTEC Charter".<sup>123</sup> Leaders from all member states, including Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand, <u>delivered a message</u> on the occasion of the 2021 BIMSTEC Day.<sup>124</sup>



## III. Russia's Engagement with India and the US

Anushka Nair

#### Russia-India

On June 1, a virtual meeting of the BRICS Foreign Ministers' forum was held. India's External Affairs Minister Dr. S. Jaishankar, who chaired the meeting, identified <u>four key deliverables</u> for India's Chairship: reform of the multilateral system, counter-terrorism cooperation, using digital and technological solutions to achieve SDGs and enhancing people-to-people cooperation.<sup>125</sup> Russian Foreign Minister Sergey Lavrov addressed the media after the meeting and reiterated that both Moscow and Delhi are committed to military-technical cooperation, particularly meeting the <u>delivery schedule</u> for the S-400 systems that are due in India later this year.<sup>126</sup>

Reports indicate that India will participate in system trials for the Russian Sprut-SDM1 light tanks. Indian Defence Minister Rajnath Singh had expressed Delhi's desire to <u>acquire</u> the Sprut-SDM1 during his visit to Russia last year.<sup>127</sup> This is the first time that Russia will permit a foreign nation to witness product trials of one of its systems still under development. The tanks are of interest to India as they are suitable for use in mountainous terrain and can be deployed on India's northern borders.

INS Chakra, an Akula-class nuclear-powered attack submarine that had been leased from Moscow in December 2011, was <u>returned to Russia</u> in June, before the expiry of its ten-year lease period.<sup>128</sup> While Russian news sources reported that the submarine's return was necessitated by <u>significant damage</u> caused by an explosion on board in 2020, the report was later retracted.<sup>129</sup>

India-Russia <u>nuclear cooperation</u> made forward strides this month, with the commencement of the construction of two new nuclear reactors at the Kudankulam power plant in Tamil Nadu.<sup>130</sup> The Russian nuclear firm, Rosatom, will provide technology for what will become India's first light water reactors. The two reactors (costing approximately INR49,621 crore) are expected to be commissioned in 2026 and 2027, respectively. The Russian envoy hailed the development as a <u>significant moment</u> for bilateral nuclear cooperation, adding that Russia was also keen to share technology on its "state-of-the-art Generation III+ Russian-designed nuclear power units at a new site in India".<sup>131</sup>



On the research and development (R&D) front, three Indian firms have been chosen to participate in joint <u>R&D transfer projects</u> under the India-Russia Joint Technology Assessment and Accelerated Commercialisation Programme.<sup>132</sup> While two of the firms will work on medical technology, the third is being funded for joint incubation of aviation-related systems.<sup>133</sup> The three firms comprise the first batch of applicants that were accepted by the India-Russia joint venture in the commercial space after it was launched in July 2020.

Russian President Vladimir Putin reaffirmed Moscow's commitment to its ties with New Delhi on the sidelines of the St. Petersburg International Economic Forum and highlighted that the India-Russia Relationship was robust. President Putin alluded to Russia's attempts at bringing India and China together at numerous multilateral platforms such as BRICS and SCO on issues of mutual interest. He <u>noted that</u> the Moscow-Delhi relationship would not be influenced in any way by Russia's partnership with China or India's participation in any multilateral groupings such as the India-US-Japan-Australia quadrilateral alliance framework.<sup>134</sup> From a larger geopolitical perspective, improved Russia-US relations may alter Asian geopolitics, favourable to India.<sup>135</sup>

#### Russia-US

After considerable tension and deterioration in the Russia-US relationship in the past few months, the leaders of the two nations, President Putin and President Biden, met in Geneva on June 16. Nothing significant was expected to result from the meeting by either side, and the outcome was proportionately mild.



US President Joe Biden and Russian President Vladimir Putin in Geneva, June 16. Source: Twitter/@mfa\_russia



The leaders reached an agreement on two fronts. The first was the decision to return their ambassadors to their respective postings in Moscow and Washington, allowing for the resumption of formal <u>diplomatic engagement</u>, which had been suspended. The Russian ambassador returned to Washington on June 20, and his American counterpart arrived in Moscow on June 24.<sup>136</sup> The second was the joint commitment to nuclear arms control, as was demonstrated earlier in the year by the US and Russia's extension of the New START Treaty. The joint statement referred to a strategic stability dialogue, which will serve as a foundation for future arms control and risk reduction initiatives.<sup>137</sup>

It remains evident that the Russia-US dynamic is far from friendly. On June 20, America's National Security Advisor Jake Sullivan announced that Washington is preparing <u>fresh sanctions</u> against Moscow over the Alexei Navalny poisoning case.<sup>138</sup> Earlier, Russian President Putin had remarked that "Navalny received his due punishment for violating the terms of his probation."<sup>139</sup> Navalny's case has been a sore point for months in Russia's ties with the United States as well as the European Union, with both placing sanctions on senior Russian officials over the incident.

Russia announced that it would go ahead with the decision to <u>exit the Open</u> <u>Skies Treaty</u>, with effect from December 18 this year.<sup>140</sup> The development comes after President Biden's administration announced that it would not rejoin the accord that his predecessor had withdrawn from in November 2020. Moscow's move has been <u>decried by NATO's</u> North Atlantic Council, saying that it was backing away from "an important legally binding instrument which contributes to transparency, security and stability, and mutual confidence in the Euro-Atlantic area."<sup>141</sup>

#### **Election Update**

On June 17, the Kremlin issued a release announcing September 19, 2021, as the date for the <u>election to</u> the State Duma, Russia's lower House of Parliament.<sup>142</sup> President Putin has attempted to give his United Russia ruling party a much-needed boost by promising infrastructure, health and education expenditures for the months leading up to the election. He has also presented his two most popular ministers, Defence Minister Sergei Shoigu and Foreign Minister Sergey Lavrov, to head the candidates' list for the polls. Both ministers enjoy considerable support among the citizenry for their staunch views on the Western challenge to Russia and are expected to play a key role in this election to help cement Putin's position and public image by the time of the Presidential election in 2024.



Russian authorities have also proceeded to wipe out any significant opposition to the ruling party by <u>introducing a law</u> that prohibits 'extremists', 'foreign agents' and affiliates of 'undesirable organisations' from occupying any public office, without any concrete information as to who would be classified under these categories.<sup>143</sup> UN Human Rights chief Michelle Bachelet criticised Russia's <u>stifling of civil liberties</u>, particularly highlighting jailed opposition leader Alexei Navalny and his political movement that the Russian Government has worked to actively dismantle.<sup>144</sup> It is well known that the Russian Government sees "any rebuke from the West as interference in Russia's domestic affairs".<sup>145</sup> While most of Navalny's allies had hoped to run for office in September, they now stand barred from contesting for their ties to Navalny's Foundation for Fighting Corruption.

#### Moscow Security Conference

Russia's Defence Ministry declared open the <u>ninth Moscow Conference</u> on International Security (MCIS 2021) on June 23.<sup>146</sup> The conference hosted 700 participants this year, both in-person and virtually, including defence and foreign policy ministers, military chiefs and delegations from over 109 countries.<sup>147</sup> Apart from India, Bangladesh, the Maldives, and Pakistan sent delegations to the conference. The plenary sessions covered security concerns of different regions of the world and the role played by militaries in combating the Covid-19 pandemic.



The 9<sup>th</sup> Moscow Conference on International Security. Source: Ministry of Defence of the Russian Federation



#### Vaccine Update

Speaking at the MCIS, the Russian Security Council Secretary made a statement that Russia would never use its Covid vaccines with an <u>ulterior political motive</u> while claiming that some Western nations have been doing that.<sup>148</sup> The statement seems to be a response to the observations of US President Biden last month, in which he accused Russia and China of using their vaccine diplomacy to gain political favours globally.

India received the first batch of 150,000 doses of Sputnik V in May and has begun administration of the vaccine in June. After the BRICS meeting, FM Lavrov stated that Moscow would be delivering the second batch of Russia's Sputnik V vaccine to India soon. On June 5, Brazil became the 67<sup>th</sup> country to approve the Sputnik V vaccine for use.<sup>149</sup> Sputnik V is now ranked second globally in terms of the number of government-issued approvals for use. The single-dose Sputnik Light vaccine is also making progress, with Mauritius, Mongolia, and the Republic of Congo issuing approvals for it in June.

Russia's own vaccination drive, however, is not progressing too well. Figures shared by the Deputy Prime Minister on June 23 indicate that about <u>16 million</u> Russians have been fully vaccinated, and over 20 million have received their first shot of one of Russia's three approved vaccines, which implies that only about 14 per cent of Russia's population has so far been vaccinated.<sup>150</sup> Polls show that 6 out of 10 Russians <u>do not support</u> the move of making vaccines compulsory, as the Government has announced in Moscow and three other regions for the time being.<sup>151</sup>



## IV. India-West Asia: Flourishing Partnership

Sanket Joshi

India's External Affairs Minister (EAM) Dr. S. Jaishankar, visited Kuwait on June 10 and celebrated the 60<sup>th</sup> anniversary of <u>India-Kuwait relations</u> in the company of his counterpart.<sup>152</sup> The two sides signed an MoU that will streamline the recruitment of Indian workers by giving them <u>greater protection</u> and discussed ways to boost cooperation in the food, cyber, and energy security sectors.<sup>153</sup> Further, EAM Dr. Jaishankar held a meeting with Indian <u>Ambassadors to the Gulf countries</u>, focusing on the welfare of the Indian community in the region. He called for a speedy resumption of flights and pushed trade interests that would contribute to economic recovery in India.<sup>154</sup>



External Affairs Minister Dr. S. Jaishankar launches the celebration of the 60<sup>th</sup> anniversary of India-Kuwait diplomatic relations, June 10, 2021. Source: Twitter/@DrSJaishankar



Dr. Jaishankar also met Qatar's Deputy Prime Minister and Foreign Minister Sheikh Mohammed bin Abdulrahman Al-Thani to show New Delhi's appreciation for Doha's solidarity with India during the second wave of COVID-19.<sup>155</sup> Qatar's special envoy for counter-terrorism and conflict resolution, Mutlaq bin Majed al-Qahtani spoke about his belief that "India was engaging with the Taliban as the group is seen as a "key component" in any future Afghan government".<sup>156</sup> In this context, the Indian Ministry of External Affairs stressed that it remains "in <u>touch with various stakeholders</u> in [Afghanistan], including regional countries".<sup>157</sup> Further, the MEA drew attention to "the recent statement made by External Affairs Minister at the <u>United Nations Security Council Debate</u> earlier in the week which lays out India's concerns at the upsurge in violence and vision for [Afghanistan's] future".<sup>158</sup>

On the occasion of International Yoga Day, New Delhi and Riyadh signed an MoU to increase cooperation and promote <u>yoga in Saudi Arabia</u>.<sup>159</sup> It will help establish formal yoga standards and courses in the Kingdom.<sup>160</sup> In a development of great impact for Indian Muslims, Saudi Arabia has once again <u>barred foreign travellers</u> from performing Hajj this year, owing to concerns over the spread of COVID-19.<sup>161</sup> A total of 60,000 fully vaccinated pilgrims residing in Saudi Arabia alone will be allowed to perform the Hajj.<sup>162</sup>Saudi Arabia has also recognised <u>India's Covishield vaccine</u> as equivalent to the AstraZeneca dose.<sup>163</sup>



India and Saudi Arabia sign Memorandum of Understanding on Yoga Cooperation, June 22, 2021. Source: Twitter/@IndianEmbRiyadh



#### **Energy Security**

Energy security issues continued to figure prominently in India-Saudi relations. Over the past few months, India has urged the OPEC (Organization of the Petroleum Exporting Countries) to <u>ease global output cuts</u> to rein in surging oil prices.<sup>164</sup> In reply to Delhi's concerns, Saudi Arabia's Ambassador to India stressed "Riyadh's commitment to meet India's <u>requirements of petroleum products</u>".<sup>165</sup>As the global demand for crude recovers, there are reports that <u>oil prices may rise</u> further to touch USD80 per barrel in the near future.<sup>166</sup> Further, as crude prices surged above USD70 per barrel and OPEC forecast that global demand would heavily outstrip supply over the rest of the year, Saudi Arabia increased <u>oil prices</u> of its key Arab light grade for July shipments to Asia.<sup>167</sup>

The <u>First Arab-India energy forum</u> was held in a virtual format on June 8 and 9, 2021, under the co-chairmanship of India and the Kingdom of Morocco.<sup>168</sup> The forum "explored the potential and challenges of cooperation in the fields of the energy transition, intra-regional power trading, hydrocarbons and nuclear power generation".<sup>169</sup>

#### **Economic Relations**

In a major development, <u>Yasir Al-Rumayyan</u>, Chairman of Saudi Aramco and the Governor of the Public Investment Fund (PIF), has joined the board of India's Reliance Industries as an independent director.<sup>170</sup> "Reliance in 2019 had announced its interest to sell a 20 per cent stake in the company's flagship <u>chemicals and refining business</u> to Saudi Aramco in a deal valued at USD15 billion"; this deal could materialise this year.<sup>171</sup> Saudi Arabia's Ambassador to India highlighted that "Saudi Arabia in 2020 made investments worth USD2.81 billion in India and is looking at greater momentum in bilateral economic ties in areas like petroleum, renewable energy, IT, and artificial intelligence".<sup>172</sup> Further, on June 14-15, the Indian Embassy in Saudi Arabia organised a Telangana <u>investment seminar</u> in partnership with Saudi Centre for International Strategic Partnership (SCISP) and the Telangana government.<sup>173</sup>

During the month, the <u>Indian Ambassador to Egypt</u> addressed 3P Egypt International Expo 2021 about "India-Egypt Business Promotion, Challenges, and Opportunities".<sup>174</sup> The Indian Ambassador stressed Egypt's strategic location, political stability and Cairo's liberal economic policies that have enabled Indian industries to invest more than USD3.15 billion in the country.<sup>175</sup>

<u>India-UAE</u> economic relations have strengthened despite the challenges posed by the COVID-19 pandemic.<sup>176</sup> Abu Dhabi sovereign wealth fund, 'ADQ', is in



talks to invest USD500 million in the Indian <u>e-commerce platform 'Flipkart'</u>.<sup>177</sup> The Indian Ambassador further shared that in the financial year that ended in March 2021, India received USD81.7 billion foreign direct investment (FDI), of which USD3.5 billion investments came through the Abu Dhabi Investment Authority (ADIA) and Mubadala Investment Company.<sup>178</sup> The Indian Ambassador highlighted the "continuous flow of goods between the two countries, despite the restrictions imposed by lockdown", including "creation of a food security corridor".<sup>179</sup>

India plays an important role in the food security of the Gulf countries. In FY21, India's agricultural exports (cereals, non-basmati rice, wheat, millets, maise, and other coarse grains) have jumped 17.34 per cent to USD 41.25 billion.<sup>180</sup> In a related development, mangoes from the Indian states of West Bengal and Bihar are being displayed at a week-long mango promotion programme in Bahrain.<sup>181</sup> India has also started exporting Geographical Indications (GI) certified <u>'Jalgaon Banana'</u> (hailing from the western Indian state of Maharashtra) to Dubai.<sup>182</sup>

#### India-Israel Partnership

Along with Arab countries, India's partnership with Israel has picked up momentum in the recent past. <u>Naftali Bennett</u> was sworn in as Israel's new Prime Minister ousting long-term PM Benjamin Netanyahu. Indian Prime Minister Narendra Modi congratulated Naftali Bennett and stressed the need to further strengthen the <u>"strategic partnership</u> between the two countries, as New Delhi and Tel Aviv celebrate 30 years of the upgradation of diplomatic relations next year".<sup>183</sup> The Israeli Government confirmed <u>Naor Gilon</u> as Tel Aviv's next Ambassador to India.<sup>184</sup>

#### Security Developments

In continuation to India's defence outreach in the region, the Indian Navy's 'INS Trikand' participated in the maiden anti-piracy <u>"IN-EUNAVFOR" joint</u> <u>naval exercise</u> in the Gulf of Aden with warships from Italy, Spain, and France on June 18 and 19.<sup>185</sup>





INS Trikand participates in maiden "IN-EUNAVFOR" joint naval exercise in the Gulf of Aden, June 18, 2021. Source: Twitter/@indiannavy

India is tracking down cadres who joined the Islamic State (IS) in Syria and Afghanistan. The exact number who joined the IS in Middle East (West Asia) is not known; however, according to some reports, the number could be around 60, including women and children.<sup>186</sup> There are concerns that the return of these individuals, without proper verification processes, may result in a spike in domestic terrorism. India's National Investigation Agency (NIA) has released visuals of suspects involved in the <u>blast near the Israeli Embassy</u> in New Delhi in January 2021.<sup>187</sup> Subsequently, <u>four suspects have been arrested</u> from the Indian Union Territory of Ladakh (Kargil) in connection with this blast.<sup>188</sup>

India defended its decision to abstain in a vote at the UN Human Rights Council (UNHRC) that led to the setting up of an inquiry into rights violations during the recent Israel-Hamas conflict.<sup>189</sup> New Delhi stressed that this was not a new position, and it has acted in a similar manner in the past also.<sup>190</sup>

#### **Regional Dimensions**

In an important development, Turkish President Erdogan, during his meeting with US President Biden at the NATO summit, made it clear that <u>Turkey will not</u> <u>change its stance</u> on the purchase of the Russian S-400 missile defence system for which Washington has imposed sanctions on Ankara.<sup>191</sup> Turkey's relations with Russia and the US need to be monitored as it will have an impact on regional security.

At the sixth round of the Vienna <u>Joint Comprehensive Plan of Action</u> (JCPOA) talks on June 20, the Russian Ambassador underscored that "[t]here are a few



controversial points which require political decisions. Apparently diplomatic efforts to find common language have been almost fully exhausted. So, the time has come for political decisions".<sup>192</sup> Enrique Mora, the European Union official who chaired the meeting, stressed that "we are closer to a deal, but we are not still there".<sup>193</sup>

In a significant <u>downscaling of its military presence</u>, the United States is pulling out approximately eight Patriot anti-missile batteries from the Middle East countries that include Iraq, Kuwait, Jordan and Saudi Arabia.<sup>194</sup> Washington's Terminal High Altitude Area Defense System (THAAD) is also being removed from Saudi Arabia.<sup>195</sup> This move comes amid the US global force posture review aimed at redeployment to confront the Chinese and Russian challenges.<sup>196</sup>



US Patriot missile battery (file photo). Source: US Department of Defense



## V. India, CARs and PAI<sup>2</sup>: Continued Uncertainty

Shreyas Deshmukh

A surge in violence in Afghanistan has propelled fears of the country spiralling into a civil war. Pakistan, on the other hand, continues to maximise benefits from geopolitical uncertainties. The Central Asian Republics (CARs) are focused on strengthening borders and maintaining a diplomatic balance between Russia, China, and the US. A brief account of events that have taken place in the month of June is presented below.

#### Afghanistan: On Brink of Civil War

Since May 2021, the Taliban have <u>captured</u> more than 100 districts in Afghanistan.<sup>197</sup> In one of the most significant gains, on June 22, the Taliban seized <u>Sher Khan Bandar</u>, the main border crossing with Tajikistan, 50km from Kunduz city.<sup>198</sup> With the fall of the dry port city, the Afghanistan government is currently losing more than USD32,000 per day in income from the <u>customs office</u>.<sup>199</sup> If the situation continues to deteriorate, it will force local militias to protect their areas, leading to a civil war-like situation. According to media reports, the minority Hazara community has already started forming their <u>army</u> called 'self-protection groups'.<sup>200</sup>Hundreds of public uprising forces have been <u>deployed</u> in the main areas of Mazar-e-Sharif to protect the city from a possible attack by the Taliban.<sup>201</sup>Meanwhile, the Taliban is using the <u>chaos</u> and the Government's inability to protect its citizens from spreading its influence and hinted that only the Taliban's Islamic governance model could bring stability to the country.<sup>202</sup>

The lack of leadership and internal political conflicts have further weakened the Afghan Government's position. On June 20, President Ghani announced the <u>appointment</u> of Gen. Bismillah Khan Mohammadi as new Acting Minister of Defence, Gen. Abdul Sattar Mirzakwal as Acting Minister of Interior, and Gen. Wali Mohammad Ahmadzai as the new Army Chief amidst the surge in violence.<sup>203</sup> During the month, President Ghani and Dr. Abdullah Abdullah also expectedly travelled to Washington to meet President Biden. President Biden assured them that the US is going to "stick with" Afghanistan. But Kabul needs more than promises right now; it needs sustenance for the Government and an immediate ceasefire.<sup>204</sup>

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





President Ashraf Ghani and President Biden at the White House, June 26, 2021. Source: Twitter/@DrabdullahCE

The US will vacate its airbases in July 2021. Considering the offensive launched by the Taliban, the Pentagon is seeking <u>authorisation</u> to carry out airstrikes to support the Afghan security forces if Kabul or another major city is at risk of falling to the Taliban.<sup>205</sup> Meanwhile, Turkey agreed to take over the <u>responsibility</u> of protecting Kabul airport in a USD130 million deal with NATO.<sup>206</sup> A secure airport is essential for the presence of diplomatic missions in the country. The US also announced that it would maintain <u>650 troops</u> to protect its mission after the withdrawal.<sup>207</sup> The Taliban has <u>opposed</u> the move and has warned countries of adverse consequences should they plan to retain a military presence in Afghanistan.<sup>208</sup>

On June 20, the foreign ministers of Iran, Turkey, and Afghanistan held a <u>trilateral meeting</u> in Antalya and emphasised the need for active cooperation among countries to contribute to the peace process.<sup>209</sup> Earlier on June 5-6, the foreign ministers of Turkmenistan and Afghanistan held meetings in Herat, Afghanistan, to discuss key regional <u>energy transfer</u> and trade projects, including the TAPI pipeline and the Lapis Lazuli transit route.<sup>210</sup>

News reports suggest that, for the first time, the Indian Government has <u>opened channels</u> of communication with nationalist Afghan Taliban leaders, including the group's deputy leader Mullah Ghani Baradar. India has continued



to maintain steady engagement with the Afghan leaders as MEA's Secretary (PAI) visited Kabul in May 2021.<sup>211</sup> On June 22, Indian Foreign Minister Dr. S. Jaishankar participated in the UNSC debate on the <u>UN Assistance Mission</u> in Afghanistan in which he advocated a leading role for the United Nations, as it "would help improve the odds for a lasting and durable outcome".<sup>212</sup>

#### Pakistan: Using Afghanistan as an Opportunity

In the 4<sup>th</sup> China-Afghanistan-Pakistan Trilateral Foreign Ministers' Dialogue, which was organised on June 3, Chinese Foreign Minister <u>Wang Yi</u> laid down a detailed economic plan to bring Afghanistan under the China-Pakistan Economic Corridor (CPEC). Afghanistan is geo-economically important for both Pakistan and China, and both countries are interdependent in terms of protecting their interests in Afghanistan. China has geopolitical heft and economic capital to invest, while Pakistan knows the rules of engagement in Afghanistan.

While talking to the Chairman of the Foreign Affairs Committee of the US House of Representatives on June 10, Pakistan FM Shah Mahmood Qureshi said that peace in Afghanistan is a prerequisite for <u>economic progress</u> in Pakistan and the region.<sup>213</sup> While the Pakistan leadership has welcomed the US decision to withdraw its troops from Afghanistan, it is also <u>blaming</u> the US for the sudden withdrawal.<sup>214</sup> Taliban interlocutors have frequently been travelling between Qatar and Pakistan for consultation. To resolve these issues and others, including logistical support and its need for an airbase in Pakistan to build 'over the horizon' capability, the CIA director <u>reportedly</u> visited Rawalpindi in May.<sup>215</sup> Pakistani officials have demanded numerous restrictions for operationalising a US base in the country.<sup>216</sup>

Pakistan is using the same leverage with other regional countries, including Russia. In a telephone conversation between the foreign ministers on June 14, the two countries <u>agreed to work closely</u> for an early negotiated political settlement of the Afghan issue.<sup>217</sup> Earlier, in the last week of May, Pakistan and Russia signed the amended Inter-Governmental Agreement for North-South Gas Pipeline (NSGPP) of 1,122 Km from Port Qasim (Karachi) to Kasur (Punjab) at an initial cost of USD2.25 billion. According to this renegotiated agreement, the North-South Gas pipeline has been renamed as Pakistan Stream Gas Pipeline (PSGP), and Islamabad will have 74 per cent stake while Russia will have a 26 per cent equity." At present, there is <u>no pipeline</u> available to transport the imported RLNG within the country.<sup>218</sup>





General Qamar Javed Bajwa, Pakistan Chief of Army Staff, discussed Afghan Peace Process related developments with Mr Heiko Maas, Federal Minister for Foreign Affairs of Germany, June 24, 2021. Source: ISPR

The Pakistan Army has also launched an extensive outreach to establish strategic relations with other countries. During his visit to Islamabad on June 2, Tajikistan President Emomali Rahmon signed an MoU to <u>buy weapons</u> from Pakistan.<sup>219</sup> Pakistan Chief of Army Staff General Bajwa visited <u>Azerbaijan</u><sup>220</sup> on June 21 and also travelled to <u>Turkey</u><sup>221</sup> and <u>Germany</u><sup>222</sup>. During his meetings with his counterparts, the Afghan peace process and enhancing bilateral military cooperation were the main issues discussed. In May, Gen Bajwa <u>had</u> travelled to Ukraine and observe field tests of various weapons and equipment at the Military Test Site in the Kharkiv region.<sup>223</sup>

#### Pakistan: A National Budget Which Leads Nowhere

Newly-appointed Pakistan Finance Minister Shaukat Tarin presented the <u>national budget</u> for 2021-2022 on June 11. Even with deepening structural issues, Mr. Tarin presented positive numbers such as a current growth rate of 3.9 per cent and a targeted growth rate of 4.8 per cent in the coming year.<sup>224</sup> He has also placed an ambitious tax <u>collection target</u> of PKR5.8 trillion (USD36.6 billion). However, it should be noted that the country is still failing to recover its energy bills.<sup>225</sup> Data provided in the <u>Pakistan Economic Survey 2020-21</u><sup>226</sup> is contrary to the ground realities; there is no growth in the agricultural sector, a



decline in FDI, and a rising trade deficit as the country has become a net importer of food items (sugar, wheat, palm oil).<sup>227</sup> Following a populist path, with an eye on the National Assembly elections due in 2023, the Finance Minister has been opposing the IMF suggested structural changes.<sup>228</sup> Besides, Pakistan has already received a large chunk promised under the EEF facility from IMF and secured large sums from Saudi and the World Bank in June. As a result of Prime Minister Imran Khan's visit to Saudi in May, the Saudi Fund for Development (SFD) approved a PKR37.4-billion (USD 236.5 million) loan for the construction of the 800 megawatt Mohmand hydropower project in Pakistan, at an interest rate of 2 per cent and a 25-year repayment period, on June 10.229 Pakistan also secured USD4.5 billion funding for a three-year period under the trade financing facility from the Jeddah-based Islamic Trade Finance Corporation (ITFC) to cover the import cost of crude, petroleum products, and liquefied natural gas (LNG).<sup>230</sup> This may increase Pakistan's foreign currency reserve and help reduce pressure on the Government in the short term, but Prime Minister Imran Khan, who won the elections promising economic stability in the country, has so far failed to deliver on his promise.

#### Central Asia and Iran

The month of June has seen relative stability and little activity on the India-CARs front. Iran was engaged in presidential elections and focused on crucial ongoing JCPOA talks.



On the sidelines of the SCO NSAs Meeting in Dushanbe, Tajikistan, Indian NSA Ajit Doval met his Russian counterpart Nikolai Patrushev, June 25, 2021. Source: Twitter/@NSAajitdoval



On June 23-24, Indian National Security Advisor Mr. Ajit Doval <u>participated</u> in the 16<sup>th</sup> Meeting of Security Council Secretaries of SCO member states in Dushanbe, Tajikistan.<sup>231</sup> The meeting was also attended by the Pakistan and Afghanistan national security advisors. However, there was no report of any interaction between India's NSA and his Pakistan counterpart Dr. Moeed Yusuf. Mr. Doval held discussions with Russian NSA Nikolai Patrushev.

The Union Cabinet of India has given its ex-post facto approval for the signing and <u>ratification of an agreement</u> on "Cooperation in the field of Mass Media" between all the Member States of SCO, which was signed two years ago. The agreement will promote equal and mutually beneficial cooperation among associations in the field of mass media.<sup>232</sup>

The Pasteur Institute of Iran (IPI) and India's Bharat Biotech have signed an agreement on the exchange and transfer of knowledge on the <u>rotavirus vaccine</u> on June 19, 2021. It will be an effective step towards decreasing the number of cases among children with rotavirus.<sup>233</sup> During the signing ceremony, Iran's Ambassador to New Delhi expressed the hope that the Bharat Biotechmanufactured COVID-19 vaccine could soon be delivered to Iran.

### Defence Updates

- The Pakistan government proposed a PKR1370 billion <u>defence budget</u> for the fiscal year 2021-22, which shows a 6.28 per cent increase over the estimated allocations for the year 2020-21. The proposed allocations are 16.1 per cent of the federal budget's total outlay of PKR8,480 billion and 2.8 per cent of the GDP.<sup>234</sup>
- Iran's navy took delivery of two <u>new warships</u> on June 14. One is indigenously made and equipped with a helicopter landing pad and a range of defence and attack systems. Another is a minesweeper named "Shahin", which is over 33 metres in length and is capable of detecting and neutralising diverse types of naval mines.<sup>235</sup>
- The manufacturing of the fourth MILGEM Class Corvette for the Pakistan Navy (PN) began with the performance of the <u>steel cutting ceremony</u>, which was held at Karachi Shipyard and Engineering Works (KS&EW) on June 15. The PN has concluded a contract with M/s ASFAT for the construction of four corvettes, of which two are being constructed at the Istanbul Naval Shipyard and the remaining two at KS&EW. These corvettes will be fitted with the surface, sub-surface and anti-air weapons and sensors, integrated through an advanced Network Centric Combat Management System.<sup>236</sup>



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