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**CHANGING ASIA SERIES**

**Changing Geopolitical Challenges and  
India's Foreign Policy**

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*by*

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**India Habitat Centre, Lodhi Road, New Delhi**

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### **Changing Geopolitical Challenges and India's Foreign Policy**

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September 1, 2014, 7 pm

Mr. Kacker, Director of the IHC - Mr. Tarun Basu, President of the Society for Policy Studies and my friend Uday Bhaskar, Director of the SPS and Chairperson for this evening, distinguished guests, ladies and gentlemen. I wish to compliment the India Habitat Centre and the SPS for initiating a new series of lectures on the theme of Changing Asia.

I am honoured for being asked to deliver the inaugural lecture in the series, which I hope will become a regular and prestigious forum for an informed and focused dialogue on India's national security and foreign policy challenges in a constantly mutating regional and global environment. It is only through such continual analysis and debate that one may be able to spot the opportunities that lie embedded in these changes to advance India's national interests.

Let me begin with a perspective on the current geopolitical landscape. As is frequently the case the present often finds an echo in the past. In the 19<sup>th</sup> century, the legendary German Chancellor, Otto von Bismarck had this to say about the political turmoil in Europe:

“We live in a wondrous time, in which the strong is weak because of his scruples and the weak grows strong because of his audacity.”

These words could well apply, in some measure, to the current geopolitical landscape across the world, a landscape marked by multiple crises, both political and economic, both old and new, with few visible prospects for early, in fact any, resolution. The powerful often appear like Jonathan Swift's Gulliver, harried into immobility by audacious Lilliputians, with their own tactics of “shock and awe”. It has been apparent for some time, but particularly since the horrendous 9/11 terrorist outrage against the U.S. in 2001 and the subsequent global financial and economic crisis of 2007/8, that the post Second World War international order, created and dominated by the U.S. and its Western allies, was being steadily and relentlessly dismantled. This was partly the result of political and economic power being diffused away from its trans-Atlantic moorings to newer centres of power and influence, particularly in

Asia. It has also been the case that the upholders of the established order have themselves been guilty of expedient and selective observance of its rules as their relative dominance has diminished. We must also take account of the emergence of new technological domains of cyber and space which pervade all aspects of contemporary life. In some respects they augment the power of states. In other respects they add to the asymmetric power and influence of non-state entities and individuals. Both these aspects have been starkly manifest in the Snowden affair- a technologically empowered, almost omniscient National Security Agency serving a predatory state but also one individual who could use the same new technological tools to deal a massive blow to that power. Thus these new domains are pervasive but they remain mostly ungoverned and, in some ways ungovernable. They have also empowered non-state actors, both benign and malign, which, too, no longer respond to the traditional levers of state power. The power to “shock and awe” is no longer the privilege of the powerful; it is increasingly the brand image of the non-state actor and the Islamic State of Iraq and the Levant (ISIL) reflects the “audacity of the weak”.

In his forthcoming book, *The World Order*, Kissinger puts forward an ominous possibility:

“Are we facing a period in which forces beyond the restraint of any order determine the future?”

Traditionally, order has been achieved either by consensus amongst the major and most influential international actors. Or it has been imposed by a powerful hegemon. Neither is in evidence today. Even if they were, one wonders if a modern Gulliver, whether individual state or a composite community of powerful states, could enforce any inter-state rules of the game over the multiplicities that define our world today.

It is against this backdrop of a changed and still changing geopolitical setting that one must seek to articulate India’s foreign policy.

Let me begin by looking at India’s neighbourhood through the geopolitical prism I have set out before you. The challenge for our foreign policy is to avoid the Gulliver outcome for India, a powerful country constrained and confined by its neighbourhood. There has to be a recognition that the Indian sub-continent is a single, inter-connected and well-defined geopolitical space and India, as the most powerful country central to this space, will inevitably respond to a security imperative that transcends its own borders to cover the entire sub-continent. Since the sub-continent is divided into several sovereign, independent states, the objective must be to align, as far as possible, their security perspectives with that of India through a process of intensive and high level political engagement, building a dense web of economic interdependencies and through leveraging the cultural affinities that bind the countries together. This will be a process not an event and may be patchy in results. Pakistan’s “audacity of the weak” may take somewhat longer to overcome but chip away we must. As the largest country, India will have to lead the South Asia project, establishing cross-border transport and communication links, opening up its markets and its own transport infrastructure to its neighbours and becoming the preferred source of capital and technology

for their development. We are concerned about Chinese inroads into the sub-continent but cannot deal with this by trying to compel neighbours to restrict their interactions with China or by urging China to stay away from what we regard as our backyard. The only effective answer would be to build a countervailing presence superior to China which is eminently possible given our geographical as well as cultural proximity to our neighbours. Our security preoccupations, including cross-border terrorism and activities of non-state actors, are likely to be addressed with greater seriousness if we encourage our neighbours to build a stake in India's own prosperity and capabilities.

I have said that Pakistan's audacity of the weak must be chipped away at because the current adversarial relations with that country and its use of asymmetrical strategies do impose significant constraints on India. In this context, India may have to deploy counter-constraint policies in order to try and change the strategic calculus in Islamabad. It is important to recognize that the historic reconciliation that many on both sides of the border have been addicted to is not a credible possibility. The historical narratives of the two countries are widely divergent. We have different interpretations on Partition, on Kashmir, on the 1965 war, on the birth of Bangladesh in 1971, on the Simla Agreement, on the Kargil War in 1999 and on the Mumbai terrorist outrage in 2008. Until we begin to have a more convergent view of our shared history there can be no grand reconciliation. Germany and France reconciled after the Second World War precisely because post war leaders of the two countries articulated a shared perception concerning the origins of the war, the ensuing peace and the future shape of Europe. Until similar convergence begins to emerge between India and Pakistan, and that may take a long time coming, India will have to settle for managing an adversarial relationship with its neighbour the best it can. This will have to include elements of constraint, which in plain terms means the ability to inflict pain if India's security is threatened. It must also include a longer term and uninterrupted project to enhance people to people links, trade and commercial relations and cultural interactions whenever such opportunities offer themselves. Improved relations are likely to be the cumulative outcome of a series of modest and incremental steps rather than a big bang affair.

In this context I do not agree with the proposition that India should unilaterally declare the current Line of Control as its international boundary with Pakistan as was envisaged in the talks between Indira Gandhi and Bhutto in 1971 but abandoned by Pakistan soon thereafter. If the LOC is to become the eventual international boundary between the two countries then it should be the end point of negotiations not the starting point.

Whether we like it or not, India may have no option but to confront Pakistan's renewed attempts, using its Taliban proxies, to establish a dominant presence in Afghanistan, taking advantage of the ongoing ISAF withdrawal. These attempts are already in evidence and if the Pakistani Army emerges from the current political turmoil in the country with greater control over foreign and security policies, as appears more than likely, we will witness a ratcheting up of these attempts. Short of boots on the ground, India should seek to strengthen the Afghan National Army and other security forces through training and supply of hardware. It should be willing to take the lead in enabling coordinated support efforts by regional countries like Iran, Russia, Uzbekistan, Tajikistan and perhaps even China which are

as concerned as India is about the re-emergence of a possible terrorist base in the country. The emergence of ISIL not far away from the region and the spread of Sunni fundamentalism adds a dangerous edge to the Afghan crisis.

This brings me to recent developments in the West Asia and North African (WANA) region which could have far reaching consequences for the global order and in particular for the Indian sub-continent. There are three zones of concentration of Islamic countries, the WANA including the Gulf, the Central Asian region including the former Soviet republics and South East Asia. Pakistan and Afghanistan get linked to the first and second zones, Bangladesh to the third. And India gets impacted by whatever happens in each of the zones through its contiguity with the zones and its own significant Muslim population.

What happens in the Islamic world has global impact. Islamic countries lie astride the strategic straits and choke points at Malacca, Hormuz, Suez, the Bab al Mandab, the Dardenelles and the Bosphorus. Any conflict among or involving these Islamic states could disrupt critical sea lines of communication. The WANA region and increasingly the Central Asian region contain a significant share of the world's hydrocarbon reserves, 40% of being in the Gulf region alone. In OPEC only 3 countries are non- Islamic. One of the WANA countries, Saudi Arabia is also the centre of the Islamic world by virtue of Mecca being located within its borders. Its oil wealth and its status as the theological centre of the Islamic world, imparts an extraordinary influence to the Saudi state and this radiates across all three zones. Today, the WANA zone, which has served as a geopolitical and a geo-economic pivot, at least since the Oil Crisis of the early nineteen seventies, is beginning to look like a geopolitical "shatterbelt" instead. The traditional pillars of regional balance, the states of Egypt, Saudi Arabia, Iraq and Iran are all in the midst of internal political turmoil, sectarian and ethnic conflicts, creating space in the heart of the region for the emergence of a violent and extremist force which threatens to expand its reach far beyond its current though shifting jurisdiction. The Islamic State of Iraq and the Levant (ISIL) which has already declared an Islamic Caliphate over one third of the territory of Iraq and one third of Syria that it controls, is not the typical non-state actor or jihadi movement. It is different in the sense that it has rapidly acquired the attributes of a functioning state, with a governing structure, revenue raising machinery and well-equipped armed forces. It has mobilized a thriving black economy, using the oil assets it has seized from both Iraq and Syria. It is estimated that it is able to raise two million US dollars a day from oil sales, supplemented by extortion, kidnapping for ransom and sale of antiques. It has, therefore, pioneered a form of what one analyst has called "self financed terrorism", which may be difficult to stall let alone eradicate. The success of ISIL has attracted Muslim youth from across the world, including from India. The continuing spread of this virus in both Islamic countries and non-Islamic countries which have significant Muslim minorities, such as India, constitutes a new and unfamiliar challenge to which there are no easy answers. It is the proxy war between Sunni Saudi Arabia and Shia Iran which has fanned sectarian conflict and weakened already fragile states held together by authoritarian leaderships. The Arab Spring added generated further political strains without delivering the liberal promise that the mass movements conjured up for the people. The US and some of its Western and regional allies in the Gulf, in particular, Turkey and Saudi

Arabia, have been guilty of encouraging Sunni fundamentalism in order to isolate Shia Iran. In the process they have been complicit in destroying the only functioning secular states in the region like Syria. In other cases like Libya, intervening to bring about regime change with little thought to its consequences, has spawned violence and unrest far worse than any seen under Gadhafi. President Obama appears to acknowledge this in a recent interview where he said that before intervening one should reflect on what may happen “the day after.”

For India, the dangers of these ominous developments in the WANA are obvious. They can affect the welfare of the 6 million Indians who live and work in the region. We have had a foretaste of this in the plight of Indian nurses and workers trapped in Mosul and Tikrit in Iraq, after they were occupied by ISIL. We are also heavily dependent on the region for the bulk of our oil supplies and if these are disrupted by prolonged unrest and violence there are no easy alternatives. We may not be able to intervene to influence the course of events in this extended neighbourhood but we need to expand and intensify our political engagement with governments as well as the various informal but influential networks that exist in these countries. Such engagement may prove critical in safeguarding the interests of our citizens resident in the region.

Another foreign policy objective must be to diversify our sources of energy supplies away from WANA towards Africa, Latin America, Russia and South East Asia. Some diversification has taken place but it has been slow and intermittent. A long term energy partnership with Russia has been pursued unsuccessfully for several years but may have become more feasible with the likely shrinkage in Russia’s markets to the West.

The political fragmentation of WANA and the spread of violent sectarianism is a matter of concern and may have some spillover effects on India. However the inclusiveness and vision of a plural society that lies at the heart of our Constitution and which celebrates the diversity of India is a powerful antidote to the virus of extremism.

I mentioned the heightened feasibility of a India-Russia energy partnership as a result of a change in Russia’s relationship with the West. This change is the other new geopolitical challenge confronting India. Russia’s relations with the US have been tense for some time but have now taken on a decidedly adversarial turn. The proximate cause is Ukraine but there are other forces at work. Russia has been held responsible for frustrating US efforts to isolate Iran and to remove Assad from office in Syria. Its decision to give asylum to Snowden, who embarrassed the US with his revelations of the National Security Agency’s global electronic espionage added to American anger. But there was another factor behind the deliberate encouragement to elements hostile to Russia in Ukraine. The US and some of its European allies were disturbed by the increasingly independent posture adopted by Germany which has emerged as the pre-eminent power at the centre of Europe and which had cultivated a very special relationship with Russia, which is also its major energy partner. Germany is a significant market for Russian gas and also a significant source of capital. The Ukraine crisis discomfited the Russians but it also soured the relationship between Russia and Germany. Thanks to the Ukraine crisis Germany has been successfully tethered back into Europe and NATO at least for the time being.

Germany's pre-eminence has eclipsed the role of the European Union which remains in the throes of a protracted economic crisis with most countries preoccupied with domestic issues. However, India should continue to invest in Europe, which like India is a multi-ethnic, multi-cultural and multi-lingual plural democracy. Each has a stake in the other's success and despite its current troubles, Europe remains a valuable source of capital and technology for India .

But the events in Ukraine has had another major consequence. Russia has moved closer to China, dropping its earlier reserve and inhibition engendered by its anxiety over a resurgent China on its doorstep. This change was dramatically reflected in the Sino-Russian agreement for the supply of Russian gas to China for 30 years, worth USD 400 billion. As the Western countries pile on more sanctions on Russia, the value of an alternative market in China will increase. These developments are not tactical as some in the West believe. According to one analyst,

“The quarter century of Russia's efforts to find an acceptable place for itself in the US led Western system have ended in bitter disappointment. The changing trading patterns point to a new era in Moscow's foreign relations, which will prioritize trading outside the West.”

In the US-China-Russia triangle it is China that has emerged as the pivot. Which means that the US pivot to Asia to limit China's strategic expansion has become even less credible than it has already been.

For India these developments have serious implications. The value of the US as the leading component of a countervailing coalition in Asia has diminished. US-Russia tensions will make it more difficult for India to pursue closer relations with both without these being competitive or mutually limiting. In the post Cold War era India did not have to make a choice between the two. Both supported India's emergence as a major power. For example, at the Nuclear Suppliers Group, India's case was immeasurably helped by the joint efforts of the US and Russia, which also overcame Chinese opposition. If the NSG were to meet today one doubts whether the US and Russia would be on the same page .Would Russia be more amenable to Chinese calculations?

What is intriguing is that the US made a move which it knew would add to China's strategic heft. Russia may have been irritating but hardly a threat to US and Western interests. China is a different matter.

These developments limit India's strategic space so what is the answer? One element in India's response is already unfolding today in Japan, the consolidation of an India-Japan partnership that will help the second and the third largest powers in Asia to shape the emerging security and economic architecture in this part of Asia. This must go hand in hand with what our Foreign Minister has proposed, that is to “Act East”, beyond just “Look East”. Australia and South Korea also fall into the definition of this East for India. And even with its diminished pre-eminence the US remains an economic, military and technological

powerhouse, whose support and partnership remains indispensable to India's pursuit of its own national agenda.

I have stated on other occasions that China is the one country which impacts most directly on India's strategic space. The unresolved boundary, the lingering shadow of the Tibet issue, the long standing Chinese support to Pakistan in its hostile posture towards India., these are realities that we must confront in managing relations with China. Then there is the uncomfortable reality that the asymmetry between our two countries is increasing. China is now four times the size of India in terms of GDP. This makes China attractive economic opportunity even as the imbalance limits India's room for manoeuvre. India's response will need to be subtle and nuanced to determine the precise balance between promoting India- China cooperation in areas of convergent interest, such as was evident in our participation in the BRICS led New Development Bank, and constraining its predilection towards the unilateral assertion of power. This must be pursued with the confidence that if there is any country in the world today which has the potential to match and even surpass China in all the indices of comprehensive national power it is India. The actualization of that potential is what will give India the wherewithal to overcome the changing geopolitical challenges that confront it.

Before I conclude I wish to draw attention to another over-arching challenge that looms over our planet and that is the threat of global Climate Change. Its impact is already beginning to be felt in the changing patterns of the world's weather, the increased frequency of extreme climatic events and climate related natural disasters, the accelerating melting of the Arctic, Antarctic and Himalayan ice, the thermal expansion and altered chemistry of the world's oceans and the continuing loss of bio-diversity. The competitive inter-state order that we have lived with since the Westphalian state system came into existence in 1648 in Europe, is singularly incapable of delivering the global and collaborative response that alone could save our world from a possibly irreversible ecological disaster. The consequences of Climate Change will spawn a new and dangerous set of intra and inter-state conflicts over resources, in particular water, energy and food. India has a vested interest in promoting a global Climate Change regime whose underlying principle is solidarity based on equity and which promotes a strategic shift from patterns of development based on carbon based fossil fuels to those based increasingly on renewable and clean energy. This shift is central to India's long term energy security.

Foreign policy in the contemporary world must contend with the reality that, like in the case of Climate Change, there can no longer be fine distinctions between what is domestic and what is external. Nor can it ignore the fact that there are now a growing number of cross-cutting issues which require India to work together with other countries for their resolution because failure to do so would diminish our ability to tackle these issues nationally. These include international terrorism, proliferation of weapons of mass destruction, cross-border criminal activities, public health issues such as we witness today with the Ebola crisis, the safety and security of our space based assets and cyber crime. I also believe that India has a stake in the success of the WTO led rule based multilateral trade and investment regime. The prospect of a transatlantic trading arrangement, the TTIP, to match the trans-Pacific grouping,

the TPP, which may soon be emerging, confront India with the prospect of shrinking markets and non-tariff barriers. As India's economy becomes more globalised the importance of external engagement will increase even more than it is today and our attitude towards the WTO must reflect this reality.

It is true that India's future will be determined how successful it is in tackling its numerous and formidable domestic challenges. However, it is equally true that active and expanded engagement with the world is an indispensable ingredient of that success.

I thank you for your attention.