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# VIF Expert Groups Reports



Edited by Naval Jagota



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# Editor's Note

In the month of August 2022 Vivekananda International Foundation (VIF) organized a total of seven expert group, think tank, round table and eminent person interactions with most of them being hybrid but with increasing in person attendance. The month saw the commencement of a new expert group on Geo-Economics in which the first discussions was on India and the neighbourhood.

Since ancient times, India and Iran have had significant historical and cultural ties. In modern times, this relationship is multifaceted, encompassing cooperation in political, trade-economic, security, and a range of other arenas. Iran is also important for India's connectivity to Eurasia. Given Afghanistan's dramatically shifting geopolitical environment and the Russia-Ukraine conflict, increased cooperation between India and Iran as regional stakeholders is critical. In order to assess the dynamics of India-Iran relations, the Institute for Political and International Studies (IPIS) Iran, in collaboration with the Vivekananda International Foundation (VIF), organized a webinar on Bilateral, Regional, and International Issues. The main topics discussed in this webinar included developments in Afghanistan, India-Iran cooperation in connectivity initiatives, and the impact of the Russia-Ukraine conflict on Indo-Iranian relations.

The Vivekananda International Foundation organised a discussion on "India and the Gulf: Challenges and Prospects" under Chatham house rules, hence

the report is not published. The key speaker in the discussion was Amb. Mridul Kumar, Additional Secretary (Europe), Ministry of External Affairs. He shared his personal views and experiences in a candid manner of the region.

On 3rd August 2022, Vivekananda International Foundation (VIF) and Nepal Institute for International Cooperation and Engagement (NIICE) jointly organised a discussion on “BIMSTEC Master Plan for Transport Connectivity”. The speakers were from India and Nepal. The discussion session centred on the various challenges, ways to overcome them and opportunities ahead in the areas of connectivity under the ambit of BIMSTEC.

Biden’s two years of presidency have seen numerous challenges on both the domestic and international front. One of the most resolute challenges has been of dealing with China and defining its China policy. The Vivekananda International Foundation under its Strategic experts group held a meeting on 10 August 2022 to deliberate and debate on the changing power parity between the US and China. The discussion raised a range of issues from the new normalization of force in international relations to need for time-sensitive assessments of ties between the US and China and possible implications for India.

The globalization of capital flows post-1991 reflected the unipolar moment in geopolitics. However, the emergence of multi-polarity amidst great power rivalries is redefining economic and trade exchanges. Also, there is a wide gap between India’s ambitious security and foreign policies and its disproportionate economy and trade heft. To discuss the above, the newly constituted Geo-economics Experts Group at the Vivekananda International Foundation held its first meeting on 17 August 2022 on ‘Emerging Geo-economic Trends: Challenges and Opportunities for India’. The discussion raised a number of issues from main challenges facing the global economy, dealing with energy transition to India’s trading agreements and suggestions for its forthcoming G20 presidency.

On the morning of 9 July 2022, Sri Lanka woke up to finding its citizens out in the streets not only in Colombo but all of its major cities. For a country that has struggled through ethnic strife, the social and political outbursts were first

of its kind the nation witnessed in recent decade. The dire economic conditions that caused unprecedented shortage of food including milk and medicines and basic amenities led to over Sri Lankans storming the Presidential Palace of Sri Lankan President Gotabaya Rajapaksa while another set of protestors set Prime Minister Ranil Wickremesinghe's private house on fire. It is within this background that a discussion at VIF was held amongst experts on the political developments in Sri Lanka and Indian choices.

A meeting of the Pakistan Study Group (PSG) was held in hybrid mode on 22nd August 2022. The main items discussed were Pakistan: Federal Government-Stability/Functioning, Economy, Imran Khan- Foreign funding and Toshakhana cases; TTP- Deal, Bajwa's position, Afghanistan: One year of Taliban.

The coordinators and researchers associated with the expert and dialogue groups, think tanks and interactions have put unfaltering efforts to coordinate the meetings, to provide range and diversity of views as well as capture the discussion for the reports.

**Naval Jagota**

**New Delhi**

**Sept. 2022**

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## India-Iran bilateral, Regional, and International Issues

Prepared by Dr Pravesh Kumar Gupta

*Since ancient times, India and Iran have had significant historical and cultural ties. In modern times, this relationship is multifaceted, encompassing cooperation in political, trade-economic, security, and a range of other arenas. Iran is also important for India's connectivity to Eurasia. Given Afghanistan's dramatically shifting geopolitical environment and the Russia-Ukraine conflict, increased cooperation between India and Iran as regional stakeholders is critical.*

*In order to assess the dynamics of India-Iran relations, the Institute for Political and International Studies (IPIS) Iran, in collaboration with the Vivekananda International Foundation (VIF), organized a webinar on Bilateral, Regional, and International Issues on Wednesday, July 27, 2022. Dr. Arvind Gupta, Director VIF, delivered the welcome remarks, followed by opening remarks by Dr. Mohammad Hassan Sheikholslami, President, IPIS. The main topics discussed in this webinar included developments in Afghanistan, India-Iran cooperation in connectivity initiatives, and the impact of the Russia-Ukraine conflict on Indo-Iranian relations. Participating from the VIF were Amb DP Srivastava, Amb Jayant Prasad, and Amb DB Venkatesh Varma and the speakers from IPIS included Amb Hossein Molla Abdollahi, Amb Hossein Ebrahimkhani, and Amb Alibeman Eghbali Zarch.*

## **Salient Points That Emerged After the Discussion-**

### **Both sides agreed that-**

- Traditionally, the interests of Tehran and New Delhi have converged on the Afghanistan issue. In the post-Taliban takeover, both nations have expressed their desire for an inclusive government in Kabul that also guarantees equal human rights.
- Iran is directly affected by the developments in Afghanistan, and Tehran also believes that an inclusive government in Kabul will only bring stability to the region.
- Connectivity projects such as Chabahar Port and International North South Transport Corridor (INSTC) are the foundation of a wide-ranging partnership between India and Iran.
- Iran and India are affected by trade relations, food security, energy security, the refugee crisis, and regional and international geopolitical developments.

### **Chabahar port**

#### **Iranian Side underlined that-**

- India and Iran have retained good relations even after the tough US sanctions on Iran. This presents the testimony of longstanding historical and cultural ties between the two countries.
- The development of Chabahar port is of mutual interest to Iran and New Delhi.
- Chabahar port is a deep sea port situated south of Sistan Baluchistan Province of Iran. The port has access to the Gulf of Oman, the Persian Gulf, and the Indian Ocean. Chabahar has two main terminals- Shahid Beheshti and Shahid Kalantari.
- It was a significant trading center during the Sasanian Empire due to its access to the Gulf of Oman, the Persian Gulf, and the Indian Ocean.



- Founded in 1970, the development of this port was proposed in 1972 when Iran pledged 600 million USD to build a naval base by engaging American companies. However, foreign companies left Iran after the Islamic revolution, and Iranian public companies took over the port project.
- During the visit of PM Modi to Tehran in May 2016, the project received a much-needed boost. A trilateral agreement was signed between India-Iran and Afghanistan to create a reliable and efficient transport corridor for the transit of goods and passengers using the Chabahar port.
- India announced to invest 500 million USD towards developing this port.

**Indian side accentuated that-**

- India-Central Asia trade is below its potential due to the lack of connectivity. This can be taken care of with the completion of the development of Chabahar port.
- Chabahar facilitates greater connectivity between India, Central Asian countries, and Afghanistan.
- The recent events in Ukraine has increased the importance of INSTC for Russia particularly in view of blockade of Black Sea port.' (Note: Chabahar given its location is not suitable for trade or transit to Russia. The route from Bandar Abbas upward is shorter).
- Through Investments in the development of Chabahar port, New Delhi does not only look at transit through Iran but also access to Iranian markets.
- Chabahar Free trade Zone can be a hub for petrochemical industries.
- The port traffic at Chabahar has increased 15 % yearly from 3.1 million tons in 2020 to 3.5 million in 2021, which is a positive sign of development.

### **Iranian side-**

- It also enables furthering bilateral ties with Iran in counter-terrorism, security, energy, and trade.
- It will also support Afghanistan by providing a safe trade and investment corridor that will allow New Delhi and Kabul to bypass Pakistan and provide humanitarian assistance to the Afghan population.
- Chabahar port will also enable the shipping of goods from Europe and the Middle East to Afghanistan.
- However, despite obtaining a waiver from US sanctions on Chabahar, New Delhi has not been able to make much progress.
- India was also expected to build the railway between Chabahar and Zahedan, but construction was delayed due to concern over sanctions.
- While the Indian government seemed enthusiastic and has been making certain provisions, private companies are unwilling to take the risks of investing in the development of port due to sanctions.
- Despite the exemption from US sanctions, Indian banks are reluctant to handle any transaction dealing with Iran. So banking is a major issue in the promotion of Chabahar among Indian companies.
- The lack of regular shipping lines from India to Chabahar is another issue. Due to the lack of direct shipping lines, India's shipping traffic must go through Bandar Abbas, which adds to the shipping cost.
- While establishing an FTZ at the Shahid Beheshti port is a welcome step, the FTZ will only function once the gas arrives. There is a gap in the gas pipelines from Iranshahr to Chabahar that Indian firms can bridge.

## **Chabahar VS Gwadar port**

### **Iranian Side underlined that-**

- Gwadar port which is 170 km from Chabahar port on the coastline of Baluchistan province of Pakistan, is a sister port of Chabahar. Gwadar is being developed with Chinese finances.
- The Chinese president has linked the investments in Gwadar to the safety and security of Chinese assets and workers since the project involved railways, pipelines, and highways in the insurgency-infested region of Pakistan's Baluchistan.
- Gwadar is an important center for China to enhance its port power influence in the Indian Ocean. It can be seen as a Chinese naval base that might also concern Iran.
- The rivalry between Gwadar and chabahar is based on two main factors-
  1. The probability of Chinese and Indian military, mainly naval presence in these ports, will increase Sino- Indian rivalry in the Indian Ocean.
  2. There is also a perception that Chabahar port will lessen the importance of Gwadar port (which also means a reduction in the CPEC significance) as a transit hub and access to Central Asia and Afghanistan.
- As a landlocked country, Afghanistan apparently depends on Pakistani ports for its external trade. This phenomenon has led to Afghanistan's exploitation by Pakistan. In this regard, Chabahar port provides an alternative to Afghanistan without the danger of insurgency and other security risks.
- The port will not only give India access to Afghanistan but also enhance Iranian leverage on Afghanistan.
- Chabahar also allows India to boost its contribution to the economic development and political stability of Afghanistan, as stability in Afghanistan is critical to both India and Iran.

- The 25 years of comprehensive partnership and investments in Iran's oil and petrochemical industries will enhance the Chinese presence in Iran.
- On the other hand, India's excuse about international sanctions is slowing the progress of Chabahar port and related rail and road projects.
- At this time, when Beijing is trying to enhance its influence in Iran, Afghanistan, and Pakistan, India might need to enhance its engagement at Chabahar port.

**Indian side underlined that-**

- Chabahar has twin advantages of a more secure hinterland and abundant gas on the Iranian side, which can never be matched by Gwadar. Sui gas has run out and there is insurgency on the Pakistani side.
- There is however a major difference. Gwadar is being developed by the Chinese for strategic purposes and is a dual use port. The Indian participation in Chabahar is only for civilian traffic.'

**Afghanistan**

**Iranian Side underlined that-**

- Taliban is a reality, and there has been relative (not absolute) peace and stability in Afghanistan since the Taliban's takeover of Kabul in August 2021.
- There is no resistance to the Taliban from any external or internal forces. However, regional countries are concerned about the spillover since clashes with the Islamic State-Khorasan (IS-K) have been reported, although the authenticity of these reports remains disputed.
- There are also conspiracy theories concerning the Taliban publicizing IS-K to draw international attention to Afghanistan.

- Taliban also finds it difficult to transition from an insurgent group to the responsible and legal authority of Afghanistan.
- They do not have a framework to operate their regime. They are dealing more on an ad hoc basis than having long-term solutions to the problems of the Afghan people.
- The Taliban has received no international recognition yet. Still, they do not care to follow the norms and dialogues they promised to international organisations.
- Afghan people are in dire need of Humanitarian assistance. In this regard, India's approach has been people-centric, providing millions of tons of grains and medical supplies.

### **Indian Side-**

- Since the Taliban regime took over Kabul, it has undertaken targeted oppressive activities against specific communities, as well as women and children. Despite this, New Delhi has opted to interact with the Taliban on a limited scale.
- The Afghan people are in dire state, and India's involvement in Afghanistan post-Taliban takeover has been people-centered rather than government-to-government relations.
- Moreover, India and Iran have taken similar policies in dealing with the Taliban. Both have refused to acknowledge the Taliban administration, but both are working to restore peace and stability to the nation and to protect the human rights of Afghan population.

### **Impact of the Russia-Ukraine Crisis**

#### **Indian Side underlined that-**

- The Russia-Ukraine crisis has been a turning point for international order instigated by the US and the West's failure to include Russia with particularly on the European security architecture.

- This has turned into a proxy war between the US and Russia, and its impact echoed beyond the region's proximity in the form of disruptions of supply chains and food and energy crises.
- This conflict is considered the first hybrid war of the 21<sup>st</sup> century, along with frequent extraordinary usage of information and cyber warfare.
- Through this conflict, attempts have also been made to weaponize global interdependence regarding trade relations, technology, transportation, shipping, food security, and energy security.
- The Ukraine conflict involves two phases, with the first lasting 8-10 weeks since Russia could not fulfill its military objectives. Similarly, the sanctions put on Russia were ineffective. Russia gained an advantage during the second phase, which lasted until recently. However, the ultimate conclusion will be determined in the third phase.
- Putin visited Iran recently and held a meeting with the Iran president and supreme leader. With the Ukrainian conflict, Moscow is turning towards the South. Iran-Russia relations can also be advantageous towards India-Iran relations due to opening up of connectivity with central Asian countries.
- With the ongoing conflict, the geopolitics of the Black sea areas might transcend into the geopolitics of the Caspian Sea region, which will place the Central Asian region in a more strategic position.
- India has good relations with all the littoral countries of the Caspian Sea; therefore, this could be utilized by New Delhi by making more use of Chabahar and INSTC.

#### **Iranian Side underlined that-**

- Since Ukraine is being used as a pawn by the West and the US, it will end up being the biggest loser in this conflict.
- The involvement of international organisations, particularly the

United Nations, in this war has been debatable because it has been unable to make any contribution to the resolution of this conflict.

- To find an answer to the Ukraine crisis and steps to deal with the repercussions of this conflict, more research and frequent discussions become an imperative.

The webinar generated good interest, and there were many points of discussion.

## BIMSTEC Master Plan for Transport Connectivity

Prepared Dr Sreeradha Datta

*On 3<sup>rd</sup> August 2022, Vivekananda International Foundation (VIF) and Nepal Institute for International Cooperation and Engagement (NIICE) jointly organised a discussion on “BIMSTEC Master Plan for Transport Connectivity”. The speakers were from India and Nepal. The discussion session was chaired by Dr. Arvind Gupta, Director, VIF and the speakers were Dr SreeradhaDatta, Head of Neighbourhood Studies Center, VIF, Dr. Pritam Banerjee, Logistics Sector Specialist Consultant, Asian Development Bank, Dr Pramod Jaiswal, Research Director, NIICE, Mihir Bhonsale, Policy Analyst and Prof. Meena Vaidya Malla, Member of Academic Sub-Committee, National Defense University Nepal.*

The chairperson of the session Dr. Arvind Gupta highlighted how the Bay of Bengal connected people of the region for centuries and the connection was seamless. He stressed that the 4<sup>th</sup> Summit held in Kathmandu and 5<sup>th</sup> Summit held in Colombo were a step forward. Highlighting the features of “BIMSTEC Master Plan for Transport Connectivity”, he shared that the significant study on connectivity was brought out with the help of ADB. He stressed that there are a large number of projects - ongoing projects, flagship projects, new projects and signature projects. He also



raised concerns on the implementation part as the region is struggling with economic distress, COVID-19 and geopolitical tensions. Dr. Gupta also highlighted that India has made tremendous contribution in last few years in building connectivity with Bangladesh, Nepal, Bhutan, Sri Lanka etc., but the Indian experience shows that there are many challenges. He stressed that implementation and execution requires high-level political will and political attention. Therefore, all member countries have to speed up their decision so that the consensus is made on time. He remarked that the political instability in Myanmar has also created problems for timely implementation of various projects under multimodal transport. He highlighted that there are some lessons which need to be learned from the project execution so that the BIMSTEC Master Plan does not suffer from those deficiencies. Further, Dr Gupta requested panellists to give their views on how to involve the private sector, how to expedite policy decisions and how to make good project reports based on feasibility studies etc. which could mitigate future hitches. He stressed that the infrastructure construction has to be in accordance with the norms and should not create economic distress to the countries.

Dr. Sreeradha Dutta stated that the connectivity initiatives must be based on universally recognized international norms, good governance, the rule of law, openness, transparency, financial responsibility and must be pursued in a manner that respects: sovereignty, equality, and territorial integrity of nations. She highlighted that road transport is one of the major sectors as 60 percent of the trade at present takes place through roads. She shared that in BIMSTEC there are five South Asian countries, and there is need to take cargo away from roads and the roads should be decongested for tourism and religious circuits like Buddhists circuit. Mentioning the Ports and Maritime Transport as one of the prime sectors in the Master plan, she highlighted that Nepal and Bhutan that do not have access to ports will have greater advantage once this transport connectivity plan is implemented. Similarly, she stressed that Inland Water Transport is one

of the means and economically viable medium of transport but except Bangladesh, others have not been utilizing it adequately. She emphasised that Railways and Rail Transport connectivity should be prioritized and India is focusing on railway connectivity with Nepal. She further said that for tourism, the Civil Aviation and Airport Development is significant. Thailand is much more efficient from other members in terms of its Airport Management and its airport is the world's fourth busiest airport. She also said there is a dilemma about whether trade momentum should follow development transport connectivity or transport linkages will lead to robust trade. For example in Agartala where there is functional ICP the bilateral trade is limited. Much of it is because of Bangladesh policies. Dr. Datta explained that there are certain stalling factors in terms of the efficiency of BIMSTEC and BIN-MVA, which can be solved by greater coordination and cooperation among the members and by focusing on the region more clearly. She highlighted the fact that the lack of coordinated development between the hard infrastructure and the soft infrastructure is a major hindrance in terms of connectivity. Often land customs stations do not work effectively because of the lack of a proper banking system. Moreover, she believes that the trade routes must be mostly dependent on the sea routes and railways, the roads should be more for purposes of travel and tourism.

She further stressed on the importance of coordination among all the members of BIMSTEC in order to really develop it as a successful arrangement. She explained how the lack of proper data is imposing problems in developing the efficacy of BIMSTEC and there is the need to develop greater cooperation among the members of the BIMSTEC in regards to data access and data handling. She also shed some light on the issue that BIMSTEC does not prove to be the major regional experience for some member countries, like Nepal, which believes the only proper regional experience has come from SAARC which undermines the credibility of BIMSTEC in a broader sense.

Dr. Pritam Banerjee, Logistics Sector Specialist Consultant at Asian Development Bank said that the prioritization of the projects under BIMSTEC is a multi-layered issue and the priority depends on the national priorities. He spoke specifically about the relation between the BIMSTEC Master Plan (BMP) and the national plans. In this regard, he also explained the issues regarding the Gati Shakti Master Plan (GSMP) for Multi Modal Connectivity by the Indian Prime Minister Narendra Modi. He explained the problems regarding the ‘scheduled passenger services’ and ‘non-scheduled passenger services’ in borders between countries. He stressed on the importance of taking into account the political economy and the importance of specific value chains in the implementation of BIMSTEC plans and projects. His presentation primarily focused on operational aspects from a logistics perspective where he did the comparative analysis between the GSMP and the BMP. He explained that GSMP and BMP have a lot of commonalities such as Multi-sectoral Approach on Road/ Rail/ Air/ Sea/ IWT of both. Moreover, he focused on Inter-Model Infrastructure and last-mile to key gateways (sea, air and land ports) have lots of commonalities. In this regard, he explained that both are focusing on arterial transport infrastructure and the coordination of infrastructure; however, one is for regional coordination and another for states within India. Moreover, he highlighted that BMP has focused on border infrastructure and trade facilitation whereas GSMP has focused on the coordination of infrastructure between the national line ministries like the airport, transport ministries and the Indian’s states, as states also play a role in infrastructure development.

He highlighted the overlap between GSMP and BIMSTEC through a map and explained how GSMP worked as a Force Multiplier to BMP through his sketch. He further explained how those synergies help, with some illustrative examples of Bangladesh West Bound EMG Cargo via JNPT, Nepal bulk cargo via Sahibganj IW Terminal to Kolkata Port Extended Gate eastbound from/ to Singapore and Seamless railway connectivity

between Tamil Nadu industry clusters with Dhaka and Tripura/ Barak valley. He added that it allows Bangladesh to use that infrastructure to third countries to export to western world and it allows India to better connectivity with Northeast, specifically Barak Valley and it allows better trade between India and Bangladesh especially from the Southeast part.

Dr Pramod Jaiswal spoke of the BIMSTEC Master Plan from a Nepalese Perspective. He highlighted BIMSTEC's strategic significance to Nepal owing to the fact that Nepal is a landlocked country depending on regional connectivity for its economic development. He further stressed that BIMSTEC would allow Nepal to enhance its connectivity in the Bay of Bengal, and the rest of South Asia and South-East Asia through road, sea, air and rail linkages. He said that BIMSTEC is set to rejuvenate and amplify regional integration, a critical need of countries in the region as transnational connectivity projects which existed in the pre-colonial era such as the India-Nepal railway have since disappeared. He added that it would expand Nepal's exports by connecting it to geopolitically significant port locations in Chittagong, Khulna and Kolkata. He furthermore explained that BIMSTEC in Nepal's perspective was an ideal platform to enhance its visibility and stake in the Indo-Pacific region, broadly South Asia and South-East Asia. He emphasised on its various facets and its potential implications for Nepal on road and railway links, port connectivity, civil aviation, border infrastructure and tourism. BIMSTEC was constructed on the basis of consultations and not negotiated agreement between countries, thus, it remains to be seen at what level, intensity and enthusiasm the plans and policies under BIMSTEC have on-ground ramifications. He highlighted that there is also a need to address the social and environmental concern, and development of human resources and association capacity and partnership with the private sector in infrastructure with the view of budget constraints and the need of other socio-economic sectors because engaging them will speed up the pace of connectivity projects. Moreover, he also stressed the need for robust monitoring of the activities of the

master plan, so that it is implemented on time as planned.

He concluded his remarks by highlighting some factors which would impact the effectiveness of the BIMSTEC Master Plan. Firstly, strong political will among member states manifested through cooperation, budgeting for identified projects, inclusion of BIMSTEC projects in national development plans are paramount. Secondly, there is a need for appropriate policy and regulatory frameworks for effective implementation. Thirdly, development of bankable objects with economic and financial viability to accelerate infrastructure development is significant. Fourthly, social, environmental and human resource capacity concerns should also be addressed in relation to the plan. Fifthly, owing to needs of other socio-economic sectors and budgetary constraints, involvement and partnerships within the private sector of infrastructure were essential. Lastly, in order to ensure that implementation of plans is effective and punctual, a robust monitoring of activities and mechanisms for the same were required.

Mihir Shekhar Bhonsale started his presentation on “BIMSTEC on Connectivity: India’s Motif” where he highlighted the unique link between South and South-East Asia, Convergence of India’s ‘Act East’ and ‘Neighbourhood First’ policies and commitment to BIMSTEC driven by potential economic rewards of greater connectivity: Growth of coastal states adjacent to Bay of Bengal (Odisha, West Bengal, Tamil Nadu, Andhra Pradesh); North Eastern Region’s long lost connectivity to Bay of Bengal. He explained India’s transportation system with some facts and figures: India has the largest physical infrastructure in the BIMSTEC region with over 5.89 million km of roads, 67,300 km of railways, 12 major seaports and 4 major international airports. Similarly, he highlighted that the road transport sector accounts for about 87 percent of passenger traffic and 60 percent of freight traffic movement in the country. Lastly he said that the country aims to align the modal mix to global benchmark and promote the development of multi-modal infrastructure. He also stressed in the projects being implemented by India such as

Bharatmala (Roads), Sagarmala (Ports), National Rail Plan Vision-2030, 11 Inland waterways declared as national waterways and International Air Connectivity Scheme (IACS) under UDAN to connect North Eastern States with selected international destinations. He also talked about the National Rail Plan (NRP) for India-2030 where he highlighted its aims to formulate strategies based on both operational capacities and commercial policy initiatives to increase modal share of the railways in freight to 45 percent and 58 super critical projects of a total length of 3750 kms costing INR 39,663 crore and 68 critical projects of a total length of 6913 kms costing INR 75,736 crore, have been identified for completion by 2024. He stressed on the National Waterways Act 2016 and enlightened the key strategies which are associated with BIMSTEC Projects. Moreover, he highlighted the 10 existing and proposed multimodal and intermodal transport corridors in the BIMSTEC region. He also explained about the synergies between national schemes and the BIMSTEC Master Plan.

Professor Meena Vaidya Malla spoke about how connectivity can be enhanced between the countries and highlighted that Nepal and India shares open borders that run through five Indian states such as Uttarakhand, Uttar Pradesh, Sikkim, West Bengal and Bihar. She said that unregulated cross border movement is a grave threat to security of both the countries and results in unauthorized movement of people and goods. She further stressed that heinous crimes such as kidnapping, human trafficking, killings, bombings often take place in the borderlands. She said that focusing on border infrastructure and security is essential to bring about the promotion of enhancing connectivity. She enlightened that India-Nepal relationship is characterized by open borders that to some degree are unmanaged. She stressed upon the need for strong mechanisms that regularly monitor and address the bottlenecks in connectivity projects and infrastructures. She said that the commitment from the member states and an international development partner is required to achieve the success of the project as there is a heavy reliance on donors for funding. She remarked that the

master plan provides a comprehensive strategy and action plan for the sub-regional transport linkage covering roads, airways and water transportation and also promotes transport connectivity among the BIMSTEC member states. However, she said that the effectiveness of the strategy depends upon honest and time bound implementation. She further highlighted that states should also play an active role in that direction and translate promises into performance. She said that there is a need to take more result oriented measures and mechanisms including models, strategies and approaches to make strong transport connectivity a reality.

She stressed that India and Nepal have prioritized the 'Neighbourhood First policy' but it needs greater reflection in actions. Moreover, she said that changes in the political level do not affect bilateral relations, therefore, conscious actions are required from both the countries to restructure, revisit and reassess the relationship in a manner that reflects changing realities of regional global politics and fast changing geopolitics along with the changing sentiments of people of the 21<sup>st</sup> century which lies on the foundation of justice, equality, good faith and right to self-determination, human rights, human dignity and human security. This is how connectivity can be strengthened in a sustainable way.

Lt. General RK Sawhney, Senior Fellow at VIF shared how India is investing heavily in infrastructure which will promote regional connectivity. He said that SAARC, which was a vehicle in the past, ceased to retain its meaningful presence and has been replaced by BIMSTEC which promotes joint working mechanism and prosperity. He further stressed that it is of extreme necessity to devote greater time to geo-economics than politics as it is the geo-economy that is driving the growth of the country otherwise it might lead to terrible consequences. He laid emphasis on how connectivity brings about prosperity. He reiterated that BIMSTEC has lot of scope but funding has been an issue, however growing collaboration is visible and the Padma Bridge is a splendid example of strong collaboration between countries with their available resources. He stressed that connectivity of

the Indian subcontinent needs to be restored and greater efforts should be put in areas. He concluded the session stating that the think tanks can make change by putting in efforts and making the political actors aware of these necessities.



## Changing Power Parity between the US and China

Prepared by Prerna Gandhi

*Biden's two years of presidency have seen numerous challenges on both the domestic and international front. One of the most resolute challenges has been of dealing with China and defining its China policy. The Vivekananda International Foundation held a meeting on 10 August 2022 to deliberate and debate on the changing power parity between the US and China. The discussion raised a range of issues from the new normalization of force in international relations to need for time-sensitive assessments of ties between the US and China and possible implications for India. Some of the salient points made were:*

### **US Elite Consensus on China**

Defending US global primacy has been a consistent principle among different US administrations, and it is unlikely to change. But the choice of policy instruments to effectuate that may vary as there is fatigue among US public to fight wars that have no bearing on direct security of the mainland US. In recent time, there has been a continuous usurpation of powers by the Congress from the White House on dictating contours of foreign policy. Under Biden administration, we have also seen the US State Department emerge as a standalone actor in foreign policy. This makes

internal coherence if not consensus on policy matters a bit shaky. Four years of Trump presidency were markedly disruptive for the US on both domestic and international affairs. His election was symptomatic of the churning within the US system. Trump also became the first president to take on China directly. Additionally, his cabinet members became increasingly shrill on China in the last 6-8 months of the presidency locking in many administrative directives on China. This may have forced Biden administration to carry Trump's China policy despite desire for a different approach. Intermittent episodes of severe tensions may become a new normal for US-China ties. However, there is potential for dialogue. US corporates have yet to show convergence with US political consensus on China. Thus, a G2 cannot be discounted.

### **Military Parity between the US and China**

The US undoubtedly is the most powerful superpower, but it is an extended superpower. While its ability to defend itself remains irrefutable, American power to sustain its global military reach is a very real question. The US alliances remain a source of strength, but they are very dependent on strength of US commitment towards them. For example, in case of the trilateral alliance between the US, Japan and South Korea, US direction remains the binding factor. The Pentagon has conveyed serious concerns on China's hypersonic missile tests, to expansion of its nuclear forces along with increasing resources, technology, military-civil fusion for force modernization etc. Despite marked differences in annual defense budgets between the US and China, the question becomes where the Chinese will want to contest the US in coming time. China's determination to outpace the US in high tech warfare from quantum to space and stay out of any arms control frameworks pose serious challenges in countering the PLA war machine. The US no longer enjoys a clear edge in escalation dominance in case of conflict with China. In a Taiwan invasion scenario, there is no clarity on what role the US would be willing and capable to play. However, China's lack of combat experience and ability to project power at long

distances remains untested. The Chinese defense-industrial complex also needs to be studied.

## **Economic Decoupling**

China now outranks the US in share of global trade (15%) and global manufacturing (28%). For reference: US share of global export trade (8.1%) and global manufacturing (18%). To ensure continued benefits from globalization, China has pursued application of nearly every major regional trading agreement, from the Regional Comprehensive Economic Partnership (RCEP) to Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Digital Economy Partnership Agreement (DEPA), etc. The US on the other hand, has been struggling to define a new trading paradigm as unfettered trade has become a sore point in US domestic politics. The Indo-Pacific Economic Framework announced in May 2022 is still on the talking stage and has already made clear that it has no section on market access. China's entrenched position in global supply chains have also led to US hesitancy to name China as currency manipulator (despite regular threats) as extended volatility in exchange rates may create global havoc. Under Trump, the label was imposed but quickly rescinded in less than six months. The Biden administration has sought to counter China economically by increasing blacklisting of Chinese firms, especially denying it technology by sanctions. Audit dispute regarding US-listed Chinese companies, Uygur Forced Labor Prevention Act, and trade tariffs have similarly put major pressure.

In case of Taiwan invasion, applying sanctions against the Chinese economy will be tough. Economic sanctions have shown a law of diminishing returns, making the resolution of any Taiwan conflict within weeks an absolute necessity. Though, Biden administration officials have talked of friend-shoring and onshoring of industries from China, US corporate support for that remains to be seen. US-EU coordination on China needs to be observed in more length. China has taken lessons from the Ukraine

conflict in a bid to reduce impact of any western sanctions. Sanctions on Russia have already put pressures on dollar denominated reserves and dollar denominated payments. Recently with zero Covid policy and the slowing global economy, new economic vulnerabilities have emerged for China.

## **The Taiwan Question**

Taiwan has been the most contentious issue between China and the US. China considers the US as diluting the One China Policy by its expanding political, economic and defense ties with the island. The Six Assurances and the Taiwan Relations Act including the large arms sales are seen as US attempts to unilaterally define ties with Taiwan. In October 2021, US State Secretary Blinken urged all UN States to support Taiwan's larger participation in UN affairs. In May 2022, the US State Department changed the wording on the "fact sheet" stating its relations with Taiwan, by removing a portion of the first paragraph stating that in the Joint Communique signed with Beijing in 1979 "the US recognized the government of the People's Republic of China as the sole legal government of China, acknowledging the Chinese position that there is but one China and Taiwan is a part of China". The line was reinstated in a new version dated weeks later. It was allegedly a concession to get meeting with Chinese Defense Minister Wei Fenghe. In that meeting, the Chinese made a strong pushback claiming Taiwan Straits to not be international waters. The declaring of Taiwan Straits as China's EEZ instead of international waters may throw up contradictions for the US' carefully articulated One China policy.

The visit by Nancy Pelosi, US House Speaker to Taiwan in August 2022 was seen as a major escalation. The military exercises post her visit have shown a radically different China and a PLA. China will stringently watch US' military commitment to Taiwan or a pattern of proxy war reminiscent of Ukraine. Russia intervened in Ukraine before the US and NATO

succeeded in strengthening Ukrainian armed forces to higher levels. The same dynamic may apply to China's approach to Taiwan.

## **Normalization of Force in International Relations**

The behavior of the three major superpowers- US, China, and Russia- has undergone a fundamental change as conflicting issues hinder most cooperation agendas. Superpowers are supposed to be responsible powers, but we are not seeing any responsibility from the three of them. Potential to use force has increased tremendously as there are less and less constraints on use of force. There is increasing rhetoric around nuclear weapons indicating we are in for a very conflictual situation.

## **Regional Perceptions of US-China Rivalry**

While Russia and China have the same analysis on most international matters, that cannot be read as having necessarily the same interests. In view of growing hostilities with the west, Russia has sought to diversify and strengthen its relations with China, India, Southeast Asia, and Middle East. Given large economic interdependence, ASEAN and other smaller regional countries may not support more radical counteraction on China to avoid the region from turning into a long-drawn conflict zone. The European Union institutions have also showed divergence from individual European countries on matters pertaining to China. On the US front, new frameworks such as the Quad, AUKUS, Partners in the Blue Pacific, Partnership for Global Infrastructure and Investment etc. have reinforced commitment towards the US-led order, but their capacities remain untested or nascent.

## **Implications for India**

Despite the immensely stressed ties between the US and China, both countries know that a military conflict offers limited gains compared to the colossal costs that will be expended. Instead of strength, stability in

political, economic, and social domains will be more potent in defining the winning side of this rivalry.

India needs to be very vigilant of security on its borders for quite some time to come. China may by design or miscalculation see India as a US pressure point. We need to plan options to manage an escalation ladder with China. Military Doctrine, Make in India, building a domestic military-industrial complex, nuclear deterrence etc. definitely all need to be revisited as we will have to redefine strategic posture in balancing our diplomatic and military cards. We should be clear that we must engage with the US to build our capabilities. However, we need to be worldly wise that that it will be a quid pro quo engagement. On the Russia-Ukraine conflict, we were able to manage differences with the US, but Taiwan may be another ballgame. India as a quad member may be called upon to play its due role in the Indo-Pacific.

The Indian Ocean Region and Bay of Bengal need to be our priorities and they will likely become more important to China in coming time. However, we need to be contingent that the China challenge for us is foremost a continental challenge. We will need to pursue a time sensitive analysis on US-China rivalry- short, medium, and long term to account for the immense uncertainty. Internal challenges within US also need to be studied more by Indian experts. Though Biden is definitely the weaker leader in the superpower trio amidst Xi and Putin, but US institutions may fulfill that gap with their resilience.

## **Emerging Geo-economic Trends: Challenges and Opportunities for India**

Prepared by Prerna Gandhi

The globalization of capital flows post-1991 reflected the unipolar moment in geopolitics. However, the emergence of multipolarity amidst great power rivalries is redefining economic and trade exchanges. Also, there is a wide gap between India's ambitious security and foreign policies and its disproportionate economy and trade heft. To discuss the above, the Geo-economics Experts Group at the Vivekananda International Foundation held its first meeting on 17 August 2022 on 'Emerging Geo-economic Trends: Challenges and Opportunities for India'. After initial remarks by Dr Arvind Gupta, Director VIF, interventions were made by all attending members that included Dr Ananth Nageswaran, Dr Rajiv Kumar, Ambassador V Seshadri, Ambassador Mohan Kumar, Dr Sanjaya Baru, Dr Raja C Mohan, Ambassador Arun Singh, Ambassador Satish Chandra, and Mr Anil Devli. The discussion raised a number of issues from main challenges facing the global economy, dealing with energy transition to India's trading agreements and suggestions for its forthcoming G20 presidency. Some of the salient points made were:

## **Challenging Times for Global Economy**

Ongoing geopolitical and contemporary global challenges have posed newer and more formidable problems. Supply chain disruptions, food and energy insecurity, increased costs of logistics, volatile financial markets, currency fluctuations, etc. caused with Russia-Ukraine conflict have made global recovery from pandemic very difficult. We may be re-entering the 1970s stagflation era. There is limited fiscal space to now deliver economic stimulus as inflationary and growth concerns have led to a synchronous removal of liquidity by central banks that was created to deal with pandemic shutdowns. The energy and commodity prices may have stabilized in recent weeks, but the shocks of food and energy insecurity could shake up social and political instability in many low- and middle-income countries. We are seeing that in our neighbourhood quite predominantly. The reshaping of supply chains had started with the pandemic, but are now being remade as an instrument of geopolitics with reshoring, friend shoring, new alliances etc. All this is weakening world's ability to confront long term challenge of climate change. Intensifying geopolitics post the Russia-Ukraine conflict has also led to breakdown of economic coordination. This is seen in the difficulties of Indonesia's G20 Presidency and its being able to issue a communique after the G20 deliberations.

## **Opportunities and Challenges for India**

The current global economic situation offers both opportunities and challenges for India. There is need to pursue detailed study on India's critical geo-economic dependency on large energy and defence imports. Declining external demand will impact economic growth for India. We are going to face pressure on environmental, labour and digital standards in coming time as they become the focus of new trading agreements. Though, India's exports crossed an unprecedented \$400 billion last year, sustaining that momentum may prove to be difficult. Our simultaneous rising imports have also led to even further widening of trade deficit.



Further, our growth should not be compromised because of our necessity to remain green. Reforms have also been particularly precarious in India as farm laws and Digital Commerce Bill have shown. On the other hand, there are opportunities emerging from slowdown in China and strategic compulsions that are forcing west to decouple from China (even if the scale of that remains debatable). There is also greater western support for India's strategic positions. India needs to capitalize on this by welcoming new investment and increasing its share of manufacturing and services trade. Aatmanirbharta needs to be strongly entrenched into our policy making. There is need to go beyond trade and look at new geo-economic paradigms such as technology partnerships, new issue based frameworks, connectivity, development aid etc. The INSTC and Chabahar port have gained more attention with geopolitical developments. Large capital outflows and security concerns pose urgency for shipping to become a strong sectoral focus.

### **Climate Change, Energy Transition and Climate Finance**

With economic distress in many countries, dealing with climate change and transitioning to greener options is becoming a major obstacle for low-income and emerging economies. In such a scenario, holding these economies to the same sustainability and ESG standards as developed countries is not possible as they may become invisible barriers to securing finance and especially on terms they can afford. Thus, multilateral agreements towards climate financing need to be converted to bilateral enforceable agreements. While carbon financing, carbon trading etc. need to be part of the policy package, they cannot be the entire package as they impinge on competitiveness of emerging economies including that of India. There is also another aspect of securing the critical minerals needed to go ahead with the energy transition. India is not part of the US-led 12 countries alliance of Minerals Security Partnership.

## **India's Free Trading Agreements**

India's trade deficit with East Asian countries such as China, Japan, South Korea and ASEAN has widened tremendously in recent time, making it almost 70% of India's trade deficit. Most of these countries are not receptive to Indian imports, especially of finished products or where we have substantial strengths. We have decided to review Free Trading Agreements with Japan, South Korea and ASEAN, but the negotiations remain stalled. On the other side, we have negotiations ongoing with EU, Canada, and transferring the interim FTA with Australia into a full-fledged comprehensive and economic partnership. Here, gaining market access may not be an issue but one can see certain difficulty in dealing with non-trade issues such as sustainability provisions, labour, and digital standards. We cannot have same standards in these FTAs as they are for the developed countries. The recent EU- New Zealand FTA and the UK-Australia FTA have binding commitments on climate change. Reforms in India pose massive obstacles as no section of society and business are ready to take on the pain of reforms. Our labour, land and logistics continue to be huge problems.

## **India's Position on WTO Reforms**

While trading agreements need to allow different standards from those of developed countries, there's need to strengthen India's position through cooperation and coordination vis-a-vis multilateral institutions. In that aspect, World Trading Organization remains the most important. The 12<sup>th</sup> Ministerial Conference was held in June 2022 and its outcome document committed members to work towards reform of the organization, especially the WTO's dispute settlement system. We can expect the reform package to include stricter disciplines for state owned enterprises, subsidies, etc. along with even redefinition of what constitutes emerging economies. We would like to retain special and differentiated treatment and decision making by consensus but we will have to fight for that by working closely

with developing countries. There is also the need to fine tune our positions. We need to work closely with the Africa Group as we have lost erstwhile allies such as China and Brazil.

### **Dealing with China**

Due to lack of adequate development lending, the Belt and Road Initiative has gained salience despite visible examples of debt traps from Asia to Africa. There is need to take greater cognizance of both Chinese foreign policy and economic positions. Despite rising discontent and apprehensions towards China, it will not be easy for the west to unplug from China's economy. However limited, there is an opportunity for India to welcome new investors. There is need to let go of the assumption that working with China will assuage strategic conflict with China as the capacities gap widens between India and China. We will need to develop new diplomatic relationships and economic frameworks, while simultaneously working to reduce economic dependence on China.

### **India's G20 Presidency**

Multilateral institutions remain for better or worse the best place to formulate new policy initiatives. India should use the opportunity to not only advance the cause of low-income and emerging economies, but also contribute to dealing with some of the global challenges as current western paradigms have proven inadequate in dealing with them. As inflation restricts recourse to domestic financing options, there is need to turn to international institutions. However, the timing and quantum of assistance from them are now being defined by geopolitical considerations. This is not only a major drag on economic growth, but also in fulfilling commitments of net zero carbon emissions. India can flag food and energy security, climate financing and debt vulnerability as major agendas during its presidency. The goal should be to come up with some actionable framework or advance the discourse to such an extent that the next presidency can take it forward more meaningfully. India also has opportunity to present

itself as an alternative model of economic cooperation and coordination. However, India will need to draw lessons and develop scenarios as to how G20 multilateralism contradicts with major power rivalry, such as what will continue and what will change in the coming year.

## **Recent Developments in Sri Lanka**

Prepared Dr Sreeradha Datta

On the morning of 9 July 2022, Sri Lanka woke up to finding its citizens out in the streets not only in Colombo but all of its major cities. For a country that has struggled through ethnic strife, the social and political outbursts were first of its kind the nation witnessed in recent decade. The dire economic conditions that caused unprecedented shortage of food including milk and medicines and basic amenities led to over 100,000 Sri Lankans storming the Presidential Palace of Sri Lankan President Gotabaya Rajapaksa while another set of protestors set Prime Minister Ranil Wickremasinghe's private house on fire. The violence and outburst forced the President to stepping down. On July 20, Sri Lankan MPs chose Wickremesinghe to lead the island nation as president. The majority of the votes came from members of the Sri Lanka Podujana Peramuna (SLPP) party. While he will hold office till November 2024 he will have to oversee several political events such as the establishment of the All-Party Government, 22nd Amendment to the Constitution, General Parliamentary elections, elections to Provincial Assembly and local bodies. The Sri Lankan President Ranil Wickremesinghe has invited members of Parliament to establish an all-party national administration. He has proposed plans to implement a "systematic economic programme" that

would have included all political parties with representatives in Parliament, academic institutions, and civil society.

It is within this background that a discussion at VIF was held amongst experts on the political developments in Sri Lanka and Indian choices.

It was pointed out while people had voiced their grievances against the Gotabaya government very strongly, some of the other younger Gotabaya family members continued in their positions. The SLPP party continued to wield considerable power over Ranil Wickremesinghe. And even in the eventuality of an all-party government forming, Gotabaya will also continue to be in position to influence decisions.

In the post emergency phase Ranil Wickremesinghe who has general acceptability will be able to introduce a modicum of stability which is already visible. The LPG is now available, fuel stations chaos has reduced following introduction of the QR code system, power situation has improved but continues to be a matter of concern. There are positive indications in other sectors, but he will be restrained in many of these measures he may wish to introduce. The Samagi Jana Balawegaya has lent their support to Ranil Wickremesinghe and has also suggested opening a discussion with interested parties about reintroducing the 19th Amendment to the Constitution, but these are difficult issues to grapple with.

The economy turn around will not be easy. The IMF bailout has not helped in the past but its ability to restructure the debt will be difficult. Sri Lankans have been pampered by each government through tax cuts, subsidies etc over the years.

Following from that the question that arises is how far is India willing to prop up this Sri Lankan government?

## **India**

In Ranil Wickremesinghe's speech at the Parliament on 3 Aug, he devoted

several minutes talking about India and it was exceptional as no other country was mentioned directly or indirectly. Ranil Wickremesinghe has made two important statements on Sri Lanka-India relations. On Aug 14, he was present at a ceremony in Colombo to witness the handing over a Dornier Maritime Recce and Surveillance Aircraft to the Sri Lankan Navy, where he reflected on Indo-Lanka relations too.

As is known, in the wake of the dire conditions, Sri Lanka has received substantial support from India who committed to more than \$4 billion to debt-ridden Sri Lanka in loans, credit lines and credit swaps since early 2022. There is recognition of India's backing, and most understand and few have publicly admitted, that India has come in a big way with a package to help Sri Lanka. If not for Indian assistance with fuel supplies on credit, Sri Lanka's situation would have been even worse.

The road ahead for India looks difficult. There is no pro-India constituency in Sri Lanka. The Janatha Vimukthi Peramuna party that has always referred to India as an expansionist power, now admits that India is not the enemy. But SL still remembers the support India lent to the Tamils. For now an Indian public signaling is important and its ability to offer lines of credit quickly conveyed a distinct message. But India's ability provide constant succor to Sri Lanka is limited. Many of the Indian previous proposals including the connectivity project and bilateral energy grid remains unimplemented.

India will have to follow a policy of close engagement but not play favourites. While there is no pervasive anti-India sentiment, the Sinhala Buddhist political constituency uses that narrative to demonise India. It is known that Sri Lanka has not been sensitive to India's security concerns, it is critical India convey that that point across to them and reiterate the concerns as well as convey the red lines.

India needs to increase the people to people connectivity as well build infrastructural connectivity. In the recent past the Sri Lankan High

Commissioner to India had highlighted a ten point agenda to increase the bilateral engagement, it will be worthy examining them again. India could focus on the developing the Buddhist Bodh Gaya travel circuit, this would have immediate appeal to a large population in Sri Lanka.



## **Pakistan remains mired in political uncertainty**

Prepared by Aakriti Vinayak

*A meeting of the Pakistan Study Group (PSG) was held in hybrid mode on 22<sup>nd</sup> August 2022. The agenda's main items were Pakistan: Federal Government–Stability/Functioning, Economy, Imran Khan– Foreign funding and Toshakhana cases; TTP– Deal, Bajwa's position, Afghanistan: One year of Taliban. The Meeting was attended by the following: Shri Arvind Gupta, Amb Satish Chandra, Ms Shalini Chawla, Shri Rana Banerjee, Shri Sushant Sareen, Amb DP Srivastava, Amb G Parthasarathy, Lt Gen Ravi Sawhney (retd), Brig Rahul Bhonsle, Amb DB Venkatesh Varma, Amb Amar Sinha, Shri Tilak Devasher, and Gp. Capt. Naval Jagota.*

### **Pakistan**

#### **Political Uncertainty**

Pakistan remains mired in political uncertainty. The month of August saw some interesting developments on the internal front. As far as the Political scenario in Pakistan is concerned tension between the PTI and the PML-N continues in Punjab and Islamabad. The war of words and accusations against each other is still going on. The two sides have vastly different strategies to counter each other's influence. PMLN has steeped

up pressure on the former Prime Minister Imran Khan as an Islamabad court poised to launch contempt proceedings over Imran Khan's verbal threats to a judge at a weekend rally. Police also raided the apartment of Khan's close aide Shahbaz Gill overnight in the Pakistani capital. Attempts are also being made for the disqualification of Imran Khan in the wake of the foreign funding ruling. Further PMLN government is considering relevant legislation to ease the return of its supreme leader Nawaz Sharif. On the other hand Imran Khan continues to hold mass rallies and push for fresh elections. Imran Khan's popularity is rising by the day and he has emerged as a strong leader among the urban youth. Though he has been charged in number of cases, such as the foreign funding case, the Toshakhana issue, terrorism charges, and contempt of court proceeding, he continues on a confrontational path and also has people's support. The Election Commission has announced the schedule for by-elections in 11 constituencies for the National Assembly in September. Interestingly, Imran Khan, who had asked his party for resignations from the National Assembly, has filed nomination papers as the PTI candidate in nine constituencies across Pakistan. If PTI wins the elections, Imran Khan's position will be strengthened. However testing times lie ahead as the rift within ruling alliance and the bitterness between PTI and the government is likely to destabilise the system. As far as army is considered there have been reports of Gen Bajwa getting an extension, however uncertainty looms over the appointment of next army chief. Though there has been a rising unpopularity of army and there are questions of army's inability to shape events in the country, its power is not waning.

## **Economy**

On the economic front there has been some positive developments. The rupee has strengthened from Rs240 to a dollar to Rs210 to a dollar. Another important development was IMF had reached a staff level agreement with Pakistan for a disbursement of \$1.17 billion. However, Pakistan needed to guarantee \$4 billion to fill the gap in foreign reserves before IMF approves

releasing the next tranche. Pakistan has got support from the so-called “friendly countries”. Saudi Arabia is planning to renew \$3 billion deposit to Pakistan. Further Pakistan has inked a loan facility agreement with China worth \$2.3 billion. However the economy remains in doldrums as food inflation and price rise has affected the people. Also the unusual heavy monsoon rains and catastrophic flash floods in Balochistan will have a devastating impact on the economy.

## **TTP**

The talks between the Pakistani government and the outlawed Tehreek-e-Taliban Pakistan (TTP) being held in Afghanistan are on the verge of collapse. The talks reached an impasse as TTP refused to back down from its demand for the reversal of the merger of erstwhile Federally Administered Tribal Areas with the Khyber Pakhtunkhwa province. Further TTP has increased its foothold in Pakistan, as there have been reports of TTP setting up check-post in Swat.

## **Afghanistan**

It’s been a year since Taliban took over Afghan capital Kabul, as foreign forces hastily completed their withdrawal. However Afghanistan remains in chaos and at the edge of abyss. On almost all fronts economically, politically the situation is grim. United Nations (UN) has listed Afghanistan among the world’s largest humanitarian emergencies. It has been a governance failure as Taliban has failed to deliver on its promises. In fact from upholding women’s rights to ensuring safety and internal harmony to forming an inclusive government, the Taliban has backtracked on every promise they made. Also contrary to its commitments in the Doha Agreement, Taliban run Afghanistan remains a safe haven for terror groups like Al Qaeda. There have been reports of gross human rights violations, discriminatory practices, extortion, extrajudicial killings, and forced displacement. Though Taliban has not yet got the International recognition, countries have started engaging with the regime. India’s approach towards Afghanistan

has been people centric. After a year of suspension of diplomatic ties with Afghanistan and the Indian Embassy shutting down operations in August 2021, the embassy in Kabul resumed its functionality on August 15, 2022. The Kabul mission will engage the Taliban and oversee distribution of aid and infrastructure projects. However India is also seeking assurances from the Taliban on fighting terror groups that target India.

## **About the VIVEKANANDA INTERNATIONAL FOUNDATION**

The Vivekananda International Foundation is an independent non-partisan institution that conducts research and analysis on domestic and international issues, and offers a platform for dialogue and conflict resolution. Some of India's leading practitioners from the fields of security, military, diplomacy, government, academia and media have come together to generate ideas and stimulate action on national security issues.

The defining feature of VIF lies in its provision of core institutional support which enables the organisation to be flexible in its approach and proactive in changing circumstances, with a long-term focus on India's strategic, developmental and civilisational interests. The VIF aims to channelise fresh insights and decades of experience harnessed from its faculty into fostering actionable ideas for the nation's stakeholders.

Since its inception, VIF has pursued quality research and scholarship and made efforts to highlight issues in governance, and strengthen national security. This is being actualised through numerous activities like seminars, round tables, interactive dialogues, Vimarsh (public discourse), conferences and briefings. The publications of VIF form lasting deliverables of VIF's aspiration to impact on the prevailing discourse on issues concerning India's national interest.



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