Issue no. 23
May 2022

VIF Expert Groups Reports

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Vivekananda International Foundation

Published in 2022 by

Vivekananda International Foundation

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Editor's Note

In the month of May 2022 Vivekananda International Foundation (VIF) organized five expert group interactions and one think tank interaction with most of them being hybrid. The dominant theme in most of the interactions was the Ukraine-Russia conflict and its implications on various parts of the world. The other expert groups covered the relevant topics i.e. Pakistan's political scene, the Indian Prime Minister's visit to Europe and US in West Asia with their ramifications. This edition contains views USA, Europe, Pakistan, China, Taiwan, Indo-Pacific and West Asia and their impact on India.

In the post-Ukraine situation, the Cross-Straits engagement is likely marked by an increased risk of China's offensive against Taiwan. The lessons from the Russian situation will be one of the most significant defining factors defining the nature of engagement or conflict between the U.S. and China. To discuss the prospects of Taiwan's question in the backdrop of the Ukraine war, the Vivekananda International Foundation (VIF) and its China experts group organised a virtual discussion on the Implications of the Ukraine

War for China-Taiwan Engagement.

Although fairly routine, the PM's visit to Europe was underscored by the ongoing turbulence and conflict in Ukraine. India continues to maintain its position on the Ukraine conflict which happens to vastly differ from the corresponding European perceptions. Irrespective of these differences, the PM's visit was focussed on enhancing and strengthening bilateral ties. The Europe Experts Group met virtually to discuss and assess PM Modi's recent 3-Nation visit to Europe.

The Indo-Pacific Experts Group of the Vivekananda International Foundation met in hybrid format. The agenda of the meeting was to assess the impact of the Ukraine war on the Indo-Pacific. The war has continued for three months and despite the polarising views, it remains a fact that Ukraine has emerged has a definitive nation. As a grain-exporter, its impact on the supply chain and food security will have to be seen. More importantly, the impact of the war on China needs attention – to see if it will reduce China's aggression in the Indo-Pacific. Possibly, urban warfare lessons from this war would signal to China that an immediate invasion into Taiwan is not feasible. Some also argue that China cannot be sanctioned like Russia. The group also discussed the Quad Summit in Tokyo, and Australian elections. Current trends in the global economy were also discussed at length.

The VIF organized a joint webinar with the Prospect Foundation (Taiwan) on Strategic and Economic Implications of Ukraine War on Taiwan Strait and the Indo-Pacific'. The webinar discussed a range of issues from implications of Ukraine Crisis for Taiwan and responses to a possible Chinese invasion to implications for India's foreign policy and what can India and Taiwan learn from the Ukraine Crisis.

The meeting of the Pakistan Study Group (PSG) was held in hybrid mode and the discussions agenda main items were: Pakistan-Long march- impact, Economy-impact of petrol hike, IMF talks, developments in Punjab, and situation in Afghanistan.

The West Asia Experts Group Meeting was virtually held by the VIF. The discussion was focussed on "US and West Asia". The key speaker for the session was Prof. K. P. Vijaylakshmi Centre for Canadian, US & Latin American Studies, Jawaharlal Nehru University.

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
June 2022

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Implications of the Ukraine War for China-Taiwan Engagement

Prepared by Anushka Saraswat

The Ukraine war will profoundly impact China-Taiwan engagement and the U.S.-China rivalry. To discuss the prospects of Taiwan's question in the backdrop of the Ukraine war, the Vivekananda International Foundation (VIF) organised a virtual discussion on the Implications of the Ukraine War for China-Taiwan Engagement on 6 May 2022. Ambassador Ashok Kantha, moderated the discussion. Attendees of the China Experts group discussion were Dr. Arvind Gupta, Director VIF, Amb. Satish Chandra, Lt. General R.K. Sawhney. (Retd), Amb. Arun K. Singh, Vice Admiral Pradeep Chauhan (Retd), Air Marshal D Chaudhary (Retd), Lt. Gen. Rakesh Sharma (Retd), and Lt. Gen. SL Narasimhan (Retd), Dr Sanjeev Kumar and Gp. Capt. Naval Jagota.

Introduction

The Ukraine war will impact the great power rivalry between the U.S. and China in the Indo-Pacific region and has implications for Taiwan. The developments in Europe will profoundly impact the Cross-Strait engagement, having implications linked to China's military occupation of Taiwan. The Russian attack on Ukraine and the United States' preoccupation with the crisis has afforded China a window to undertake its military campaign against Taiwan. There seems to be a greater urgency in China's rhetoric of a complete reunification. Soon after the Russian attack on Ukraine, three specific trends show China's perspectives on the Taiwan question. First, Chinese President Xi Jinping has raised the political profile of the reunification of Taiwan as an integral part of China's national rejuvenation dream. Second, China regards Ukraine as an independent country with a complex history and Taiwan as an inalienable part of China. Third, with the erosion of U.S. deterrence, Taiwan's abandonment has become an integral part of China's propaganda. China has drawn many lessons from the Russia-Ukraine crisis ranging from military preparedness to selective decoupling from western economies.

China's Bid to Manage the Western Sanctions

The Ukraine war would serve as a template for China if it were to invoke a military action vis-a-vis Taiwan. The U.S. and European countries have supported Ukraine extensively without putting troops on the ground. The weaponisation of international finance and economic instruments has severe consequences for Russia's economy, leading it to a period of recession.

China is closely monitoring the extreme western sanctions against Russia after it invaded Ukraine. According to the Chinese perspective, a military adventure against Taiwan may result in the U.S. and European countries using more severe and extensive economic sanctions than it is now. It is expected that China will undertake corrective measures to minimise its vulnerability against western sanctions, such as the Renminbi's internationalisation, selective decoupling from the western economies and greater self-reliance in strategic sectors like semiconductors and frontier technologies. Additionally, China is watching the autonomous actions of the U.S. corporate entities in Russia. The U.S. firms have pulled out of Russia to safeguard goodwill and address the pressure from employees and customers.

China has projected that it is much better poised to cope with the western sanctions. As the second-largest economy in the world and having a pivotal and indispensable role in the regional and global supply chains, it is much more challenging to use economic tools as deterrence against China. However, occupying Taiwan with force will invite extensive economic sanctions affecting China's economy.

West more Pointed on Taiwan Question

Taiwan is a significant factor in the U.S.-China strategic rivalry. Contrary to prior belief, the Ukraine war has sharpened the West on Taiwan's question. China's support of Russian military action against Ukraine has caused it reputational damage in the U.S. and Europe. Several European leaders believe that European security architecture is undergoing a paradigm shift with the emergence of power blocs.

While the West is focused on the Russia-Ukraine war, it looks at China with increased caution. Soon after the Ukraine war, the West's perspective of China changed significantly. According to the European assessment, China wants to see a weakened West and Russia in the post-Ukraine situation. A few years ago, the European Union prioritised trade and economic relations with China. In the post-Ukraine situation, the EU is likely to play an active role in hardcore security issues in its engagement with China.

The U.S. commitment to Taiwan is strategically ambiguous Under the Taiwan Relations Act of 1979, the U.S. is committed to providing defence and military assistance to Taiwan. It remains to be seen if the U.S. will put troops on the ground in case of China's military occupation of Taiwan. Additionally, the effectiveness of the U.S. deterrence vis-à-vis China's aggression is being debated. The West needs to build up further Taiwan's capability to deal with any Chinese aggression.

Over-Arching Lessons from the Ukraine War

- The Ukraine war has redefined the U.S.-China rivalry in the Indo-Pacific region. The heightened risk of China's military occupation of Taiwan, in conjunction with its support of Russian actions in Ukraine, will lead to the further militarisation of the Indo-Pacific region. The U.S. will likely build a consolidated security architecture. So far, the U.S. has focused on QUAD and AUKUS, among other security arrangements in the area.
- In the post-Ukraine situation, the increased weaponisation of international finance and other economic instruments will result in an inward approach by China and the West. Both sides will resort to the decoupling of economies, giving momentum to reducing economic interdependence. The efforts to decouple, reinvent and reposition the supply chains and value chains in the Indo-Pacific area will require a renewed focus on Maritime connectivity, Maritime trade and the supply chain relationships.
- The Russian attack on Ukraine has resulted in the consolidation of European unity. Contrary to the suspense, NATO has shown potential for expansion.
- The Chinese support of Russian actions will lead to Europe playing a more active role in hardcore security issues, including the Indo-Pacific.
- In the Ukraine war, asymmetric warfare strategies have proven effective. The Asymmetries are a major defining factor as compared to technology. Superior technology may not lead to victory in war. So far, Ukraine's asymmetric warfare strategies countered Russia's superior military technology.
- The West has projected that the Russian military strategy and weapons system have not been as effective opposed to popular belief. This raises questions about China's military capability to launch and undertake a military adventure against Taiwan.

- The duration of conflict is uncertain. While the nations, armies, navies and air forces have been led to prepare for a future conflict that will be short, sharp and swift, this notion has been countered by the Ukraine war.
- The Chinese invasion of Taiwan will be amphibious. China's capabilities to launch an amphibious operation against Taiwan are not sufficient. Additionally, China will have to prepare for multiple fronts in the post-Ukraine situation.

Conclusion

In the post-Ukraine situation, the Cross-Straits engagement is likely marked by an increased risk of China's offensive against Taiwan. The lessons from the Russian situation will be one of the most significant defining factors defining the nature of engagement or conflict between the U.S. and China. There is consensus among the U.S. allies and partners in Europe and Asia to shift the global supply chains from China. The compound effect of the Ukraine war and disruption caused by the two waves of Covid-19 in China has resulted in countries adopting hedging strategies. As for India, its engagement with the Cross-Straits relationship will be defined by its interests, including the implications for the Himalayan border.

Assessing PM Modi's 3-Nation Europe Visit

Prepared by Avantika Menon

The Europe Experts Group met virtually on 13 May 2022 to discuss and assess PM Modi's recent 3-Nation visit to Europe. The discussion was moderated by Amb. Anil Wadhwa, who also delivered the opening remarks. The meeting saw in attendance several distinguished guests like Dr Swasti Rao, Prof. GulshanSachdeva, Dr Arvind Gupta, Amb. TCA Rangachari, Prof. K.P. Vijaylakshmi, Mr. Pranav Kumar and Gp. Capt. Naval Jagota.

Introduction

Although fairly routine, the PM's visit to Europe was underscored by the ongoing turbulence and conflict in Ukraine. India continues to maintain its position on the Ukraine conflict which happens to vastly differ from the corresponding European perceptions. Irrespective of these differences, the PM's visit was focused on enhancing and strengthening bilateral ties.

The increased frequency of interactions with European leaders has led to the development of a more systematic approach to dealing with Europe by the Government of India. Europe has markedly been receiving more attention within India's foreign policy over the past few years, a trend that can be attributed to both China related concerns and growing Indo-US ties among many other factors.

The Trade Aspect

India's trade with other partners has grown at relatively faster rates as compared to its trade with Europe. 20-25 years ago, India-EU trade (including the UK) was approximately 25-26 per cent of India's total trade, however, presently, it only accounts for roughly 13 per cent. Thus, long term trade trends indicate a steady decline in the India-EU trade matrix.

India successfully signing two consecutive trade agreements with the UAE and Australia has instilled fresh confidence in Europe regarding India's commitment to finalizing trade deals and negotiations. However, it is important to note a key difference here; both the UAE and Australia have been fairly flexible in their approach to the negotiations, thus allowing India to extract a deal well-tailored to its preferences. But the same may not be true in the case of the European Union, as it is highly unlikely to settle for interim deal. The EU prefers a comprehensive deal covering goods, services, investment, government procurement, sustainability and geographical indicators. A deal covering these spectrums would require both deft negotiating skills and political will.

From an industry point of view, materializing such a deal with the EU will be highly favourable as it is a major market. Sectors such as textiles and traditional export items stand to gain the most from this deal. Wines, Spirits and Automobiles continue to persist as key contentious areas and will need to be settled to establish convergence. For instance, in the Australian agreement, India has given some concessions on wine. Thus, even in this particular case some concessions and accommodations will have to be sketched out. Similarly, the automobile sector also presents a thorny terrain. Thus, while Germany would like to extract several concessions in the automobile sector, France would like concessions in wine and spirit. Concomitantly, these two sectors are extremely critical and also happen to be a key area of interest for two major European economies; India will have to inadvertently concede a lot of ground in these sectors.

Government procurement is also going to be a challenge, as the EU will ask for market access. Although there is a chapter on procurement in the

UAE deal, India has so far not committed to anything in terms of market access. Similarly, geographical indicators are also going to pose a challenge as the EU automatically seeks the GI tag for many of their dairy and agriculture products, a move that will be vehemently opposed by India's domestic agricultural and dairy sectors. In addition to discussing the aspects of sustainability, the key aspects of labour, environment and human rights will also have to be thoroughly negotiated. Negotiating with a collective of 27 member states poses a unique challenge. Any deal and treaty must deeply delve into human rights, development and label standards chapters. Ratification from the European parliament is no cakewalk and is a completely different ball game from simple bilateral negotiations.

The Investment Aspect

India's goal of a steadfast 8-9 per cent growth rate coupled with a fairly ambitious green transition requires unwavering external investment from Europe. Europe has been a major investor in India for the last 20 years and India's net-zero targets require the corresponding European 'green technology'. This European technology is comparatively more expensive than its counterparts, thus requiring a government level collaboration rather than simply zeroing on the cheapest bidder. Germany and the Nordic states are increasingly looking at the Indian market as a lucrative buyer for this technology. Green technology is not only limited to discussions of climate change and global warming but has proliferated to other sectors such as automobile, industrial processing and infrastructure as well. German and Nordic green-technology companies are directly competing with China in several of these segments. India's sizeable market presents a highly lucrative opportunity for these companies to test their technology and skills at a larger level. Thus there is a perfect alignment between their ambitions and India's lofty goals of a green transition.

Investment has been a critical aspect for the EU side as well. The EU would much rather prefer a purely investment focused deal as opposed to a trade deal. Since the termination of the previous investment treaty, the EU has insisted upon firstly restoring the investment agreement before moving on to the trade deal. Hence, the investment aspect can end up as either the deal breaker or the deal clincher for the larger negotiations and would test the deftness of India's negotiating skills and political will.

Identifying Critical drivers

As India makes sense of Europe within the confines of the current geopolitical and geo-economic world order, it must develop an analytical framework that identifies critical drivers of growth in relevant sectors.

The identification of these critical drivers' needs a stratification of priorities built on the realistic assessment of India's needs, capabilities and trade-offs alongside a fair assessment of their corresponding critical drivers. It is only when this is done that convergence can be thematically mapped successfully.

Identifying critical drivers will allow India to build a matrix indicating areas in which to deepen cooperation with Europe. For instance, India needs to exploit the full potential of Nordic exceptionalism in green technology. Doing so, it also needs to keep in mind the vagaries of the current security scenario with respect to Sweden and Finland seeking to join NATO and its impact on the broader Nordic defence cooperation. Similarly, with Germany, the critical driver is the economy whereas with France it is defence cooperation.

Even within the aspect of trade, the critical drivers need to be identified with an added focus on resolving roadblocks in the way of a Free Trade Agreement (FTA). There is also a need for a renewed focus on overhauling bureaucracy and the existing labour laws in addition to assessing the factors responsible for the failure of the previously concluded FTAs. The previously concluded FTAs have not entirely been in India's economic favour and continue to suffer from balance of payment deficits.

India also needs to identify the convergence between its interests and Europe's growing desire to diversify and protect its economic interests in the Indo-Pacific. Europe seems to be committed to investing resources for building resilient supply chains in this region through new industrial policies, as prominently visible in their respective Indo-Pacific security documents.

The extent to which Europe can commit its resources to this region needs to be closely assessed. It is recommended that India keep its differences and apprehensions about AUKUS at bay and continues to diplomatically engage with Europe to strengthen mutually beneficial cooperation across the Indo-Pacific.

Defence Cooperation with Europe

The aspect of defence cooperation with Europe is plagued with a distinct lack of understanding as well as a lack of in-depth exploration. India needs to realistically examine the nature of its defence cooperation with Europe and identify what it seeks to extract from these ties.

India is well aware of its current defence dependencies with Russia and in its quest to diversify procurement; it is actively looking for alternatives while carefully ensuring that one dependency is not being replaced with another. A thorough diversification of the defence procurement basket should be the primary focus.

The unfolding war in Ukraine has also shown the rather vulnerable side of Russian military planning and technology. The emerging reality of fallible Russian weaponry and planning has led India to a difficult choice between cheap technology and intelligent technology; and a choice between the Russian mass artillery approach, versus the Western/NATO precision artillery approach. This choice will be determined by both India's economic capabilities and its security concerns.

It is becoming increasingly evident that the matters of security and trade, particularly technology are seamlessly blending together, as visible in the recently concluded trade and technology council with the EU. This has been a definitive step forward in deepening cooperation and must be pursued further.

The matter of transfer of technology continues to be a roadblock in India-EU defence cooperation as Europe continues to be wary of sharing their technology with India. This reticence primarily stems from the sheer cost of technological innovation and development. It is simply unfeasible to give away expensively innovated technology for next to nothing. It is financially unviable for them to do so. Thus, as far as Europe is concerned, other models of defence cooperation are far more suitable and conducive. While one-off agreements such as the Rafael and Mirage deals with the French do take place, the exploration of other avenues and pathways towards deeper defence cooperation is lacking.

It is also important that India dispels any European wariness regarding the India-Russia relationship. India must convey that its dependence on Russia is solely functional and that it doesn't harbour any covert ambitions of upending and altering the liberal world order alongside Russia and China.

India wants its European partners like France and Sweden to go beyond the confines of a purely mercantilist relationship and wants them to move towards setting up an ecosystem in India that supports ancillary units and the setting up of 2nd and 3rd lines of defence production.

There have been some notable successes in certain government-government deals, such as in the case of French Rafaels and Mirages and it has become increasingly clear that government-government deals work much better than bidding procedures. Unlike the Russians, Europeans are never the lowest bidders, thus relying solely on the bidding procedure will not allow them to break through.

There is an explicit need to build joint defence programs of differing varieties. The Russians have worked particularly well in this aspect and the resultant cooperation has led to successful programs such as the joint development of the BrahMos missile and the Sukhoi MKI30 planes. With the latter, the Russians shifted the entire assembly line to India and started co-manufacturing with HAL.

Another model that can be followed is the one between South Korea and India for the K9 Vajra guns. After purchasing the guns, a private player in India received the requisite knockout kits from South Korea and has begun assembling the guns in India. A similar model has also been followed in the case of the M777 ultra-light Howitzers from the US. After buying initial pieces, a private player was selected to receive knockout kits to start assembling in India. However, in Europe, the only similar example is from the Czech Republic. India is dependent on Czech heavy mobility vehicles and has thus found a suitable conduit in BEML that has started assembling the vehicles locally.

Although 'assembled in India' is more of a compromise, it is leading to some levels of indigenization. It is better than solely importing weaponry and it acts as a gateway to further indigenization. Correspondingly, this model has a lot of potential within the European context as well and must be tapped into instead of insisting on contentious technology transfers and the lowest bidding procedures. Apart from this, the frequently cropping bureaucratic hurdles must be smoothened out with a particular focus on calibrating the disjointed coordination in communication amongst the different ministries.

It is extremely pertinent that India deftly navigates the present geostrategic and geopolitical environment to leverage the long-standing outreach to the Europeans beyond rhetoric while moving towards the realm of substance in both trade and defence cooperation. This is only possible with the identification of critical drivers followed by coordinated actions both at the level of concerned ministries and at the top diplomatic levels, showing necessary flexibility wherever required.

Conclusion

Currently, Europe is undergoing a turbulent security crisis which has resulted in significant geopolitical shifts, in this context, it is pertinent that India understands the nuances of the region and engages accordingly. The future of the European security landscape continues to be dubious with the Ukraine conflict still festering and showing no signs of letting up. India is currently engaged in a careful balancing act with Russia on one side and the deepening cooperation with the US, the UK and Europe on the other. So far, it has shown a well-rounded, resilient and confident worldview that prioritizes its national interest without giving into bloc pressures. However, to navigate the complex terrain of mapping convergences with like-minded countries with calibrated pragmatism, India needs to identify the critical drivers and needs to operate upon them within a proper framework to fully optimize the true potential of this partnership.

Impact of the Ukraine war on the Indo- Pacific

Prepared by Amruta Karambelkar

The Indo-Pacific Experts Group of the Vivekananda International Foundation met on 25 May 2022 in hybrid format. The group was chaired by V Adm Anil Chopra and the attendees included Dr Arvind Gupta, Lt Gen Ravi Sawhney, Amb Anil Wadhwa, Amb Anil Trigunyat, Amb Deepa Wadhwa, Dr Harinder Sekhon, Mr Rajiv Kher, Mr Akshay Mathur, GpCapt Naval Jagota, and Cdr Shashank Sharma.

Introduction

The agenda of the meeting was to assess the impact of the Ukraine war on the Indo- Pacific. The war has continued for three months and despite the polarising views, it remains a fact that Ukraine has emerged has a definitive nation. As a grain-exporter, its impact on the supply chain and food security will have to be seen. More importantly, the impact of the war on China needs attention – to see if it will reduce China's aggression in the Indo-Pacific. Possibly, urban warfare lessons from this war would signal to China that an immediate invasion into Taiwan is not feasible. Some also argue that China cannot be sanctioned like Russia. The group also discussed the Quad Summit in Tokyo, and Australian elections. Current trends in the global economy were also discussed at length.

Impact of Ukraine War on China

- The war has brought China under a scanner and perhaps it can no longer behave the way it has been.
- The impact of Ukraine war on China needs to be studied. The main question to explore-Will it reduce China's aggression in the Indo-Pacific?
- China has learnt lessons from the war and would revise its strategies. It will not take the bait regarding Taiwan.
- The immediate lessons from this war about urban warfare would discourage China from invading Taiwan. This means that the war has had a negative impact on China, thus a positive outcome for the Indo-Pacific stability.
- Although, in the event of an attack on Taiwan, sanctions cannot be imposed on China like it has been with Russia.
- A new Cold War will emerge that China will influence. The outcome of the war on China would be that it will shape an alternative structure.
- Both Russia and China are getting in the underbelly of the United States: in Latin America and in the Western Pacific.
- China is entering the Western Pacific rapidly. It has struck a deal with the Solomon Islands and the one with Kiribati is next in the line. Australia will therefore divert more attention and resources in its neighbourhood. Even the Quad would focus its infrastructure and developmental projects in the Western Pacific.
- Ukraine war will have a long-term negative impact on China. But China is also resilient and it will not give up its objectives. Its behaviour (aggression, three-wars strategy) will not change. What will change is how the Chinese will think and behave in the new cold war, its diplomatic stance will change. China may see certain opportunities at the expense of Russia in Far East or the Arctic.

Ukraine war and the Indo-Pacific

- Ukraine is a major grain-exporter so the war has impacted supply-chains and food security.
- Japan has taken a very strong position against Russia and naturally, the bilateral relations are damaged. Kishida's statement in Tokyo mentioned the Ukraine war, so did the US's.
- A major feature of the Russia-Ukraine war has been the weaponisation of financial institution and Russia's preparedness for that. Russia has also weaponized energy and the Black Sea.
- The weaponisation of finance and sanctions has reverberated in Europe where a distrust about US-led financial institutions is seen. There is concern over the vulnerabilities that come from US-led financial institutions.
- Russia and China will face the Quad militarily.

Quad meeting in Tokyo

- The Quad statement is lofty, more about principles than concrete measures, also details about infrastructure plan are not spelt out. The working groups are progressing well. The maritime domain awareness (MDA) and space cooperation under the Quad is a significant development. Quad's MDA arrangement will have other security implications as well. The Quad satellite data is up and running signifying that the security horizon in broadening. The satellite data can be used in MDA as well.
- This meeting of the Quad emphasised economic reintegration than security, giving an alternative to the smaller nations of the Indo-Pacific. China was mentioned but the overall security undertones were faint.
- It was Biden's first visit to the region and comes at a time when it's important to show its commitment to the Indo-Pacific.
- Quad will have a strong security underpinning but it will not have

a security agenda. AUKUS is going to be the security grouping in the Indo-Pacific. The Quad should be accepted for what it is, and the demands for making it a security alliance should be examined in the context of India's interests.

- Indo-Pacific countries will have to cope with disruption in supply chains, Quad has acknowledged this and would take steps to mitigate the disruption.
- The Quad joint statement did not mention Ukraine; signalling that perhaps the members have accepted internal differences over this matter. Perhaps it is also avoiding to talk bluntly about hard security.
- Given the wider agenda of the Quad, that now includes the IPEF, it seems that the Quad will henceforth grow irrespective of China.

Indo-Pacific Economic Framework (IPEF)

- The Indo-Pacific Economic Framework (IPEF) is projected as an alternative to the CPTTP. IPEF may lead to expansion of the Quad.
- IPEF seems to be the first economic blue-print to match the geopolitics of the Indo-Pacific. It shows US's intent to engage in the Indo-Pacific economics.
- The IPEF's political-economic character will make the Quad sustainable. This is because the IPEF makes the Quad go beyond its mere geo-political character. At the same time, it a reality that the US does not have a concrete contribution to make in Indo-Pacific economy, save for the; connected and resilient economy pillar' of the IPEF.
- If one compares the context in which APEC was born, then parallels can be drawn between IPEF and APEC. IPEF will weaken not just RCEP but also APEC.
- IPEF is in tune with current global mood where frameworks are more popular than or preferred over trade agreements.

- IPEF signals that China's economic hegemony/ sway over the Indo-Pacific is not absolute. If Indo-Pacific countries have been drawn towards IPEF, it shows that China's economic position isn't supreme.
- It is intriguing as to why the US did not include Taiwan in the IPEF.
- Beyond the intent and goals of the IPEF, funding for this initiative remains of utmost importance. Without solid funding, initiatives will remain on paper. Do we hear about B3G or Blue Dot Network anymore?
- The IPEF has four pillars of Connected Economy, Resilient Economy, Clean Economy, and Fair Economy. India has been traditionally apprehensive of such norms when it comes to its global economic integration or engagement. Therefore, the IPEF will be a significant challenge for India. To what extent India can contribute to the goals of the IPEF remains to be seen.

Other Issues- Australian elections, American Domestic Politics, the Global Economy.

- Australian Elections: A new, Labour government has come to power in Australia. If we see the electoral gains, it is seen that the social fabric of Australia has undergone a change. Coalition 200 won significant seats. The Green is the new force in Australian politics. Greens are in favour of good relations with China and they have gained electorally. Prime Minister Albanese will face challenge from China in the Western Pacific wherein Australia will have to invest a lot more to maintain its influence in its neighbourhood.
- US Domestic Politics: Biden is facing challenges at home; his domestic ranking are at an all-time low. Therefore, he is perhaps seeing the Quad meeting as an avenue to showcase his global leadership and strength. Concrete defence arrangements were

missing in the Quad and a possible explanation here is the US Congress's stalling of naval budget. That is the likely reason that the US leadership is biding time.

- India-US: The bilateral meeting between India and the US had good optics but the funds needed to fulfil the new investment initiatives are insufficient. Besides hi-tech, India should also look for low-tech security apparatus from the US such as night-vision goggles.
- Global Economy:
    - Hong Kong has been deflated as a financial centre. Economic wars are taking place inside Hong Kong (for example, HSBC demands to split).
    - India needs to pay attention to mainland China and study the money-flows. Overall, India is going through a very complicated environment. India's trade agreements with UAE and Australia are low-hanging fruits to establish India as a trade-player in the Indo-Pacific.
    - If there's trouble globally, then there is no money left to bail countries out. (Sri Lanka, Pakistan and the Ukraine all have sought IMF help.)
    - Inflation is high and there is a strong possibility of an endemic recession-if not for a global recession. The pressure of inflation will be very high for all the actors that are involved in the Russia-Ukraine War.
    - If the West goes into recession, China will be affected. Its grown cannot sustain solely on domestic demand. Reduction in trade and capital, Covid, Hong-Kong deflation- all these factors are a strain on China. Lockdowns in Shanghai are already affecting China. In fact, the global economic circumstances are more difficult for China than for India.

Final Thoughts

The West gives a lot of ideas but there's nothing equivalent of the Marshall Fund. The statements have an impact but it is limited. Unlike China, the US does not have a strategic foresight. China has watched historical events and learnt from it. China watches, learns and implements policies to that effect. It is time to question the strategy of the West and critically see if it is working.

Strategic and Economic Implications of Ukraine War on Taiwan Strait and the Indo-Pacific

Prepared by Prerna Gandhi

The Vivekananda International Foundation organized a joint webinar with the Prospect Foundation (Taiwan) on 27 May 2022 on Strategic and Economic Implications of Ukraine War on Taiwan Strait and the Indo-Pacific'. After initial remarks by Dr Arvind Gupta, Director VIF and Dr I. Chung, President of Prospect Foundation, presentations were made by Dr Cheng-yi Lin, Research Fellow, Academia Sinica, Dr Arthur Ding, Professor Emeritus, National Chengchi University, Amb Ashok Kantha, Distinguished Fellow VIF, and Prof. Srikant Kondapalli, Distinguished Fellow VIF. The webinar discussed a range of issues from implications of Ukraine Crisis for Taiwan and responses to a possible Chinese invasion to implications for India's foreign policy and what can India and Taiwan learn from the Ukraine Crisis. Some of the salient points made were:

India's Position on Ukraine War

The Indian side clarified that India's position on Ukraine conflict is nuanced and balanced and reflects its independent foreign policy and strategic autonomy. Even though India has not condoned Russian actions like the west and sought to maintain normal trade and defense linkages with Russia, it has expressed its dissatisfaction and concern with the Russian actions, called for cessation of hostilities, reiterated the importance of international law and peaceful settlement of disputes, respect for territorial sovereignty and integrity and calling for urgent addressal of the humanitarian crisis. India has provided humanitarian assistance to Ukraine, and Prime Minister Modi has spoken to both President Zelensky and President Putin. India's dependence on Russian military hardware should be viewed in the context of its live border situation with both Pakistan and China. Russia is a key strategic partner for India and India is thus keen to preserve and protect oil procurement and defense supply chains with Russia. Also, India does not want to isolate Russia and make it more dependent on China. The Quad summit in Tokyo reflected understanding of India's imperatives.

The China Challenge

Though the Ukraine Conflict has changed European security architecture, bolstered transatlantic ties, and made NATO more unified with unprecedented western sanctions against Russia, it does not alter from the fact that Asia remains the primary theatre of geopolitical contestation. The US-China competition is unlikely to abate, and the US will remain focused on the China Challenge. The Quad summit on 24 May 2022 showed that all four member countries are on the same page on China, albeit differences on Russia. The four countries strongly reiterated opposition to coercive, provocative, unilateral actions by China that seek to change status quo and heighten tensions in the region including militarization of disputed territory, dangerous use of coast guard and attempts to disrupt other countries from utilizing their offshore resources. Even US State Secretary Blinken in his articulation of Biden administration's approach to China categorically stated that China posed the most serious challenge to the international order.

Global Support for Taiwan

The Taiwanese side mentioned that the Ukraine conflict may provide precedent for China to undertake a military campaign to forcefully unify Taiwan with the mainland. They mentioned how Chinese military activities in the Taiwan Straits have increased to an unprecedented momentum. They raised serious concerns on global solidarity and support for Taiwan in case of Chinese invasion. They specifically noted that unlike Ukraine that enjoys strong international ties, Taiwan is diplomatically isolated from the international community. Further, imposing sanctions on China may prove more difficult as compared to Russia due to China being the second largest economy in the world and more integrated into global trade. The Taiwanese side also stated that Xi Jinping might hint the possibility of using nuclear weapons against any country that tries to disrupt China's military actions. Speed would be key for the PLA and the Chinese leaders, with a swift decapitation strategy to undermine the resolve of the Taiwanese people to resist. Taiwan's geography as an island makes it a strategic challenge for the PLA, but PLA, if powerful enough, could cut Taiwan's supply lines. In such a situation, international intervention may be key to the resolution of the conflict. Thus, there may be need to revisit US position of strategic ambiguity on Taiwan.

Taiwan's Public Opinion on Chinese Invasion

The Taiwanese side noted the Blue-Green split on public opinion within Taiwan on the Ukraine conflict and dealing with a Chinese invasion. Polls show that on questions of whether the US will send force to defend Taiwan: 34.5% of those above 20 believed, while 55.9% did not believe, a sharp contrast with 2021 survey which showed around 65% believed, while 28.5 not believing. Similarly on questions of ultimate inevitability of war to solve political difference: 55.9% disagreed in March 2022, rising from 54.2% in April 2021, while 35.9% agreed in March 2022, down from 39.6% in April 2021. The Taiwanese side flagged that most polls had to be seen in context as sample sizes and questions vary from one poll to another.

Issue of Outlying Islands

The scenarios of China focusing its military efforts on Taiwan's outlying islands was discussed at length. Comparison was made between Dongsha (Pratas) in the South China Sea and Donbas in Eastern Ukraine. The strategic location of Pratas makes it ideal to monitor US and other countries' ships and aircrafts entering the South China Sea from the Pacific Ocean. Mention was also made on the historical legal legacy of some of these outlying islands post the surrender of Japan and ensuing US commitment to defend them.

Taiwan's Military Preparedness

The Taiwanese side noted the urgency to procure asymmetric weapons such as coastal defense cruise missiles, naval mines, UAVs etc. including strengthening capabilities for C4ISR, cyber and electronic warfare, short and medium range air defense, and special operations. Mention was also made of commitment by US Defense Secretary Lloyd Austin to speed up arms sales to Taiwan, and the Taiwan Weapons Exports Act that would allow US Congress to shorten the process of arms sales and put Taiwan on the same level as NATO members and US partners in the Indo-Pacific. The need to expand reserve force was also emphasized: by 2023, 5 new reserved force at brigade level will be set up, and total reserved force will grow to 12 brigades in Taiwan.

Cooperation between India and Taiwan

Both sides viewed tremendous potential for bilateral cooperation and intensifying exchanges between think tanks and the media, especially information on China. Mention was made of also increasing cooperation in regional forums and in trilateral formats with other countries.

Conclusion

Both the VIF and Prospect Foundation appreciated the detailed and frank discussions that enumerated the strategic perspectives of India and Taiwan on the ramifications of the Ukraine Crisis. Both sides agreed that the Ukraine Crisis was an inflection point for the international order, yet China was the primary challenge for the region and more cooperative efforts would have to be made to deal with China's increasingly aggressive and unilateralist behavior.

Pakistan: Long march

Prepared by Aakriti Vinayak

A meeting of the Pakistan Study Group (PSG) was held in hybrid mode on 30th May 2022. The agenda's main items were: Pakistan- Long march- impact, Economy-impact of petrol hike, IMF talks, developments in Punjab, and situation in Afghanistan. The Meeting was attended by the following: Shri Arvind Gupta, Amb. Satish Chandra, MsShalini Chawla, Shri Rana Banerjee, Shri Sushant Sareen, Amb. DP Srivastava, Amb. G Parthasarathy, Lt. Gen. Ravi Sawhney (Retd), Brig. Rahul Bhonsle (Retd), ShriTilakDevasher, and Gp. Capt. Naval Jagota.

Pakistan

Long March: Impact

Pakistan's situation is murky all on fronts. From economic to political the country is going through multiple crises. After the no confidence motion that ousted Imran Khan, Parliament elected Shahbaz Sharif as the 23rd prime minister of the country, bringing to an end the political uncertainty that had gripped the nation. However, the country still remains mired in uncertainties and is in major flux.

Even after his ouster Imran Khan still remains in the headlines. He has been making a concerted effort to bring the parliamentary and political system to a halt and paralyse it to force early elections. His extra-parliamentary campaign to take to the streets and hold public rallies seeks to mount pressure on the government until it relents, or the establishment intervenes. The large and enthusiastic rallies he has been addressing have encouraged him to continue down this path. On May 25 2022, Khan launched long march to press for fresh elections in the country with the announcement to stage a sit-in in Islamabad. However, clashes between the police and the supporters of Imran Khan erupted across several cities. Imran Khan later called off the march.

Some channels of communication were opened between the army and Imran Khan. According to the reports there was intervention by the army to prevent chaos and seek a return of semblance of political stability. Imran Khan, however, stated that he called off the march because he wanted to avoid bloodshed and conflict. Nevertheless, he gave an ultimatum of six days to the Pakistan government to announce fresh polls. It is pertinent to mention that there were a large numbers of supporters and party workers present in Islamabad for the march. There is no doubt that Imran Khan continues to be very popular among the masses. The Azadi march was also a huge challenge to the current government as it is fighting for its own survival amidst taking tough decisions especially on economy. The fact that the judiciary was soft on Imran Khan, allowing him to hold his march unhindered also hampered the government in tackling the hooliganism of the PTI supporters.

Economy

The biggest challenge for the current government is the Pakistan's economy, which is in dire straits. On almost all the economic indices, Pakistan performance is poor. Inflation is at 13.4 percent, which is at a two-year high, current account deficit almost doubled in March 2022 to $ 1 billion and there is a trade deficit of over $39.3 billion. Further Pakistan rupee has plunged to an all time low of 200 against the US dollar. Adding to the trouble is the IMF sword that is still hanging on Pakistan. The Pakistan government and the International Monetary Fund (IMF) failed to reach an agreement on an economic bailout. The IMF staff-level talks in Doha in May could not agree for the revival of the USD 6 billion programme ended. Power and fuel subsidies were the main hurdles in the talks. To meet a key condition set by IMF for reviving its bailout program, the Pakistan government announced an increase in the prices of petroleum products by PKR20. While this will be very inflationary and damaging for Pakistan's economy and its masses, it is expected that there will be further increases.

Army

Army chief General Qamar Javed Bajwa's extension has been ruled out. However, the power struggle among senior army generals seems to have been aggravated with the media reporting fissures that may widen in future.

Developments in Punjab

There is an ongoing political crisis in Pakistan's Punjab province with uncertainity over the position of the newly elected chief minister Hamza Sharif and the antics of the PTI-appointed Governor Omer Sarfraz Cheema (who has since been replaced).

Afghanistan

The situation in Afghanistan continues to be complex as it faces alarming hunger crisis and food insecurity. The economic situation also remains dire. Further, the Taliban has reneged on virtually every promise it made, whether on forming an inclusive government or protecting women rights. In fact, there have been reports of escalating violence, gross human rights violations and retributive and ethnic killings. Women rights remain under danger as Taliban continues with its restrictive policies. The fourth Regional Security Dialogue on Afghanistan took place in Dushanbe, Tajikistan. National security advisers and secretaries from China, India, Iran, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan attended the meeting. National Security Advisor (NSA) Ajit Doval, while addressing the forum said that India was and is an important stakeholder in Afghanistan and "will continue to stand with the people". He has also called for the need for representation of all sections of Afghan society, including women and minorities, towards nation building.

Options/ Concerns for India:

- Pakistan is in state of anarchy and lies on the edge of an abyss. What will be the impact of implosion of Pakistan on India?
- Is Sri Lanka type situation happening in Pakistan? How will Pakistan deal with its bankrupt economy? What about the geo-economics vision that Pakistan has been emphasizing internationally.
- Further, the big concern for India is that there has been upsurge in violence in Kashmir. It has witnessed at least 16-targeted killings this year.

US and West Asia

Prepared by Hirak Jyoti Das

The West Asia Experts Group Meeting was virtually held on 31 May 2022 by the Vivekananda International Foundation, the discussion was focussed on "US and West Asia". The key speaker for the session was Prof. K. P. Vijaylakshmi Centre for Canadian, US & Latin American Studies, Jawaharlal Nehru University, New Delhi. The members attending and contributing were Amb. Anil Trigunayat (Coordinator); Dr.Meena Singh Roy; Amb. Sanjay Singh; Admiral Satish Soni (Retd); Lt. Gen. Syed Ata Hasnain (Retd) and Director, VIF, Dr. Arvind Gupta.

US' Policy in West Asia

The US policy in the post-World War II period was driven by Cold War power rivalry with the Soviet Union leading to competition for areas of influence. The West Asian region emerged as a geopolitical battleground between the two superpowers. The US focussed on alliance building with several states such as Iran, Turkey, Saudi Arabia, Israel etc. For Israel, the US has placed itself as the security guarantor. There is bipartisan support for Israel's security as well as counter terrorism and military measures.

The disintegration of the Soviet Union led to the unipolar world order under the US. The US pursued an activist foreign and security policy to fulfil its interests in terms of control over energy resources, transport channels and containing radical Islam. The re-emergence of neo-conservatism under George W. Bush and agenda of democracy promotion was complimented with counter-terrorism efforts in Afghanistan and regime change in Iraq. The US failure to stabilise the political and security situation in post-Saddam Hussein Iraq increased radicalisation leading to the growth of the Islamic State (IS). Shiite political and armed groups benefitted from the political vacuum expanding Iran's strategic influence in Iraq. Barak Obama administration sought to correct the US military overstretch and attempted to downsize its presence from Iraq as well as Afghanistan. The US announced red lines to slow down the nuclear programme. The implementation of JCPOA led to de-escalation and brief period of détente. JCPOA was however unpopular with US allies in the region including Israel and Arab states.

Donald Trump Presidency

The withdrawal from JCPOA under President Donald Trump in 2018 re-ignited the strategic competition with Iran. The regional cold peace between Iran and Gulf states as well as between Iran and Israel also grew. Donald Trump's policy of sanctions and containment failed to demotivate Iran to give up its nuclear programme. The killing of Qasem Soleimani further destabilised the region. Iran responded by emboldening its regional allies including Houthis that attacked energy assets, airports in Saudi Arabia and Yemen. The US policy under Donald Trump sharpened the geopolitical contradictions due to open pro-Israel positions such as shifting the embassy from Tel Aviv to Jerusalem; recognition of Israeli sovereignty in Golan Heights etc. The Abraham Accords have added new dimension to inter-regional geopolitics. It has led to gradual integration of Israel in the Arab world in the backdrop of Arab regional competition with Iran and Turkey. Due to gradual dilution of support for Palestinian struggle by Arab states, Turkey and Iran have projected themselves as consistent supporters of the self-determination.

Joe Biden Presidency

The priorities for Joe Biden administration are improvements in health care in post-COVID-19 setting; climate change; domestic issues; containing China's geopolitical and economic influence and alliance building in Indo-Pacific region. The withdrawal from Afghanistan has rattled the Gulf States that are worried whether US could be trusted in case of crises in the future. The Gulf States are also unhappy with US interest to renew talks with Iran on the nuclear issue. At the same time, Joe Biden in his speeches intended to de-prioritise Saudi Arabia and bring human rights as subject of discussion. The US has been unwilling to back Saudi Arabia and UAE's efforts in Yemen that has aggravated the humanitarian crisis. Washington DC has disagreements with Saudi Arabia over oil pricing. The success of JCPOA talks could pose major challenge for Israel increasing the frequency of open confrontation with Iranian proxies in Syria and sabotage attacks including assassinations, computer hacking in nuclear and power plants etc. Biden in case of Israel, has refused to revert Donald Trump's decision to shift the embassy to Jerusalem and sovereignty to Golan Heights. Turkey's engagement with the US also strained over purchase of Russian S-400 missile system.

The US continues to remain the most influential actor in the region and it's policy is aimed at recalibrating rather than total rapture. The US posture has forced the regional actors to pursue strategic hedging. The Russian invasion of Ukraine has complicated the US position in the region. In this context, the West Asian states have largely taken a balanced perspective. The Russia-Ukraine conflict has affected the food security in several states that could potentially lead to anti-government protests and new wave of extremism.

India's approach towards multi-alignment could be beneficial to make inroads in the region. It would pursue confidence building measures. The West Asian Quad among India, Israel, UAE and the US could lead to increased collaboration combining Israeli and American technological innovations, Emirati capital and manpower provided by 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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