



## Preface

Foreign policy barely found mention during the election campaign of candidate Narendra Modi. Yet, during his first year in office Prime Minister Modi has emerged as one of the most dynamic leaders in the foreign policy realm. He has displayed a renewed sense of purpose and vigour with his participation in various bilateral, regional and multilateral summits. While economic engagement remains an important thrust of his foreign policy, he has also successfully used soft power, like promotion of democratic values, Buddhism, and yoga, and reached out to the diaspora to project India's influence. By most accounts Modi's government has had a good year.

However, despite the government's foreign policy activism, several areas (such as West Asia and Africa) and issues (such as cyber security and climate change) of interest to India have not been addressed in any significant way. Moreover, despite a series of dramatic initiatives from the 'neighbourhood first' policy to the 'Act East' policy, systematic weaknesses, particularly in the foreign policy establishment, have seen very little follow through and investment. This is apparent in the case of both the Asia-Pacific and the Indian Ocean region. Additionally, there is still no overall foreign policy framework that connects the various initiatives; presently the parts do not add up to the sum.

What other lessons can be learnt about the government's abilities and limitations from its first year? How can the Modi government build and sustain the foreign policy momentum of its first year? What changes does it need to make both at the centre and state level to pursue its objectives?

Taking advantage of the depth and width of expertise within Brookings on India, this Brookings India briefing book contains nine short opinion pieces from various scholars on different aspects of Prime Minister Modi's foreign policy over the past one year. These pieces critically analyze Modi's foreign policy agenda and offer recommendations and insights on the conduct of diplomacy in the years to come.

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## Bold Initiatives Stymied by Systemic Weakness

*W.P.S. Sidhu and Shruti Godbole*

During the hustings last year foreign policy was barely mentioned in Narendra Modi's campaign. However a year after his stunning victory, which gave India its first majority government in nearly 30 years, Prime Minister Modi has emerged as one of the most dynamic Indian and, indeed, international leaders in the realm of foreign policy. As he marks his first anniversary he has already notched an impressive list of foreign policy 'firsts': the first to invite leaders from the South Asian Association of Regional Cooperation (SAARC) countries to his swearing-in; the first to host an American president at the Republic Day celebrations and have two summits within six months; the first to call for "peace, stability and order" in oceans, outer space and cyber space; and the first to articulate the need for India to lead the fight against climate change and take responsibility to help counter new threats to global peace and security.

### Foreign Policy Priorities

In retrospect Mr. Modi's foreign policy activism is inevitable and is driven by the twin objectives of making India the world's third largest economy and, consequently, a key player in an emerging multi-polar world. To achieve these objectives, two conditions are essential: first, ensuring a no-war scenario in the SAARC neighbourhood, which would make India an attractive destination for foreign investment and, second, developing the ability to shape the rules in global institutions, which will have a direct bearing on the country's economic well-being.

These objectives are not new. What has changed in Mr. Modi's stead has been the implementation and operationalization of some of the New Panchsheel in a more meaningful way to deepen and widen India's foreign policy engagement.

The major thrust of Mr. Modi's foreign trips and bilateral engagements so far has been to attract investment and technology by reviving stalled ties with strategically important countries, such as the United States and France, and energizing decades-old neglected relationships with Japan, Australia, Germany and Canada. His robust engagement led to Japan and France promising to invest 35 billion dollars and 2 billion euros respectively and the U.S.-India Business Council estimating 41 billion dollars investment in coming years. Chinese premier Xi Jinping's September 2014 visit to India saw Beijing committing to invest 20 billion dollars in India over the next five years. Similarly, breakthroughs in agreements on civil nuclear cooperation with Canada and the U.S. further bolstered his foreign policy and economic agenda. Nonetheless, the sum of these investments is still only a fraction of the one trillion dollars that India estimates it needs for infrastructure alone.

Mr. Modi's proactive participation in multilateral fora such as the United Nations General Assembly, the Brazil, Russia, India, China, South Africa (BRICS) summit, and the G-20 summit was also primarily aimed at seeking investment or, as a corollary, shaping emerging norms and institutions. The former was evident in India's active involvement in the establishment of the New Development Bank at the BRICS summit and New Delhi's appointment as the bank's inaugural president. Signing up to the Chinese-led Asian Infrastructure Investment Bank further reflects a desire to seek new streams of investment. Similarly, Mr. Modi's government used the G-20 summit in Australia to highlight its investment, infrastructure and human resources priorities. Mr. Modi's rapport with world leaders in multilateral fora signals an important shift in attitudes towards India and its potential.

Mr. Modi has also systematically courted the influential Indian diaspora in the developed world to perform two roles: first as ambassadors garnering support for India's global rise in their host nations and, second, as a source for foreign direct investment as well as remittances, given that India is the world's leading recipient of foreign remittances constituting about 3.7 per cent of its GDP. While his now familiar ritual of addressing the diaspora in rock concert like settings is a start, the process will have to be sustained if overseas Indians are to be convinced to invest politically and economically in India. Mr. Modi's directive to India's diplomats at the annual Head of Missions conclave in February to engage more actively with the Indian diaspora to invest in India is an effort in this direction.

### **Threats and Constraints**

It is worth noting that Mr. Modi's foreign policy initiatives have been undertaken in a vastly more chaotic and changing geopolitical and economic world as compared to his predecessors. India faces an economically rising China to the east, staking a claim on disputed territories in the Asia-Pacific region and spreading its influence to the littoral states of the Indian Ocean. To the west, the relationship with Pakistan continues to be fraught with difficulties with no solutions in sight in the near future. To the north, India faces a long-term ally and recalcitrant Russia, under sanctions by the western powers for its intervention in Ukraine. Beyond India's immediate neighbourhood, it has to adjust to an inwardly focused United States, bruised after a decade and a half of conflict and reluctant to flex its muscle anymore. Islamic terrorism remains a major threat to global security with long-established states – home to large number of Indians – fracturing across West Asia and Africa. The Indian hostages still in captivity in Iraq and the high-profile naval operations to evacuate Indians and other civilians from Iraq, Kuwait and Yemen indicate the complexity and magnitude of this challenge. So far Mr. Modi has been reactive rather than proactive in addressing each of these issues even though, doubtless, they will impact on India's strategic future in the years to come. The challenge for Mr. Modi then is to leverage foreign policy to advance India's economic agenda rather than have it derailed by events abroad.

At home the government's foreign policy objectives are likely to be stymied by three systemic issues. First, lack of capacity in the Indian foreign policy establishment—the smallest not only among the G-20 countries but also in the BRICS group of countries—to take on the responsibility that is being asked of it. Unless that is addressed both quantitatively and qualitatively, the government's bold initiatives might come to naught. While the government has taken steps to augment capacity, there is still a long way to go.

Second, apart from small numbers, India's foreign ministry also lacks an institutionalized process of policy planning and making. This was evidenced when the recently appointed Foreign Secretary, S. Jaishankar queried senior officers as to who does the thinking about overall foreign policy in the government and was met with embarrassed silence. Steps have now been taken to empower and revamp the policy planning and research division to fulfil this role.

Third, the inability of New Delhi to effectively engage key state governments as stakeholders in the foreign policy process can also scuttle bold initiatives. For instance the West Bengal government's opposition to the Teesta River Agreement with Bangladesh left India's previous prime minister embarrassed in talks with Dhaka. Recognizing this concern the new government has established a new division within the foreign ministry to increase engagement between the Centre and state governments. Additionally, senior Foreign Service officers have been asked to work closely with at least two states so as to ensure their engagement in the foreign policy process.

While these are all much needed initiatives to update the foreign policy process and apparatus the changes are unlikely to take effect before the government's second anniversary.

## Hardening Alliances: India-America and Pakistan-China

*Bruce Riedel*

In the year since Narendra Modi became Prime Minister, the alliance system in South Asia has hardened. While the alliance system remains completely informal, the United States and India have come closer to each other and China and Pakistan have come even closer together. The current alliance structure has its origins in events dating back to 1962 but it has accelerated dramatically in the last year.

This dramatic acceleration in alliance politics in Asia was on full display on January 26, 2015. On one screen President Barack Obama was next to Prime Minister Narendra Modi watching the Republic Day parade in New Delhi. It was Obama's second visit to India, an unprecedented statement about America's commitment to close relations with India. On the other screen was Pakistan's Chief of Army Staff (COAS), General Raheel Sharif, meeting in Beijing with Chinese leaders. The two parties announced their alliance was all-weather and taller than the Himalayas.

Then President Xi Jinping visited Pakistan this April with \$46 billion in investment to build an economic corridor from Western China to the Persian Gulf. Thus, Xinjiang and Tibet will be linked to Baluchistan. The corridor will end at Gwadar where Pakistan hopes a new city to rival Dubai will emerge as the trade entrepôt of Asia. It promises to transform Pakistan and incorporate it into a Sino sphere of influence.

The Sharifs (Prime Minister Nawaz and COAS Raheel) promised Xi that Pakistan will create a new special division of the Pakistani Army to protect Chinese workers in Pakistan. The "Special Security Division" will total 10,000 troops and be commanded by a two star general. Half the men will come from the Special Services Group, Pakistan's elite commando force. It will have its own air support. In effect this will be a Pakistani division committed exclusively just for China. At the same time Pakistan refused the pleas of one of its most reliable allies – Saudi Arabia – for troops to fight its war in Yemen.

In contrast, Obama promised Washington's backing to India for a permanent seat on the UN Security Council, a commitment unlikely to ever come to fruition while China has a veto. Nonetheless, it is a very symbolic statement of the President's world view. It is also a commitment no future President can easily walk away from. The Joint Strategic Vision for the Asia-Pacific and Indian Ocean issued on Republic Day underscores the Modi-Obama agreement to work together in both East and South Asia. No such vision exists between Washington and Islamabad. Pakistan will always be number two or less for Washington.

Obama's tilt toward India harkens back to President John F. Kennedy. Like Kennedy, Obama too believes India is America's natural partner in Asia (a phrase echoed by Modi in a recent *Time* magazine interview). Like Kennedy, Obama wants a democratic India to win the race in Asia for growth. Like Kennedy, Obama is much less entranced with Pakistan. He will be the first President since Jimmy Carter not to visit Pakistan while visiting India, and he's done it twice.

Pakistan's complex relationship with terrorism, from Mumbai to Abbottabad, raises doubts in the White House about what Pakistan's civilian leaders know about what their spies and generals are doing. Mutual trust between Islamabad and Washington is non-existent. JFK came to harbour similar doubts about Pakistan when it wanted 'compensation' in Kashmir for staying neutral in the Sino-Indian war in 1962. Today there is no longer a Pakistan lobby in Washington. Instead, there are many India lobbies.

Of course India has its own bilateral ties to China. The two are not enemies but they are also still divided by the longest border dispute in the world. Although defence cooperation is already intense, Modi can



further enhance military-to-military and intelligence cooperation with Obama over the next eighteen months to further prepare for all contingencies. This will also prove beneficial if there is another 26/11 or a repetition of last May's attack by Lashkar-e-Taiba (LeT) on the Indian consulate in Herat.

The emergence of an informal but tight alliance system pitting Modi's India with Obama's America on one side and the Sharif's Pakistan with Xi's China on the other is the culmination of a long and complex process that began in 1962 when Mao invaded India, Kennedy came to Nehru's salvation and Ayub Khan began to court Beijing. There have been many gyrations in the process but the destination appears to have been finally reached.

## India-U.S. Relations: Repaired, Revived, Revitalized

*W.P.S. Sidhu and Shruti Godbole*

In the foreign policy arena the biggest accomplishment of the Narendra Modi government has doubtless been the evolution of relations with the United States. During his first year Prime Minister Modi has almost single-handedly repaired, revived, revitalized, and re-energized relations with the United States from one that was either hopelessly adrift or, worse, at a real risk of becoming deeply confrontational. While credit for this dramatic improvement in relations between New Delhi and Washington is also due to President Barack Obama – who responded positively to Mr. Modi’s initiative – make no mistake that the principal driver was Mr. Modi.

A year ago, apart from the visa ban on Mr. Modi, the dust up over the ineptly handled arrest of an Indian diplomat, and seemingly irreconcilable differences over operationalizing the landmark India-U.S. nuclear deal, India and the U.S. were at logger heads over World Trade Organization (WTO) negotiations, intellectual property rights (IPR), and geopolitical differences over Russia, Iran, Syria and India’s membership of export control regimes. A year, two summits (in less than six months) plus a historic Republic Day visit later, many of these issues were resolved or put in abeyance and India-U.S. relations are not only on an even keel but have moved to a quasi-alliance status with many observers describing it as clear proof of India’s ‘tilt’ towards the U.S.

In sum, the India-U.S. relationship is probably at its strongest than in any time in their history. Nonetheless, work needs to be done to ensure a stable relationship that is resistant to internal and external shocks. While progress has been made on many issues, particularly trade, cyber and the Asia-Pacific – evidently because of the close relationship between the two leaders – many other issues, especially climate and IPR, have the potential to rock the bilateral boat and derail cooperation on issues of mutual interest.

### Progress and Opportunities

On November 13, 2014, India and the U.S. finally came up with a resolution to their ongoing dispute over agricultural stockpiles maintained for food security and paved the way for signing of the **Trade Facilitation Agreement** (TFA). The key was the U.S. agreement to extend the time limit for the so-called “peace clause” indefinitely until a permanent solution is found to the issue of farm subsidies. While the final implementation of the TFA is still being worked on, the resolution of this impasse significantly altered U.S.-India relations for the better.

The need to deepen engagement on **cyber security** was a common theme in India-U.S. interactions. With India having the third largest population of online users and adding six million internet users every month, increasing reliance on internet makes the country vulnerable to cybercrime and warfare. For example, India was among the biggest victims of GhostNet, a global cyber espionage campaign that targeted governmental, research and military organizations. The January 2015 joint U.S.-India statement stressed the “serious risks to national and economic security from malicious cyber-activity and agreed to cooperate on enhancing operational sharing of cyber threat information, ...and working together to build agreement on norms of responsible state behaviour.” Clearly, while the U.S. can benefit from India’s human enterprise and scientific talent, India can benefit from cutting edge technology and scientific knowledge on cyber security in the U.S.

Another area of growing cooperation is the **Asia-Pacific** and Indian Ocean region. The Obama administration has clearly indicated that the rebranding of India’s “Look East Policy” to “Act East Policy”



is a welcome development (in line with its own rebalancing to Asia-Pacific) and that the U.S. hopes to work with India in building sustainable relationships in the region. Despite reservations in the Indian government, Mr. Modi chose to accept the U.S. offer of partnership, signalling the importance of the Indian Ocean for India's prosperity and security. This desire was evident in the US-India Joint Strategic Vision for the Asia Pacific and Indian Ocean Region, which calls for India's membership of the Asia-Pacific Economic Cooperation forum, a greater role for the East Asia Summit and a need to resolve disputes through peaceful means. To secure their maritime interests the two sides also announced a working group to explore sharing aircraft carrier technology and design.

### Potential Hurdles

The issue of **Intellectual Property Rights** (IPRs) has historically been a contentious one in the bilateral relationship. While the U.S. has claimed for several years that the Indian regulatory regime is weak, inadequately enforced and harmed U.S. business interests in several IPR domains, India has maintained that all its IPR-related laws are compliant with WTO norms. Therefore, before the Modi-Obama Summit in September 2014, the two countries were largely antagonistic towards each other on this issue. However, the past year has seen considerable effort being put into resolving all outstanding bilateral IPR issues. The formation of the high-level joint working group to address all IPR related issues and the establishment of a think tank by the Indian government to review IPR laws and regulations have been significant steps in this regard. However, it remains to be seen whether the two sides can stay committed and carry forward the implementation of these negotiations.

**Climate change** is both an area of contestation and possible future cooperation between and U.S. and India. In the January 2015 joint statement both sides expressed deep concern regarding climate change and reiterated the need to enhance bilateral cooperation in the realms of research, development and technology innovation, adoption and diffusion measures for clean energy and efficiency solutions. They also highlighted the importance of working together with other countries to conclude the ambitious climate agreement in December in Paris. However, the U.S. has refused to accept an insertion to the statement that the Paris agreement would be under the existing UN Convention on Climate Change, following the principle of common but differentiated responsibilities and the principle of equity. Consequently, the disagreement continues and threatens to jeopardise the Paris meeting unless a via media can be found.

Mr. Modi has renewed the promise of better India-U.S. relations; delivering on it remains a challenge.

## A Washington Perspective: Three Modi Surprises

*Teresita Schaffer*

The first surprise came when President Barack Obama telephoned Narendra Modi on May 19, 2014 before he was sworn in as India's 15th prime minister. Fevered speculation in New Delhi and Washington about whether and when the United States would come to terms with India's new prime minister stopped abruptly. Not only did they talk, but Modi promptly accepted Obama's invitation to visit the White House. The good relationship they established blossomed further with Modi's invitation to Obama to attend the Republic Day festivities, an important first.

By the time the Indian election results were announced last May, Washington observers generally welcomed a Modi government, believing it would revive the Indian economy, whose success over 25 years had fuelled a transformation of U.S.-India relations. They also hoped a business-oriented government would resolve some of the commercial issues that had contributed to a slump in India-U.S. ties.

Hence the next surprise: Modi's foreign policy made a bigger splash than his economic stewardship. His high-octane travel to the world's most powerful countries and especially his creative and energetic economic outreach to India's smaller South Asian neighbours showed boldness and imagination that few expected from a leader with little background in foreign affairs (despite his overseas trips when he was chief minister of Gujarat).

Modi did indeed focus on the Indian economy. The change in leadership in New Delhi, with some help from the business cycle, helped produce increased growth and the expanded investment that followed. The two budgets presented during his first year had some useful initiatives but few economic game-changers.

But the third and biggest surprise for those bullish on India is that Washington and New Delhi have different notions of what "boosting the Indian economy" means in practical terms. Modi's signature economic initiatives are projects: "Smart cities" embody the dream of India's economy surging to an electronically powered boom. "Make in India" captures the vision of a resurgent Indian manufacturing sector, propelled more by capacity building and incentives than by fresh import restrictions. Infrastructure is very concrete – and creates things made of concrete, capable of being photographed.

The United States has bought into some of these projects. In particular, U.S. businesses are working on three of the "smart cities." But Washington tends to focus more on policies: fiscal and monetary policy, tax transparency, investment rules it would like to embed in a treaty, the functioning of the World Trade Organization (WTO), and many more. In the United States, these policies create the rules that permit private business to invest and create jobs, and enable international commerce to grow.

Two recent problems between the United States and India illustrate the different perspectives. The first is India's decision in July 2014 to block WTO approval of a measure the previous government had accepted, which combined agreement on steps to remove administrative bottlenecks from trade (the Trade Facilitation Agreement, or TFA) with a compromise solution to a disagreement over the maintenance of agricultural stockpiles. The Modi government said "no," seeking to use the leverage of TFA to improve the agriculture deal.

The Obama administration was stunned at this reversal of India's position on an agreement where, as they saw it, India had achieved most of its objectives – an agreement whose failure would (again in

Washington's view) threaten the viability of the international trade system. The Modi government was equally stunned that its action caused such anger in Washington. India did not understand the importance the U.S. government attaches to keeping the WTO functioning as a forum for negotiating multilateral agreements and resolving disputes.

Four months after the Indian "no" came a mutual "yes" from the two leaders – on terms little changed from the original agreement. This left the U.S. relieved, but also wondering why India took what looked, in the U.S. view, such great risks on an issue where the final result was little changed from the one it objected to.

The second example is one that directly affects U.S. businesses in India: the unpredictability of the Indian tax system, and especially the use of retroactive taxation. The best illustration of unpredictability was the sudden, or so it seemed from Washington, decision of the Indian tax authorities to begin levying the alternative minimum tax against portfolio investors. For years, that tax had not been applied to overseas-based financial investors; suddenly, without any change in the law, companies not based in India were being hit with multi-million dollar tax assessments. As for retroactive taxation, the U.S. constitution's prohibition on ex post facto laws added to the shock when such practices crop up in India, as in the Vodafone case. Both seemed like obvious candidates for a reform-minded prime minister to change India's regulatory and tax system.

One could blame these misunderstandings on unfamiliarity with foreign countries' practices, and let it go with a shrug – except for one thing: this kind of misunderstanding has heavy consequences in the real world. India is far more integrated into the global economy than it was 25 years ago, when its economic transformation began. Trade now accounts for over half the Indian economy, compared with 15 percent in 1990. India has benefited from international investment, and wants more. Private commercial dealings have been an engine of the U.S.-India relationship, to the great benefit of both sides. And it is not just U.S. businesses that will be turned off by India's regulatory unpredictability or by the perception that India is prepared to block the working of the global trade system.

A year after Modi took office, he and Obama deserve credit for an exciting re-launch of U.S.-India relations, energized by their countries' shared interests, especially in Asia. They can take satisfaction in Modi's focus on the economic dimension of foreign policy. In the next year, they need to tackle the areas where their economic perceptions are badly aligned. They need to focus on project implementation, on making the international system run more smoothly, and on regulatory predictability.

## Neighbourhood First: Bilateralism Trumps Regionalism

*W.P.S. Sidhu and Shruti Godbole*

The Bharatiya Janata Party manifesto, released at the crescendo of the 16th Lok Sabha elections, bore the imprimatur of its prime ministerial candidate Narendra Modi and emphasized the centrality of India's neighbourhood in its foreign policy. It asserted that "political stability, progress and peace in the region are essential for south Asia's growth and development" and promised that the government would "pursue friendly relations" in the neighbourhood and "work towards strengthening Regional forums [original emphasis] like SAARC..." A year later the pledge remains a work in progress though bilateralism has clearly trumped regionalism.

At the start of the government's tenure it pursued both the bilateral and regional tracks with equal vigour. The former was evident in the high level visits to Nepal, Bangladesh and Bhutan within the first 100 days of the government assuming office and signalled a strong push toward reviving bilateral ties with neighbouring countries. The latter approach was apparent in the unprecedented invitation to leaders of all South Asian Association for Regional Cooperation (SAARC) nations to Prime Minister Modi's swearing-in. The fact that the leaders, including Pakistan's Prime Minister Nawaz Sharif, accepted the invitation indicates that his SAARC counterparts share Modi's vision. This largely symbolic curtain raiser set the stage for great expectations of even bolder regional initiatives by the government. Out-of-the-box proposals for a SAARC satellite and a SAARC Centre for Good Governance indicted the government's intention to play a proactive role in enhancing regionalism (while also countering Chinese inroads in the space arena and advancing New Delhi's democracy promotion project).

At the 18th SAARC Summit in Kathmandu in November 2014, Modi pitched for "reinvigorating" and "revitalising" SAARC. He promised to help his neighbours on issues of trade, transit, visas, investments, education, health, communication and space technologies. Despite Modi's encouraging gestures the final outcome dashed any hope of reviving regionalism. Of the three connectivity agreements on road, rail and energy on the agenda, only one agreement – on establishing a regional energy grid – was ultimately concluded in a last-minute deal. Other agreements were blocked by Pakistan, stalling the connectivity process, and underlined that mutual distrust between members would continue to stymie regionalism. Had Pakistan's leadership not clinched the energy deal, the SAARC summit was doomed for complete failure. There were also no major breakthroughs on other important issues, such as fighting terrorism, flow of investments and financial agreements to deepen regional integration; the summit's ambitious theme of "Deeper Integration for Peace and Security" remained unrealized.

Partly due to the near failure of the SAARC summit and partly on account of the inability to address deep mistrust with some SAARC members Modi appears to have veered toward establishing stronger bilateral relations with other SAARC countries. The need for robust bilateral relations in South Asia is underlined by not only the economic opportunities that these relationships have to offer but also the rising spectre of Chinese influence in the region. Compared to the failed regional experiment at SAARC, Modi has been relatively more successful in pursuing bilateral relationship.

In March 2015, he became the first Indian prime minister to visit Sri Lanka in 28 years and also the first to visit post-war Jaffna, the Tamil stronghold, during his visit. While in Sri Lanka, Modi emphasized a "united" Sri Lanka and inaugurated the reconstructed Northern Province Railway Line, one of the few major Indian infrastructure projects in the country. The election of Maitripala Sirisena as the new

President of Sri Lanka and his more positive stance toward India also raised the prospects of improved relations between New Delhi and Colombo.

Similarly, Modi also clinched the boundary agreement with Bangladesh; a dispute that dates back to India's independence. The Indian parliament's recent approval of the legislation to finalize the land boundary with Bangladesh follows from the agreement by New Delhi and Dhaka to abide by the decision of an international tribunal on the maritime boundary between the two countries. Modi is also likely to finalize the Teesta water sharing agreement during his upcoming visit to Dhaka in June. While the previous government initiated these efforts, Modi deserves credit for securing support from all parties involved – including the state of West Bengal – and closing the deal.

Modi's bilateral disaster diplomacy was evident in his quick response to the deadly earthquake that rocked Nepal and killed over 8,000 people in April. As a part of its relief efforts, India sent disaster-response teams, medical aid and food supplies to Nepal within hours of the earthquake and promised to do everything within its capability to help Nepal recover and rebuild. The government's action have gone a long way in not only shoring up India's image as a responsible and reliable regional power but might also have countered China's formidable disaster diplomacy in its backyard.

Despite moderate diplomatic successes with the abovementioned states in the region, the government has had little success with either Pakistan and, surprisingly, even Afghanistan. During Afghan President Ashraf Ghani's first visit to India in April, no bilateral agreements were signed and there was no forward movement on the India-Afghanistan Strategic Partnership Agreement. However, Modi reiterated the Indian government's commitment and support to Afghanistan's peace and stability, signalling no major change in the government's policy towards Afghanistan.

On the other hand, Pakistan remains a glaring challenge of Modi's "neighbourhood first" policy. While there was cause for celebration when Modi invited Sharif for his inauguration, relations soon deteriorated with India cancelling foreign secretaries' talks in July and the exchange of fire across the Line of Control. Foreign Secretary S. Jaishankar's consequent visit to Pakistan in March did pave the way for resumption of dialogue between Islamabad and New Delhi, but no major breakthroughs were announced. Unless the Modi government can achieve a diplomatic breakthrough with Pakistan either bilaterally or regionally (and there is no indication of that possibility so far) the "neighbourhood first" policy will remain incomplete.

## Modi's Foreign Policy Strikes a Spiritual Chord

### When It Comes to Democracy

*Ted Piccone*

A review of Prime Minister Narendra Modi's external affairs agenda during his first year in office tells us many things: his vision for making India work again, seizing the initiative in South Asia and the broader Asia-Pacific theatre, and proclaiming India as an inevitable success story worth betting on. There is, of course, great pragmatism in such an approach as India faces the daunting task of finding viable employment for its 800 million citizens under the age of 35. But one also takes away a deeply-felt spiritual and philosophical world view that promotes India's civilizational and cultural characteristics as unique contributions to the world. Modi speaks of India's vibrant democracy, its "unity in diversity" ethos, not only as the indispensable ingredient for governing its remarkably complex society, but as the necessary path toward greater peace and coexistence in the world; a world which would allow his country to achieve sustainable levels of development and prosperity.

True to the Indian tradition of sharing but not boasting of its accomplishments as the world's largest democracy, Modi has travelled around the region and the world praising countries like Mongolia, Mauritius, and South Korea for their transitions from conflict toward democratic stability. He was the first sitting Indian premier in 33 years to visit Fiji in November 2014, shortly after elections restored democracy to the island and led to its re-admittance to the Commonwealth of Nations. There he promised to expand defence and security cooperation, increase scholarships, and finance a co-generated power plant and upgrades to the sugar industry. Upon becoming the first prime minister to visit neighbouring Nepal in 17 years also in November 2014, he announced a \$1 billion credit for infrastructure development and energy projects and later rushed disaster relief to victims of the devastating earthquake in April 2015. On India's Independence Day, Modi praised Nepalese youth for dropping their weapons in favour of ploughs and schoolbooks as they await a new constitution that Indian experts have helped draft. In Myanmar, Modi made a point of visiting democracy icon and opposition leader Aung San Suu Kyi, who impressed upon him the link between democracy and stability, citing India as an example of a country with a diverse, pluralistic population that can both develop and govern itself democratically.

The encouraging embrace of democratizers in the region is counterbalanced by the chilly unease that continues to overshadow relations with China and its closest ally in the region, Pakistan, which continues to struggle with military domination of politics. Similarly, Modi turned a cold shoulder toward the Maldives after its increasingly authoritarian government chose to prosecute a former president on questionable charges, leading Modi to cancel a scheduled trip to the country in February 2015. After the previous Indian government declined to attend the Commonwealth Summit in Sri Lanka while it was governed by the autocratic president Mahinda Rajapaksa, Modi travelled to Colombo after Rajapaksa's surprising electoral defeat. There he told the parliament about India's success with "cooperative federalism" as a more positive antidote to the island's longstanding separatist conflict while stressing that the unity and integrity of Sri Lanka are "paramount."

These examples suggest a subtle shift toward greater activism in India's generally passive if genuine support for pluralistic democratic stability in its foreign policy. Its traditional style of democracy promotion emphasizes leading by example, not preaching to others; listening to local demands and waiting to be asked for assistance; avoiding the appearance of bullying its smaller neighbours to



democratize; and focusing on technical assistance and institution building while eschewing more overtly political forms of involvement. Modi's "neighbourhood first" policy, including the interest in greater integration, trade and transport links, makes it more likely that India will use its expanding influence to support stronger institutions of democratic governance and rule of law and more overtly favour countries on the democratic path.

Modi brings to these subjects his own unique voice and experience. As a child of poverty who once served tea in railway coaches, Modi knows first-hand that democratic systems offer greater opportunities for mobility and prosperity. In this regard, India offers a particularly strong contrast to neighbouring China, which, for all its economic and social progress, remains grossly deficient in terms of political rights and democratic values.

What sets Modi apart from his predecessors is his mission to help spread the experience of a more inclusive and democratic India not only to his fellow Indians, but also to the wider world. As a devout Hindu, Modi is not shy about preaching the virtues of what he considers not a religion but a way of life that encompasses all societies, a philosophy that teaches, "all should be happy, all should be healthy, all should live life to the fullest," as quoted by Modi in his May 8, TIME Magazine interview. As India succeeds at home, "we increase our ability to help our friends," he told the Mongolian parliament in his address on May 17. "This is the urge of the land of Buddha and Gandhi. This is the instinct born from our ancient belief in the world as one family." He proceeded to connect Buddha's message of kindness and compassion for all to the foundational principles of democracy and human rights as an ancient common heritage that will unite Asia around peace and cooperation. A year from now we will know better whether the prime minister is able to translate these hopeful and ambitious words into concrete action in the increasingly chaotic world of conflict and competition.

## Modi Deploys His Culture Skills in Asia

*Kadira Pethiyagoda*

Last year Indians went to the polls to elect a man who had risen to power on the back of cultural revivalism within the Hindu nationalist Bharatiya Janata Party (BJP). Narendra Modi's election win was, however, also a result of energetic pragmatism. These two themes – culture and pragmatism – have since combined successfully in his foreign policy, particularly in Asia. Culture has been used as a soft power tool with which to achieve interests and has been one of the areas where Modi has distinguished himself from previous administrations.

Under the banner of India's 'Look East'/'Act East' policy, Modi has used culture to appeal to the peoples of Asia. Much of this has been through Buddhism, which more than any other region or philosophy connects all of Asia. This year, India hosted the International Buddha Purnima Diwas, a global celebration of Buddha's birth, enlightenment and passing. The decision to host was initiated by Modi who led the prayers on the day. Modi stated "without Buddha this century cannot be Asia's century". India's home ministry announced that there would be a government sponsored annual celebration of the anniversary. The government also plans to establish a centre for Buddhist worship and learning in New Delhi. Thus, Modi's government is trying to promote India as the spiritual birthplace of Buddhism and home of the Buddha (though he was born in present day Nepal). The utilization of Buddhism does not necessarily contradict Hindutva ideology, which seeks to protect and promote all that is deemed Indian heritage, including Buddhism, Jainism and Sikhism.

One of New Delhi's aims with Buddhism is to neutralize any Chinese soft power advantage. China's foreign ministry has recently sought to elevate Buddhism's role as a foreign policy tool. Beijing has the benefit and cache of having the world's largest Buddhist population and is said to be undergoing a Buddhist renaissance under President Xi Jinping. India only has a small number of Buddhists, many from poorer sections of society.

Alongside this competition for influence throughout the rest of Asia, culture is also being used by New Delhi and Beijing to appeal to each other's populations and smoothen ties. Bilateral initiatives, like the 'cultural parks' planned for Bengaluru and Beijing are underway. While the influence of culture is somewhat stunted by competing strategic interests in India's neighbourhood, China's neighbourhood, along the shared disputed border, the Indian Ocean, and in the economic arena, New Delhi has greater cultural ties with Beijing than with any other great power. India and China are unique in that, as nation states, they constitute some of the oldest continuous cultural traditions in the world.

Culture as a bridge has thus far seen more effort from China than India, as evident in Beijing's cultural emphasis during Modi's recent visit. China feels the need to work harder to woo the Indian public than vice-versa. This is partly because it wishes to prevent India being used as an anti-China ally by the United States and seeks to entice India to join its 'One Belt, One Road' initiative.

India may have an advantage (if carefully managed) because the cultural influence has flowed mainly in one direction. A favoured quote amongst Indians is that by Chinese ambassador and philosopher, Hu Shih: "India conquered and dominated China culturally for 20 centuries without ever having to send a single soldier across her border"; it was Indian Buddhism that helped shape Chinese civilization. It is this age-old soft power that Modi must tap into, whilst avoiding the hubris that comes with it. Humility in promoting Indian culture is particularly important in Asia where a lack of it has worked against India's

diplomats in the past. This is even more important for Modi as the BJP's nationalism leaves it more open to allegations of chauvinism than previous Congress-led governments.

While China has been helping build and preserve monasteries in Burma, Thailand, and Cambodia, Modi visited Buddhist monasteries during his trips to Japan, South Korea and Mongolia where, like for other Asian countries, he gifted a sapling of the sacred Bodhi tree. India can compete through highlighting not only Buddhism, but also Hinduism and Sanskrit as its ancient ties to the region. The largest and most influential ASEAN member, Indonesia, has a language influenced by Sanskrit, a coat of arms containing the 'Garuda' a bird from Hindu mythology, and boasts notable Buddhist and Hindu temples.

Cultural diplomacy was also deployed in India's own neighbourhood. Buddhism was used to appeal to Bhutan and Nepal. In Kathmandu one of the four 'Cs' of Modi's Nepal visit was culture (a country which also received a Bodhi sapling from the PM). Modi's efforts perhaps yielded most significant results in Sri Lanka – one of the oldest Buddhist countries. If geopolitical history and strategic and economic interests were the sole determiners of New Delhi's reputation in the island, India would lag behind China. Modi has managed to reduce this gap in part through appealing to ancient Indo-Lankan Buddhist ties, dating back to the Mauryan Empire, under Ashoka.

Of course culture alone, as we have seen with China, is not enough to alter countries' policies toward India. It is nevertheless a tool which India, perhaps more than the other great powers, needs to use to buttress its under-resourced foreign policy apparatus. Modi rose to power domestically and fulfilled his political objectives partly because of his appeal to pride in Indian culture. When pursuing national objectives on the world stage, it will be a benefit for all Indians if he can use culture to work that same magic.

## Non-Aligned, or Natural Allies? :

### Modi and the Challenge of Great Power Relations

*Bruce Jones*

It's fair to say that newly-elected Prime Minister Narendra Modi took most Indian and international observers by surprise by embarking on a highly visible global tour to build relationships during his first year in office. Racking up both air miles and international newspaper column inches (to say nothing of Twitter mentions), Modi travelled far and wide, concentrating on two sets of countries: India's neighbours and the major powers, especially in Asia—a category which, in Modi's view, includes the United States. The highest profile visits were to Tokyo, Washington and Beijing, while both Vladimir Putin and Xi Jinping came to New Delhi.

Seen through one lens, the series of visits updated an old Indian strategy – that of remaining “non-aligned” with the competing great powers on the world stage. It was updated, in that during the Cold War ‘non-alignment’ was about keeping India's distance from the two superpowers. The India-Russia relationship has clearly survived transitions in contemporary geopolitics; the India-China relationship continues on its dual track of strategic competition and economic cooperation; and the India-US relationship has now been building over the course of almost two decades. The difference now is that India sees itself—and is seen by others—as one of the great powers, or at least a rising and potential member of that category.

The India-China relationship is perhaps the most complex here. Before Modi travelled to Beijing, President Xi visited India in September 2014. The trip was supposed to cement closer economic ties, but ended up being overshadowed by military manoeuvres along the contested India-China border in the Himalayas. Xi's decision to mount those manoeuvres at the time of the visit (no other explanation is credible), perhaps to pressure Modi, backfired and the visit produced a shift in the balance of diplomatic power—in India's favour. Modi's May 2015 trip to Beijing was more successful, but on India's terms.

Among the apparent ‘non-aligned’ pattern of Modi's travels, two trips stood out, and suggest a different sub-theme. These were his trip to Washington, and President Barack Obama's unprecedented return visit to New Delhi, in less than six months, for the Republic Day. These trips renewed cooperation on issues like defence ties and reignited business interest. More importantly, they were a clear signal of a decisive upshift in the relationship away from the on-again, off-again flirtation of the last two decades to a more sustained strategic engagement.

Thus while ‘non-aligned’ was one frame for Modi's travels, another dimension was being developed in the India-U.S. track, one that Modi himself described by invoking the term “natural allies”.

Indian diplomats and officials have long rebuffed a quasi-alliance, concerned that the U.S. would be an unreliable friend and that too close an association with Washington would alienate Beijing without bringing genuine strategic advantages. As India's neighbour China looms large in Indian calculations, especially now that Chinese growth has so spectacularly outstripped India's (to the point where the Chinese economy is five times larger than the Indian economy.)

Modi clearly sees that the India-China relationship is not likely to move off its long-established pattern of what former Indian National Security Advisor Shivshankar Menon calls “duality” — deepening economic cooperation not necessarily leading to lessening strategic tension. So while closer ties with the

United States might irritate China, it would not change the fundamentals and might bring benefits in the wider Asian balance. What's more, Modi has been able to deepen the relationship with Washington without sundering India's long-standing ties with Moscow.

So far so good. There's nothing officially contradictory about having a "natural alliance" with Washington and maintaining a 'non-aligned' stance more generally with the full suite of major powers; natural allies are not treaty allies. As long as great power relations remain moderately stable, India won't be squeezed between these two views.

But what will happen if wider relationships deteriorate—as they seem set to do. What happens if U.S.-China tensions over maritime boundaries and naval tactics escalate? India is far from neutral on the issues over which China and America will tangle. What happens if Russia and the United States/Europe escalate tensions on Russia's western border? India doesn't have to get drawn into that set of issues operationally, but Washington can at times be pretty intolerant of its friends remaining neutral when core issues are at stake. And what will Washington do if its 'natural ally' comes under greater pressure, for example along the India-China border? Will Washington actually prioritize the impact on India over its Afghanistan and Pakistan policy?

For now, there's no tension for India between great power speed-dating and a deeper relationship with the United States. But as events unfold, the tensions are sure to grow. And if the United States wants the India relationship to deepen, it's going to have to be prepared to make some hard choices.

Modi has had a terrific first year in foreign policy. But in his great power relationship strategy, as with many of his other initiatives, much remains to be seen about how the strategy will play out and where we will be one year from now. Watch this space.

## Looking Ahead: The Next 365 Days

*W.P.S. Sidhu*

By most accounts Prime Minister Narendra Modi's government has notched up a good year in the foreign policy realm, with Modi himself being the principle planner and implementer of the most significant initiatives. Even his most ardent political critics have acknowledged the energy and vigour he has displayed while globetrotting around capitals – mostly in Asia – and participating in various bilateral, regional and multilateral summits. Using a mix of hard and soft power Modi has not shied away from openly airing differences (with China and the United States) while also promoting Indian values of democracy and pluralism (evident in his frequent references to Buddhism, notably in Asian countries).

In brief, the Modi government has notched up five key achievements: changing India's approach from one of a rule-blocker (obfuscated by the term 'strategic autonomy') to one of a problem solving rule-shaper (working with others to establish new norms and institutions); making efforts to seek global solutions on climate change, cyberspace, intellectual property rights, international financial institutions, nuclear order, outer space, and trade; repairing, reviving, and revitalizing India-U.S. relations to work together on regional (Asia-Pacific) and global issues (reforming moribund institutions); reengaging the neighbourhood and the Indian Ocean region; and engaging the Indian diaspora to support India's rise through foreign direct investment and political support.

Modi's foreign policy in the first year reflected two characteristics: first, deliberately engaging with leaders and countries (such as Bhutan, Nepal and Japan) that would lead to quick and positive results while avoiding entangling with countries and complicated issues (such as Pakistan or the Middle East) where the outcome might be uncertain or detrimental. Perhaps the only exception was China, which involved a tightrope walk between investment opportunities and security threats. However, sooner or later India will have to deal with these difficult challenges.

Second under Modi India has also indulged in what Bruce Jones, Acting Vice President and Director of Foreign Policy at Brookings, aptly calls "great power speed-dating"; courting competing countries (like Russia and the U.S.) simultaneously. This diplomatic promiscuity, he argues, might work for now but would be untenable as tensions grow between the great powers. Perhaps sooner than later India might be forced to take sides.

Against this backdrop the Modi government's foreign policy over the next year would do well to focus on the following issues: first, prepare and present a "Modi Doctrine" through a consultative and collaborative process involving different government ministries, agencies and think tanks. The doctrine/white paper should provide an overall framework and link the various initiatives – "neighbourhood first", "act east", "link west", 'sagar mala' – together and with the national priorities. Presently the parts do not add up to the sum.

Second, as part of this overall framework there is a need to sustain and deepen the initiatives already taken, particularly with the U.S. This would involve providing greater clarity and operationalizing the 'Act East' policy and, perhaps, linking it with the U.S. rebalance to Asia-Pacific. Here the onus for deepening the U.S.-India relationship lies as much with Washington as it does with New Delhi. The perception of the former as a reliable partner, despite differences, would be crucial.

Third, there is a need for bold initiatives and sustained engagement in three areas that have been neglected so far: West Asia, Africa and, inevitably, Afghanistan and Pakistan. While the announcement of the prime



ministerial visit to Israel is significant, it will have to be balanced with a similar engagement with the Arab states (given its crucial energy resources and the large Indian diaspora there) as well as Iran. Similarly, Africa, which is crucial for resources and a potential market for Indian goods and services, would also require attention at the highest level. Indeed, in many ways Africa holds the key to India's future economic growth and its role in global governance institutions, particularly the United Nations Security Council. While the postponed India-Africa summit (now scheduled for October) would be a good start, the initiative would have to be sustained over the coming years.

Fourth, India also needs to leverage the existing and emerging plurilateral and multilateral fora better by taking on more of a leadership role, as it has done in the New Development Bank. Similarly, hosting the long overdue India-Brazil-South Africa summit and bidding to host the Group of Twenty (G-20) summit soon would also lend credibility to its global role.

Finally, there is a need to expand the size of the foreign policy establishment, publish regular strategic vision statements, enhance centre-state cooperation, create an international diplomatic training forum, and reenergize the foreign policy planning process. While initial steps in some of these areas have been taken, they will have to be accelerated and strengthened in the coming year.

While this is a full agenda for a single year, it is also in line with the ambitions of India under the Modi government; anything less will not be enough.

## Biographies

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