Modi-fied Engagement: Will India’s Reinvigorated Foreign Policy Change History?

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Summary

In this time of shifting multipolarity, the reawakening of India has the potential to shape the global future. Since the election of Indian Prime Minister Narendra Modi in May 2014, policy makers around the world have watched with interest, anticipation and/or concern to see what, if anything, would change in India’s previously lackluster foreign policy. Would it prove to be a global civilizational power? Would it be bogged down in regional conflicts? Would it offer a ‘third option’ for partners looking for engagement that is neither reliant on the West nor China?

There is enormous potential in India. While it has unquestionable domestic challenges, it is also fundamentally democratic, with a fast growing middle class, increasing formal education levels, an expanding English-speaking population with deepening access to the global economy, and a vast domestic market that can partially insulate the country from global economic shocks.

However, for decades (punctuated by brief exceptional periods), there has been a phalanx of impediments slowing India’s domestic recovery and, by extension, its options for global engagement. These include: corruption, ineffective economic policies, a barely post-colonial legal system, lack of political vision and drive, and a complacent, or at best, unmotivated civil service.

Modi was elected on a platform of tackling those challenges. His stated goal of achieving 10% annual growth combined with social policies to tend to the needs of the ‘last man in line’ is contingent on reinvigorating India’s economy. Reinvigorating the economy means not only handling those domestic issues, but also encouraging foreign investors to ‘Make in India’.

Accordingly, foreign relations that encourage trade and investment have been one of Modi’s key priorities, and initiatives are very much led from the top.

Modi has been here before. He proved adept at handling foreign relations during his more than a decade as Chief Minister of the Indian state of Gujarat (2001-2014). While denied a United States (US) visa in 2005, he continued to foster relations with the Indo-American Diaspora. Meanwhile, he worked with, among others, Japanese, German, Chinese and Israeli firms to develop Gujarat’s infrastructure, renewable energy, agriculture and tech sectors. He showed himself to be pragmatic and non-dogmatic about partners, focusing primarily on what he thought would be good for his state.

The question is whether that approach can be scaled up to the national level. So far, the results have been mixed. There have been some marked accomplishments, starting with the unprecedented attendance of almost all the South Asian Association for Regional Cooperation (SAARC) leaders at Modi’s swearing in. Modi’s triumphant visit to the US in September 2014 was soon reciprocated by a visit to India by President Obama in January 2015. His visit to Canada (the first bilateral visit by an Indian Prime Minster since 1973) resulted in important agreements regarding uranium sales and cooperation on the fight against terrorism.

There are lingering concerns, however, about whether the headline grabbing visits can evolve into long-term gains for India. The success of Modi’s personal drive for increased engagement depends in large part on effective follow-up. Bureaucratic support (or at least lack of obstruction) is necessary to unlock the engagement potential of wider India, including the business sector and civil society. So far, that facilitation has been somewhat hit and miss. The reasons for the
impediments are varied. The Indian Ministry of External Affairs is comparatively understaffed, something Modi has tried to rectify by introducing the use of external experts drawn from academia, think tanks, and elsewhere. More problematic are those in the civil service keen on protecting their previously powerful and privileged positions and, in the worst cases, those engaged in active sabotage to cover past, or ongoing, misdeeds.

Many in the region, and beyond, want to see a stronger, prosperous and stable India. What would be good for India would also be good for most of its neighbors including Bangladesh, Bhutan, Nepal, Sri Lanka and others. Their stability and economies are tied to India’s. It would also be good for those looking for a supplement, if not an alternative, to increased Chinese engagement.

Many around the world are ‘waiting for India’. As, indeed, are Indians. After just sixteen months in office Modi’s much-needed re-creation of Indian foreign policy is still very much a work in progress.

**Areas of Engagement**

Modi’s vision can be seen in his political party’s manifesto:

“The vision is to fundamentally reboot and reorient the foreign policy goals, content and process, in a manner that locates India’s global strategic engagement in a new paradigm and on a wider canvass, that is not just limited to political diplomacy, but also includes our economic, scientific, cultural, political and security interests, both regional and global, on the principles of equality and mutuality, so that it leads to an economically stronger India, and its voice is heard in the international fora.”

These are complex and dynamic goals, contingent at the very least not only on action by India, but on acceptance by partners and non-interference by third parties. As a result, Modi has been traveling extensively to try to develop the necessary relationships. One way of having an overview of his progress is to examine the foreign policy initiatives themselves. While not all have been effectively followed through, they indicate how much of a break Modi has made with the past. Not since Prime Minister Nehru has an Indian leader been so active on the world stage.

**SAARC**

(South Asian Association for Regional Cooperation members: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka.)

From the start Modi made it clear that a key priority was the consolidation of India’s neighborhood. He personally invited the SAARC leaders to his inauguration. All attended except for the Prime Minister of Bangladesh who had a previous high-level commitment; the Speaker attended instead. The photos of the regional neighbors all together on the dais to welcome India’s new Prime Minister vividly illustrated that a new era in Indian foreign relations had begun.

Modi’s SAARC follow-up has been at times effective, at times frustrated. The main obstruction has been **Pakistan** (for example, soon after coming to power, Modi advocated a joint disaster

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management project for the region that was widely welcomed, except by Pakistan). As a result, most SAARC countries are advocating moving ahead with various projects without Pakistan.

At a conference in India in December 2014, former Sri Lankan Ambassador to India (and current Sri Lankan Ambassador to the US) Prasad Kariyawasam said, “the region remains hostage to colonial interpretation of what divides us, rather than what unites us,” and that it was important “to step back to our roots to find traditional strengths of harmony.” He noted that Pakistan would block any proposed South Asia economic union and proposed exploring an eastern economic union including Bangladesh, Bhutan, India, Nepal and Sri Lanka.²

At the same event, former Bhutanese Prime Minister Jigme Thinley suggested the idea of a South Asian Commonwealth, saying, “if even the smallest countries find more security within the EU, why can’t South Asia be same?” He added, “I will even go so far as to suggest shared regional security arrangements.”³

These statements echo most clearly the broad spectrum of the Modi Doctrine: an upfront and sincere evocation of historic, civilizational and cultural ties, with a simultaneous active engagement on economic and geostrategic issues. This approach can work with a wide range of partners, even those outside India’s apparent sphere of cultural influence, including Central Asia, Buddhist Japan, the India-origin diaspora in the United States and Canada and many parts of Africa (apart from millennia of trade, there is a large, well-settled Indian diaspora in some African countries. For years, Mahatma Gandhi lived in South Africa).

The approach is unquestionably effective regionally. Modi’s first foreign trip was to Bhutan, a long-time, and often overlooked, partner. It wasn’t geopolitically ‘necessary’. Bhutan would be India’s ally regardless. However, it was a sign of respect appreciated not only in Bhutan, but also in other capitals in the region. It just felt right. The value of this sort of approach is that it is intrinsically long term, and implies ‘we may have our differences, but we have been together a long time, and we are in it for the long haul’. In a world in which some countries bluntly state, ‘we don’t have friends, we have interests’, this can be a welcome message in an increasingly insecure world.

It isn’t just talk. Modi has also proposed and funded mutually beneficial projects, such as a SAARC satellite to be launched by India in 2016 that would increase regional capacity in tele-education, tele-medicine, weather forecasting and disaster management. There are also discussions on developing a seamless Bangladesh-Bhutan-India-Nepal (BBIN) transport network.

Bilaterally, the theme of ‘old friends reconnecting for a secure and prosperous future’ is on full display. The focus is on finding ways to work together, rather than fetishizing differences. When Modi visited the Prime Minister of Bangladesh, Sheikh Hasina, they resolved decades-old border issues, increased security cooperation, and Delhi extended a new US$2 billion line of credit to Dhaka. Hasina presented Modi with an historic photo of Pakistan’s surrender to the Indian armed forces in 1971. Modi visited Nepal twice within 100 days, again emphasizing deep ties, and signing

³ Ibid.
deals on, among others, hydropower, the setting up of a Nepal Police Academy, and the allocation of an additional US$1 billion line of credit. He also presented culturally important Indian sandalwood to the Pashupatinath Temple World Heritage site. New Sri Lankan Prime Minister Ranil Wickremesinghe's first overseas trip, in September 2015, was to India, a strong statement given his predecessors’ drive towards China.

While the road hasn’t been as smooth with the new governments in the other SAARC countries - Maldives and Afghanistan and, of course, Pakistan - Modi has sent out strong signals that the neighbors are a high priority, and he wants India and its ‘brothers and sisters’ to be reciprocal sources of stability and growth.

Near Abroad

Modi has also extended this neighborly, yet strategic, outreach to ‘near abroad’ countries previously underserved or overlooked by Indian foreign policy.

In August 2015, Modi became the first Indian Prime Minister to visit the United Arab Emirates (UAE) in 34 years. Around 2.6 million Indians live in the UAE, making up approximately 30% of the population. Relations with the UAE are complex, with alleged large-scale illegal money flows, some possibly tied to terrorism, between the two countries. Additionally, the UAE, as a favorite destination for members of the Pakistani military and intelligence, harbors a large network antithetical to India’s interests. However, Indians in Dubai are also a large source of investment in India and remittances are an important part of the economy of some Indian states. While in Dubai, Modi gave a speech to almost 50,000 enthusiastic Indian expats, emphasizing his efforts to reinvigorate SAARC, commitment to combat terror, and his initiatives to put in place support for the diaspora.

The visit was an indication that Modi is serious about looking for ways to work with the Middle East, a region with millennia of ties to India (for example, ‘Arabic’ numerals originated in India and came to Europe from India via Middle East scientists and traders). India has one of the world’s largest Muslim populations, mostly Sunni, with a substantial Shia minority, as well as a long-established Sufi community. India’s internal demography, historic linkages (many of the Moghuls used the Persian language), and energy demands have ensured strong relations with Iran. These ties only grew stronger during the sanctions, during which India continued to engage with Iran. In recognition of those ties, Iran asked India to help develop its strategically located Chabahar Port. The port could help give India access into Central Asia. Delhi has also been quietly supportive of Syria’s Bashar al-Assad government, and has been deeply concerned that the continuing conflict will draw in and radicalize susceptible Indians. There is a growing feeling in Delhi that the time may have come to get directly involved, perhaps even to send troops. At the same time, Modi has also been clear that he supports Israel, one of India’s largest defense suppliers, and he is scheduled to visit Tel Aviv (and Ramallah) in November 2015. Modi’s complex and multifaceted outreach in the Middle East undermines any kind of simplistic sectarian-based narrative that may have greeted his election.

Modi’s May 2015 visit to Mongolia was the first ever by an Indian Prime Minister. While emphasizing the cultural linkages between the two countries, Modi also brought into play another element of his engagement: the ‘we are not the West, and we are not China’ approach. This ‘third
option’ appeals to countries like Mongolia that prefer to develop relations with a major power that is not perceived to be advocating economic policies that are considered damaging to local economies, and that is not China. India’s economic potential, seeming non-interference and soft power (Bollywood heroes are a lot of things, but one thing they are not, is threatening) may fit that bill. This message was also repeated during Modi’s visits to Myanmar (November 2014), and his July 2015 visits to Uzbekistan, Kazakhstan, Turkmenistan, Kyrgyzstan and Tajikistan.

The China factor was also in play during Modi’s March 2015 visits to the Indian Ocean countries of Mauritius, Sri Lanka and the Seychelles (the first visit by an Indian Prime Minister to the Seychelles in 34 years). There has been growing concern in the Indian strategic community about China’s increasing forays into the Indian Ocean, including its fast growing relations with the Seychelles, Mauritius, Sri Lanka and the Maldives. Recent Indian governments have largely neglected, and occasionally antagonized, the region. Additionally, the Indian Navy, a potentially valuable trust-building bridge to Indian Ocean partners (and beyond) has traditionally been one of the least funded of the armed services, despite having some of the most geostrategically-minded staff. Modi’s visits were designed to reassure Indian Ocean partners that the era of neglect was over. He called the Seychelles a “trusted friend and a strong strategic partner”, and was the Chief Guest at Mauritian Independence Day.

The question is, once Modi leaves, will India stay? Will trade deals take root? Will there be increased security and disaster management cooperation? Will there be educational and medical exchanges? Will transport routes open up? Will there be support in international fora? If not, China will be more than happy to fill the gap. And everyone knows it.

Look East/Act East

Apart from playing defense in the Indian Ocean, Modi is also trying to play forward in the Pacific. India’s previous Look East policy has been replaced by Modi’s Act East policy. And, according to India’s Again, there has been a broadly warm reception for India as a ‘third option’ in the region. All across the Pacific, Modi is trying to establish or reinvigorate bonds based on shared pasts and looking to bolster an uncertain future. There is a lot to build on, especially in South East Asia with its millennia-old Hindu linkages, including Angkor Wat in Cambodia and Bali in Indonesia.

Modi’s first solely bilateral trip outside India’s immediate region was to Japan. The India-Japan relationship has grown dramatically in the past few years as Japan has looked farther afield for strategic partnerships. Faced with the dual concerns of an apparent Chinese hard power expansion, and doubt about the United States’ commitment to militarily defend Japan in a time of armed conflict, Japan has been seeking to hedge its bets by finding new allies. India, keen for investment and technology and, again, building on the Buddhist ties, has been an interested partner. However the huge initial thrust seems to have been throttled back as Japan slows down transfers of civilian nuclear technology, in part due to domestic pressure on anything nuclear-related. It remains to be seen if the strong personal ties between Modi and Japanese Prime Minister Shinzo Abe can overcome the obstacles.

Another country concerned about China, Vietnam, is less reticent about its strategic partnership with India. While paying homage to the millennia-old cultural ties, India and Vietnam are heavily focused on ramping up very modern cooperation in energy and defense. The relationship
between India and Singapore (home to a large Indo-Singaporean community) was already strong, but was bolstered by Modi’s visit in March 2015. In May 2015, Modi dropped in on South Korea (he also visited while Chief Minister of Gujarat). Both India and South Korea want to strengthen their economic and strategic relationships and grow the existing US$17 billion in trade to a targeted US$40 billion.

One of India’s fastest growing, though still tentative, defense relationships in the Pacific has been with Australia. Australia acknowledges India’s growing place in international architecture and Canberra is keen to position itself as an indispensable component of an Indo-Pacific security alliance comprised at least initially of Australia, India, Japan and the United States. To do that, India has to be onboard, and Canberra has been heavily courting Delhi. September 2015, for example, saw the first India-Australia bilateral maritime exercise, AUSINDEX-15, take place off the east coast of India.

Modi’s outreach in the Pacific has even extended to the fourteen Pacific Island Countries (PICs): the Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Kingdom of Tonga, Tuvalu, and Vanuatu. While small in population, the PICs encompass a vast, and increasingly strategic zone in the Pacific. Covering over one-sixth of the planet’s surface, the area includes vital trade routes between the Americas and Asia; the PICs have large fishery and other resources, and are an increasingly crucial voting bloc in international fora (important for a country like India that, for example, would like a seat on the United Nations Security Council). In November 2014, Modi became the first Indian Prime Minister to visit Fiji in over three decades. While there, he met with leaders from the fourteen PICs and demonstrated a concrete desire to build stronger relationships, such as showing his respect and trust for PIC citizens by granting them e-visas on arrival for visits to India. Two days later Chinese President Xi Jinping visited Fiji as well. Underlining India’s open engagement versus China’s restrictive policies, Xi only met leaders from eight PIC countries as the others have relations with Taiwan.

In August 2015, Modi sought to gain momentum for his PICs engagement by inviting the fourteen PIC leaders to India. While there were some big moves, for example a commitment to set up a space research station in Fiji, the visit also exposed a potential pattern of weakness in the nitty-gritty follow-through to some of Modi’s grand initiatives. The meeting was held in Jaipur. While beautiful and historic, Jaipur is a dry, landlocked, metropolis with few local industries or civil society organizations with relevance to the primarily maritime and agricultural economies of the PICs. Additionally, while Modi offered a long list of needed gifts to the PICs, including marine biology research stations and IT centers for tele-medicine and tele-education, follow-up is likely to be, at best, slow. The small government bureaucracies of most PICs are already overstretched, and with Indian High Commissions in only two of the fourteen PICs and limited Indian outreach in the others, the coordination needed to implement the initiatives may not materialize. That is why broadening ‘Indian’ engagement to include the business sector, civil society, the states, and even the cities, will be crucial for Modi’s success. For many countries, especially the smaller or medium sized ones, ‘India’ can be too big and complex to know how to engage with. There are options. In the case of the PICs, had the meeting been held in Kerala or Tamil Nadu, both coastal states with climates and economies similar to those in the PICs, a whole other set of levers could have been used to create lasting traction.
The Big Ones

Size isn’t an issue for the European Union (EU), China and the United States. So far, Modi hasn’t interacted much with the EU. The only EU countries he has visited are France (where he signed a heavily curtailed deal for fighter jets) and Germany. Germany was the first EU country to establish relations with Modi, while he was still Chief Minister of Gujarat. In October 2015, German Chancellor Angela Merkel is scheduled to visit India. It is likely there will be a joint announcement that Germany will facilitate the already very popular teaching of Hindi and Sanskrit in Germany, and India will help make more German classes available. It will take time to see whether their good will can lead to a deeper strategic and economic engagement. It is also worth noting where Modi has not traveled. His first visit to the United Kingdom is only scheduled for November 2015.

India’s relationship with China is a complex fact of life. China is India’s biggest and richest neighbor, and they share a border that is over 3000 kilometers long. Modi has overseen a strong economic outreach to China, a welcoming of Chinese investment and the granting of e-visas to Chinese tourists. Even while there is jostling in the Indian Ocean, and concern about support for Pakistan’s military, there are also hopes for an eventual border settlement. The plan seems to be to seize opportunities, while taking care of threats. There are substantial lobbies on both sides (and in third countries) that would like to derail India-China relations, however Modi’s drive for domestic economic growth (and a China-moderated Pakistan) fuels his desire to have China as, at least, an economic partner. On China’s side, India’s enormous market is appealing, as is having India neutral, if not onside, in any China-related conflict. Xi himself seems to be prioritizing Indian relations. During Xi’s visit to India in September 2014, there were embarrassing incursions by Chinese forces along the Indian border. Xi apologized. When Modi visited China in May 2015, he was not only literally greeted like a visiting Emperor, but there was no repeat of the border troubles. There seems to have been a fundamental shift from overtly focusing on what divides India and China towards areas where both sides might benefit, such as trade and border issues. Where it goes will depend in large part on what China does next.

Those in the United States who are the least concerned about China also tend to be those who are the least interested in India. Which is to say, in Washington, there is a booming interest in India. Apart from the China issues, there is also an accelerating acknowledgement that Washington’s decades-long Pakistan policy has failed. More US policy makers now feel new challengers are rising, old allies are unreliable, and new options are few. For some, India seems like a potential godsend – a friendly, stable, English-capable, strategic ally with wide reach and extensive intelligence networks. One indication of the US desire to fast track the strategic partnership is the Pentagon’s newly established India Rapid Reaction Cell. Its dedicated staff is tasked with speeding up joint defense initiatives, cooperation and technology sharing. It is the only country-specific unit of its kind in the Pentagon.

Coincidentally, the strategic drive has dovetailed with a growing awareness and awakening of the Indo-American community. On Modi’s first visit to the US after being elected, Modi filled Madison Square Garden in New York with approximately 18,000 supporters. Also there to cheer him on were over three dozen members of the US congress, including Senate Foreign Relations Committee chair Democratic Senator Bob Menendez and the Indo-American Republican governor of South Carolina, Nikki Haley. They were there because Indo-Americans are some of the most coveted political supporters. Not permanently tied to either major party, and well above the US
average in education and wealth, they are seen as influential voters and, more importantly, donors. By inviting those members of Congress to his event, Modi was showing them the potential pull he has in the diaspora, and showing the White House the potential pull he has in Congress.

Four months later, President Obama visited India. On that visit, both Obama and Modi declared a strong drive not just to build a bilateral strategic relationship, but also to develop a much deeper “global partnership”.

While India-US relations have improved, India has yet to make a major out-of-its-comfort-zone move that would show Washington it is serious about being a global strategic partner, such as joining the fight against Islamic State. Nor has the US dramatically altered its stance on Pakistan. Though there have been symbolically important events, such as the FBI probe of former American assistant secretary of state for South Asian affairs Robin Raphel. Many in Delhi still see US policy makers as nouveau pouvoir unilateralists, and many in Washington still see Indian policy makers as fuzzy and frustrating. There are a range of sectors pushing for the US and India to come together; in late September 2015 Modi will visit Silicon Valley, home to thousand of successful Indian-origin tech entrepreneurs. At the same time, groups within the US, including those sympathetic to competing economic interests, China, Pakistan or extremists, are actively working to stall or reverse whatever progress is made. In spite of the myriad natural compatibilities between two of the world’s largest democracies, and the obvious benefits to global stability of working together, it will take continued dedicated effort and courage on both sides to keep the momentum going.

Canada

Modi’s visit to Canada in April 2015 resulted in a range of important agreements, including the ones involving uranium sales and cooperation on combating terrorism. It marked a vast improvement in India-Canada relations, which had previously been marred by the mishandling of the 1985 Air India bombing, the perceived lack of cooperation on Canada-origin funding of terrorist groups in India, restrictive visas, and Ottawa’s shrill reaction to India’s 1998 nuclear tests. That said, Canada is fairly low on Modi’s priority list. The Province of Quebec has realized this and its Ministère des Relations internationales, de la Francophonie et du Commerce extérieur (MRIFCE) has acted to ‘self-twin’ and set up sub-lateral relations with the state of Maharashtra (capital: Mumbai). Maharashtra has a population about three times that of Canada with a GDP of around US$230 billion, more than enough for Quebec, and definitely more manageable than trying to navigate Delhi. This model of looking to partner with more manageable and motivated partner states/cities within India might well be the way forward for small and medium-sized provinces, states and countries that wish to develop relations with India.

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Modi has already changed Indian foreign policy more than any Indian Prime Minister since Nehru. Domestically, his election was largely greeted with enormous hope that he would drive needed change. The same was true internationally, especially in the region. He emphasized history and culture as a foundation for long term partnerships, while trying to spur economic growth and security for the immediate benefit of the Indian people. However, in the same way Modi’s sheen is starting to dull domestically, his international glow is dimming. On both interlinked fronts, the time has come to deliver on the hard stuff. Success will depend on overcoming third party interference as well as those deeply entrenched domestic challenges, especially: corruption, an antiquated legal system, and an at best lackadaisical civil service. There have been many high profile declarations, but sometimes follow-up has been limited. Much more can be done if the toolkit is expanded beyond the PMO and Ministry of External Affairs to include the business sector, civil society, states and cities.

Modi’s foreign policy is still a work in progress. Policy makers around the world are still watching Delhi to see if it can deliver on its promise of a globally active India; an India that can act as a source of stability and growth in the region, and beyond. If Modi succeeds in producing a stronger, fairer, corruption-reduced, more prosperous India, the world gains a new beacon of hope. If Modi fails, there is darkness ahead.