

Change or Continuity: India's Foreign Policy under Modi

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Introduction

Ever since the Bharatiya Janata Party (BJP) won India's 2014 parliamentary elections in a landslide, debate among analysts has intensified over the likely direction of the country's foreign policy. BJP and the new prime minister, Narendra Modi, have received the strongest mandate ever for an Indian political party other than the Indian National Congress. Given that, there are unprecedented expectations that the new government will finally unburden the country's foreign policy from the ideological fixation of the Nehruvian era, reorienting it to meet the demands of new geopolitical realities. BJP's vision, Modi's own political beliefs, and some of his recent statements—offer clues into direction in which he is likely to steer India.¹

Unlike his predecessors, Modi has underscored foreign policy as a priority from the beginning alongside a strong promise to put India's economy in order. Modi aspires to re-invigorate India's drive as an emerging power, which had suffered a setback in recent years, due to poor economic growth. He has not only injected vigor into India's foreign policy, but also linked it directly to his plan to transform India's economy.² Launched in September 2014, 'Make in India' has become Narendra Modi's signature programme as he aspires to convert India into a global manufacturing hub. His foreign policy therefore is strongly driven by geoeconomics – especially focusing on foreign direct investments.³

Besides concentrating on geoeconomics, regional hegemony, global aspirations (FDI) – Modi seeks to consolidate India's leadership role in South Asia. While the previous Congress party led governments prioritised relations with the US and the European Union (EU) (the Singh government negotiated the historic US-India nuclear energy agreement from 2005-2008 and launched free trade talks with the EU in 2007), Modi is shifting the focus to India's immediate neighbourhood and other major Asian countries like Japan, China and Australia, as well as other members of the BRICS grouping.⁴

International and Regional Engagements

Modi has a personal penchant for foreign policy and had undertaken numerous foreign visits (especially to China and Japan) as Chief Minister of Gujarat. Modi's foreign policy mixes uber-pragmatism with business acumen. He has managed to convince both China and Japan to invest heavily in India while reestablishing India's foothold in its immediate neighbourhood.⁵ Reaffirming India's traditional non-aligned policy, Modi has employed a more muscular approach to asserting his country's independence by taking a very selective approach to multilateral cooperation. For example, India singularly vetoed the World Trade Organisation's (WTO) Trade Facilitation Agreement (TFA) in July 2015 (a draft already agreed by the WTO's 160 members including the previous Congress-led Indian government at the Bali Ministerial Conference in 2013) over food security concerns. A breakthrough was reached at the fringes of the Asia Pacific Economic Cooperation (APEC) Summit in November, when the US agreed not to challenge India's food security policies at the WTO, removing the main hurdle to the agreement. With the US, Modi has been selective in joining US grand strategy. With regards to China, India – US political and military cooperation and contacts have increased under Modi. On Islamic State (IS) in Iraq and Syria India has steered clear of joining US alliances in Middle East. However, trade, investment and bilateral security cooperation has increased.

India's immediate neighborhood

Pakistan

As an emerging power with global aspirations, India must first be accepted as a regional power. Modi's first major decision after his electoral victory was to extend an unprecedented invitation to South Asian Association for Regional Cooperation (SAARC) leaders for his swearing-in ceremony, despite opposition in India from certain state leaders and political allies. By doing this, Modi wished to emphasize the primacy of New Delhi's role in its immediate neighborhood and to revive SAARC, a role long neglected by New Delhi. This move not only confirmed India's acceptance of its responsibility as a regional leader, but was also the first sign of a shift in its foreign policy.

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On his first day in office, Narendra Modi held successful bilateral talks with Pakistani Prime Minister (PM) Nawaz Sharif. The last major breakthrough in Indo-Pak relations had taken place under the previous Vajpayee-led BJP coalition (1998-2004) with the Sharif government, a development which Modi appears to emulate. During his election campaign, Modi had promised to take a tough stand on Pakistan. When Pakistani High Commissioner to India, Abdul Basit, met Kashmiri separatists in August (not objected to by previous Congress-party governments in India), India called off scheduled foreign secretary talks a week before they were scheduled. Modi drew his first red line on Pakistan.

The relations between Pakistan and India somewhat cooled after the cancellation of foreign secretaries meeting. Narendra Modi then surprised everyone with his sudden stopover in Lahore to wish his Pakistan counterpart a happy birthday. In a style now typical of India's 14th Prime Minister, the announcement of the Lahore stopover was made on Twitter by the Prime Minister's official handle from Kabul on the morning of 25 December, 2015, just a few hours before he landed in Lahore.⁶

Over the years, Narendra Modi had on his own contributed so much to poisoning of India-Pakistan relations that when there is a break in the pattern like the brief visit to Lahore, observers tend to see it not only as a ray of hope but as heralding a new dawn. Yet, it is dangerous to read too much into optics. It is natural to see in the personal gesture of Modi visiting Lahore a step towards improvement of relations between the two neighbours. It is precisely because this gesture came out of no incremental improvement of relations in the recent months on Kashmir, terrorism, and tensions on the Line of Control, that it would be a mistake to put positive meanings into it. It is a classic "empty signifier," absorbing whatever meanings observers want to put in it, rather than emitting any of its own.⁷

Others

By taking a lead as the largest country in SAARC, India is looking to set the rules for the region, which is home to nuclear-armed arch rival Pakistan, and is increasingly susceptible to Chinese influence. In recent years, the Chinese strategic footprint in India's neighbourhood has deepened, in particular via investments in commercial ports in Pakistan, Sri Lanka, Bangladesh, and Burma/Myanmar. These are, however, perceived suspiciously by Indian hawks as a 'string of pearls' aimed at encircling India and containing its expansion, whilst also monitoring India's naval

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activities. While these ports remain commercial for the moment, China's deepening of relations with India's neighbors through military and economic assistance and high-profile infrastructure projects is the real concern.

Modi's first foreign visit was to neighboring Bhutan in June, and in August he became the first Indian PM to visit Nepal in 17 years, where he offered a \$1 billion line of credit for infrastructure development and energy projects. In June, Foreign Minister Sushma Swaraj travelled to Dhaka. Bangladesh is a key neighbour that can help India to better connect with its geographically isolated north-eastern territories, curb India-focused Islamic terrorism, and counter China's growing influence in the Bay of Bengal.

The drawdown of US and NATO troops from Afghanistan will leave behind a major regional power vacuum which Modi seeks to fill. It is however unclear that how India intends to do this as it has not been seeking its military presence in Afghanistan.

From Look East to Act East

Engaging East Asia in the centrepiece of Modi's East Asia manoeuvrings is his China-Japan waltz. Modi shares a personal bond with both Japan and Japanese PM Shinzo Abe. He had travelled twice to Japan as Chief Minister of Gujarat – Japan did not follow the US and Europe with travel bans on Modi following allegations over his role in the 2002 Gujarat massacre of approximately 2000 muslims. During that visit, Japan elevated its relationship with India to a 'special global strategic partnership' and pledged \$35 billion in investments in Indian infrastructure and energy development, besides doubling its FDI over the next five years. A bullet train or Shinkansen project worth \$10 billion and an agreement on joint production of rare earths minerals were also announced.⁸

Although a much-anticipated nuclear energy agreement was not signed, energy cooperation and military ties were significantly strengthened. Both countries also agreed to establish a 'two-plus-two' security arrangement bringing together foreign and defence ministers, hold regular maritime exercises, and a reaffirmation that Japan would continue to participate in Indo-US military drills. In Tokyo, Modi also condemned the 'vistarvaad' or expansionist tendencies of 'some countries' who

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'engage in encroachments and enter seas of others' – a veiled reference to Chinese territorial expansionism⁹.

Modi travelled to China four times before becoming PM to woo investments in Gujarat. There too, like Japan, he was received with the honours proffered to a head of state. Modi is an admirer of Chinese development and feels at ease amongst Beijing technocrats. On one of his visits, he not only carried red business cards printed in Mandarin but declared that 'China and its people have a special place in my heart'. Chinese Foreign Minister Wang Yi travelled to India soon after Modi's election while Modi met Chinese President Xi Jinping at the BRICS Summit held in Brazil from 14- 16 June 2014. Xi Jinping concluded a three-day visit to India landing in Ahmedabad (Modi's hometown) on 17 September.

The visit of Chinese President was highly symbolic and marks the beginning of greater Chinese investments in India – China has invested only \$400 million in India in the last decade, compared to the €26.8 billion FDI stock Beijing held in the EU by the end of 2012, according to the European Commission. Xi is the first Chinese president to visit India in eight years and brought along a delegation that included around 135 Chinese business leaders. Twelve agreements were signed in all. China pledged to invest \$20 billion in Indian infrastructure and manufacturing sectors, agreed to build high-speed rail links and construct two industrial parks in the Indian states of Gujarat and Maharashtra. The visit also saw the twinning of commercial capitals Mumbai and Shanghai as well as Ahmedabad with Guangzhou. In addition, a five-year economic and trade development plan was agreed, and greatly welcomed in New Delhi given India's large trade deficit with China (some \$36.2 billion of a total trade of \$66 billion in 2013). Hallmark of Modi's foreign policy so far has been his ability to attract both China and Japan to invest in India without making either unhappy.

In November, Modi visited Australia – the first visit of an Indian Prime Minister in 28 years. Australia and India also held their first joint naval exercise in 2015. Furthermore, an India-Russia annual summit scheduled for December 2014 in India presumes a renewal of Indo-Russian ties. Russia, which is India's second-largest arms supplier and a major nuclear fuel supplier, is also looking to build a \$40 billion gas pipeline to India.¹⁰ Russia is eager to divert some of its funds from Europe to investment in infrastructure in India. In March, India abstained along with rest of the BRICS countries from voting on a UN Resolution on the territorial

integrity of Ukraine, and objected to the suggestion of Australia, Chair of the G20, to not extend invitation to Russia from the G20 November 2014 Summit.

Building Brand India

Modi would like to revive India's "civilizational role" and restore its ancient glory. To that end, India must assume a larger role in the shift of global power toward Asia. This can only be achieved on the basis of domestic strength. Modi's pre-election statements suggested he would eschew any exaggerated portrayal of India's power. As he said, "we have to put our own house in order so that the world is attracted to us."¹¹ For him, membership in international clubs or regional groupings does not in itself make India a serious contender for a seat at the high table of global power. Its path there begins with real changes in the economy, governance, and national power. "India first," oft repeated during the election, is his clarion call.¹²

Modi's push to strengthen India's domestic core is not merely governed by his own beliefs but also the country's recent economic deceleration. Following the global economic downturn and prolonged domestic policy paralysis, India's "tiger economy" has been stuttering below 5 percent growth (although recent figures suggest a slight upturn). India barely survived a major credit rating downgrade by Standard & Poor's in 2013, which claimed its budget deficit was too high. These economic woes have greatly affected 'Brand India' effort, the campaign to bring business to the country. This has combined with significant domestic political change and an accumulated drift in foreign policy to reduce India to a local player that even the tiny Maldives can afford to snub, as it did during its 2013 election by rejecting the pro-India candidate. At its current pace, the Indian economy lacks the dynamism and depth to absorb the 12 million youth who join the labor market every year.¹³ Given the enormity of the economic challenges, the new government will necessarily emphasize trade and commercial relations. It will prioritize economic diplomacy to facilitate India's economic revival. Modi stated recently that "I believe a strong economy is the driver of an effective foreign policy." To achieve this Modi will have to ensure peaceful external conditions in India's immediate neighborhood. He is aware that an unsettled neighborhood with various failed and failing states puts considerable strain on the economy. And he has signaled his aim to reset India's relationship with its neighborhood by taking strong action, such as

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imaginatively securing the participation of most South Asian Association for Regional Cooperation leaders, including Pakistani Prime Minister Nawaz Sharif, at his swearing-in ceremony and by choosing Bhutan as his first foreign destination after becoming prime minister. Yet Modi's regional engagement cannot just be based on visits; it will require efforts to harness the trade and economic potential of the neighborhood.

Conclusion

India is recalculating its geostrategic approach. Relations with Japan, China, Russia and Australia are gaining importance in relation to those with the US and the EU, traditionally considered priority strategic partners. Asia, beginning from the immediate neighbourhood, is likely to be the main geographic focus of Modi's foreign policy. Without a restructuring of the international economic architecture to reflect contemporary realities, India will aggressively pursue multilateralism through alternative platforms like the BRICS. The EU needs to factor Modi's priorities into reshaping its engagement to India, such as foreign direct investment and infrastructure, or else it is likely to be overlooked in New Delhi. As for the US, India will reject any 'American-led alliances', be it in the Middle East against Islamic terrorism or in Asia against China. Modi may push at the boundaries of India's long-held non-aligned policy, but the defining framework of his foreign policy will be corporate-style geo-economics. Modi believes that India is an emerging global power, and therefore first needs a solid economic base. Economic remodeling at home will govern India's foreign policy leaning, and those with dispensable cash will be prioritized.

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Endnotes

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