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11th ISAS International Conference on South Asia: Contemporary South Asia: Regional Dynamics and Changing Global Politics

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with

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On 3rd March 2017 ISAS held its 11th International Conference on South Asia. Bringing together twenty-one speakers from eleven countries on four panels, the participants deliberated on a number of themes related to the overarching topic of, Contemporary South Asia: regional dynamics and changing global politics. The guest of honour for the conference was Minister of Foreign Affairs, Dr. Vivian Balakrishnan who spoke on the past, present and future of South Asia and South East Asia in terms of linkages between the two regions and the potential for furthering collaboration. Researchers from the Institute of South Asian Studies introduced the state of play in terms of three prisms: multilateralism, trade and the Indian Ocean. This was followed by four panels, addressing regional dynamics to the West and the East of South Asia;

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the impact and implications of global political developments for South Asia; the prospects and prognoses for the region, seen through the five inter-related research foci of ISAS, namely diplomacy, democracy, defence, development and the diaspora.

A few themes recurred through the day and across the panels. These included, the importance and challenges of initiating and enabling connectivity projects; the opportunities, perception of and response to China's investments in South Asia through the One Belt One Road and the China Pakistan Economic Corridor projects and, India's readiness and capacity to play a greater regional as well as global role.

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Ambassador **Gopinath Pillai**, Chairman of ISAS, opened the conference with his welcome address stating ISAS's mission, which is to re-establish and preserve the deep historical linkages existing between South and Southeast Asia which had been weakened by colonialism.

Ambassador Pillai enumerated a number of challenges facing South Asia today, namely: economic growth, regional integration, connectivity, religious and ethnic conflicts, environment issues, security. He noted that while South Asian nations strive to address these issues individually, they seldom do so collectively. Given that the success in addressing such challenges collectively is strongly dependent on the existence of good neighbourly relations, hence "global politics" and the theme of this year's ISAS conference are of absolute relevance.

Guest of honour, the Minister of Foreign Affairs, Dr. **Vivian Balakrishnan** delivered the keynote speech in which he spoke about the past that has defined us, the uncertainties of the present and a future, that remains bright. Referring to "the past has defined us", the Minister meant that relations between South and Southeast Asia have been historically influenced by material factors and constraints, and that the relations contribute to define the identity of countries in the region, like Singapore and others. The geography of South Asia (protected by the impenetrable barrier of the Himalayas in the North and East, and dense forests on the East border) caused the exchange between South Asia and Southeast Asia to be possible only via the maritime route. As a consequence, Southeast Asia received from South Asia a whole

heritage made up of trade, religion (Buddhism), language (“bhasha”), that still defines Southeast Asian identity in contemporary times.

Minister Balakrishnan analysed in the second point of his speech, the complex and problematic nature of our current times characterized, in particular, by two phenomena: 1) a worsening of the political discourse (widespread rise of hyper-nationalism and xenophobia), and 2) the digital revolution, which, although the bearer of many positive opportunities, has also brought about new threats (being for example instrumental to radicalism and terrorism). Despite these scenarios, the Minister concluded that “our future remains bright”. Quoting Lee Kwan Yew, Dr Balakrishnan remarked that institutions like terrorism, although winning in the short term, were destined to be defeated in the long run because they are not the bearers of any new technology nor of a new civilization. Endurance against such challenge is therefore necessary and will emerge victorious, and both South and Southeast Asia have what it takes to develop the demographic, economic and technological resources to succeed in this endeavour.

The Minister concluded his speech stressing that South and Southeast Asia must invest in their structure, people and connectivity in order to produce growth and fight protectionism. To this end, he declared that Singapore would continue to support cooperation among states, in the belief that in a highly interdependent world, interconnection and minimal barriers are the only possible win-win situation.

The keynote was followed by an interactive session, chaired by Ambassador Gopinath Pillai during which questions were raised about whether there is any matter with regard to which Southeast Asia can provide a lesson to South Asia, Minister Balakrishnan replied that the history of the European Union integration (i.e. that security must be the first priority on the agenda) provides an important example which ASEAN, and hopefully South Asia as well, must look at. The Minister also emphasized (with reference especially but not only to ASEAN) that, in a process of integration among different countries, the pace, intensity and scale of integration must be handled carefully. The benefits of integration must be spread equally enough across the various strata of society and, to guarantee such a result, the government must enhance the competitiveness of the country before opening it up for integration

ISAS Panel: “South Asia & Global Politics: The State of Play”

Professor **Subrata Mitra**, **Dr Iftekhar Chowdhury**, **Dr Amitendu Palit**, and **Dr Jivanta Schoettli** offered their perspectives on the research agenda of ISAS and in their respective areas of expertise: multilateralism and South Asia, global trade and South Asia and the Indian Ocean and foreign policy.

Dr Chowdhury highlighted the irresistible rise of Asia declaring that Asia is set to become “the new Rome of America’s Greece”. In Dr Chowdhury’s words, Asia is “writing its own tale”, i.e. pursuing development goals following a formula which differs from the one applied by previously developed nation; this consists in a growth which is pursued according to Asian values, stressing the element of social responsibility. He highlighted that Asia needs to learn the “art of walking on two legs”, i.e. harmonizing capitalist market with the creation of a social network for the least advantaged sectors of society (a middle way between pure capitalism and the *etat sociale*). Also, the speaker recommended that Asia sets up new frameworks of cooperation and integration, creating complementary dependence for stability.

In his speech Dr Palit highlighted the relevance of studying South Asia to understand “economic globalization”, while enumerating the various areas of expertise that ISAS’s Economy and Trade division covers in this regard. Dr Schoettli’s speech focused on the growing importance of the Indian Ocean Region (IOR). After providing a number of factors and events that make the IOR an area of absolute relevance for contemporary regional and international politics, Dr Schoettli enumerated the various foci of study through which ISAS’s scholarship approaches the study of the IOR, namely: maritime governance, the blue economy, the role of institutions and maritime-awareness building.

Panel I. South Asia and the Emerging Trends in West Asia

A number of aspects highlighted the importance of this region to South Asia. Chaired by Dr Iftekhar Chowdhury, the panel focused on the pivotal states contiguous to South and West Asia, in particular Afghanistan and Pakistan and their domestic as well as regional politics. India which of late, has invested deeply in improving relations with countries in West Asia and China’s One Belt One Road initiative, envisioning new projects of connectivity through and with West Asia, were central topics in the panel discussion.

The principal speaker, **Mr. Umej Singh Bhatia**, spoke about the current global order being one where doubt and disruption were the new norm. He observed that global connectivity and global dis-connectivity were occurring simultaneously and where the waves of movement were being amplified by the digital age. In South and West Asia, the current geopolitical environment was one dominated by “hard” security concerns rather than a “soft” view based on historical trade and cultural linkages to promote economic development. Mr Bhatia warned against overplaying the cultural commonalities, which tended to serve political interests. However, at the same time he hoped to go beyond the one –dimensional securitised perspective which was self-defeating in terms of failing to generate positive perception and investor confidence. How therefore to achieve a balanced perspective, incorporating hard and soft views in order to encourage “collaborative regional economic development” was the central question and task at hand.

Mr Bhatia identified a number of the obstacles that lay in the way of promoting a collaborative approach including the lack of a conducive political ecosystem and institutional framework, the missing port, energy pipeline, electricity and telecom networks in this region to promote connectivity. In this regard he mentioned the potential for positive impact of the OBOR and CPEC initiatives in the region, development of the Chabahar port, an undersea pipeline between Iran and India, the Kyrgyzstan-Tajikistan-Afghanistan-Iran rail corridor.

Pivotal cities and hubs needed to be identified to stimulate growth, a role which has been played by places like Dubai and Singapore. With the aim of promoting pivotal hubs and states, Mr Bhatia illustrated Singapore’s efforts to develop capacity-building in Afghanistan for instance by supporting the Afghan government’s anti-corruption expertise through the Singapore Cooperation programme, under which about 600 officials had been trained. This, he pointed out, reflected a change in the mindset, away from development assistance to promoting local expertise on the ground, creating the opportunities for individuals and entrepreneurs to flourish and thus, in the process, to move away from the single-minded focus on security.

Mr. Shahid Javed Burki, opened the formal panel session with his input on global challenges, including the implications of the recent US election and Brexit, signalling the mobilisation of anger against the perceived fallout from globalization. Mr Burki countered these sentiments and claims with the strong argument that blaming globalisation for the loss of jobs was wrong. Cumulatively, yes the US may have lost 20 million jobs but not because of China and Mexico but due to technological change which has made certain jobs redundant.

South Asia, Mr. Burki pointed out was particularly vulnerable to these currents due to the lack of integration and willingness to work together. In the meantime China was engaging more and more with both South and South West Asia, concentrating its efforts on land-based trade. Pakistan will play a crucial role due to its strategic location that is so vital to China's push to expand land-based commerce. The rest of South Asia, he noted, should benefit from this policy of China and must work together in order to reap the most advantages.

Dr. Faramarz Tamanna followed with a presentation on Afghanistan, its strategic location based on the merging of Central Asia, West Asia, South and South Asia regions, acting as the hub of connectivity. He proposed four "facts" to be taken into consideration when discussing inter-regional trends: (1) No neighboring regions are separated from each other's dynamism. (2) South West Asia is the most interlinked region in the world. (3) Powers in both South Asia and South West Asia define their sphere of influence into the realm of each other's region. (4) Afghanistan is the pivotal state in South West Asia. Agreeing with the previous speaker, Dr Tamanna spoke of China's initiatives in the region as a game-changer and emphasized that Afghanistan is an important state where both the USA and China can cooperate. China, he argued, needs a stable region and the US seeks Afghanistan to be integrated in regional cooperation in order to maintain security. Afghanistan has therefore the potential to be a uniting front in the process of Asia's transformation.

Dr Ayesha Siddiqa reminded the audience that it is crucial to look at the challenges facing South and South West Asia where there is a growing threat of terrorism and militancy, along with poverty and dis-connectivity. She went on to point out, the growing sectarianism and a gradual meltdown of states in the Middle East. The fact that ISIS is expanding its reach and once they have been driven out of the Middle East (Iraq and Syria), they will come knocking at the doors of this region. Terror in South Asia, she explained is home-based, it is the middle-classes underwriting radicalism. It is not a poor man's battle. Mindful of these dynamics, she also pointed out that there are structural issues emanating from the CPEC and OBOR initiatives, which need to be studied carefully. These projects are coming to countries with vulnerable governments and where there are no discussions on implementation as well as long-term effects. In addition, as China moves forward with these projects, it is not addressing radicalism in these states, on the basis that it remains "non-interventionist".

Two further key observations were made by Dr. Siddiq. At first, non-state actors are stakeholders in South Asian states and these can be used as pawns in negotiating relationships

and pursuing objectives of peace. Secondly, turmoil will happen in Afghanistan and there will be ever-greater contestation between India and Pakistan. Their rivalry will continue (aided by the rivalry of Pakistan – Afghanistan). So the question will be how can you help these states re-negotiate relations towards peace and stability and will China play a role in this process?

In the **question and answer** session that followed, Pakistan's relationship with the so-called "good" and "bad" Taliban in both countries was raised and the question of how to induce the Middle East to enhance its linkages with the ASEAN countries and South and West Asia.

Panel II. South Asia: Looking East

This panel examined the investments and interests that are driving further integration between the regions of South and East Asia. Each speaker was asked to reflect upon the phenomena of deepening trans-regional connectivity, how this impacts the perception of threats to national sovereignty, implications for domestic politics and the opportunities created for new alignments and partnerships.

Mr **Md. Shahidul Haque**, Foreign Secretary of the Government of Bangladesh, opened the session as Principal Speaker, with his reflections on the morning sessions, and in recognising Ambassador Iftexhar Ahmed Chowdhury, Principal Research Fellow of ISAS and Former Foreign Minister of Bangladesh, as a mentor. He elaborated on his concerns about the state-centric framework in the analysis regarding the future of the emerging regions of South and Southeast Asia. He also spoke on the state of governance in South Asia after British rule, noting how it composed of a straight, civil service, diplomat-centric structure. Instead, South Asia should be analysed from a hybrid structure composed of both a state- and people-centric framework, to address the key issue of inequality between states in the region. This, he argued, will allow state actors a stronger voice in the governance of South Asia.

Mr Haque expounded on the importance of connectivity to Bangladesh. In his five years as Foreign Secretary of Bangladesh, he observed that there is a 'tremendous urge'—driven by low intra-regional trade—at both the governmental and people level to get connected and to capitalise on the opportunities available beyond South Asia. He noted the relations between connectivity and globalisation, where connectivity has huge potential in gaining importance in the wake of increasing anti-globalisation sentiment. While connectivity has the tendency to be seen as a project-centric method of creating platforms between and amongst states in the pursuit

of economic gain and prosperity, Mr Haque noted that it is important to think of connectivity as a less politically motivated ideology with the aim of creating networks between people, firms and the state.

Mr Haque noted the varying success of proposed connectivity projects, and the difficulty in establishing the ideal mix in establishing a framework for South Asia. There was thus no ‘one size fits all’ solution for connectivity as a mega project comprising of many other projects across South Asia. Secondly, while connectivity should be envisioned as a project, it should be based on the principles of mutual trust and respect, and in equitable sharing of benefits. This will create a win-win situation which will allow for the success of a connectivity project, allowing people to see that the project is created with them in mind, not for the state nor for the few. Mr Haque suggested bringing in the Agenda 2030, which will have the additional component of inclusivity into connectivity projects. The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), Bangladesh, Bhutan, India, and Nepal (BBIN), Bangladesh, China, India and Myanmar (BCIM) were primarily conceived as corridors for cooperation and not connectivity. Mr Haque suggested giving less importance to borders, not just between bordering states, but borders in general. This will create a new innovative space which can create a new kind of relation between South Asia and Southeast Asia. He questioned the delicacy of balancing state versus people’s aspiration in inter-regional relationships. Is the state capable of bringing in people's aspiration into a new relationship across the border?

He noted that technology has the potential to be extremely disruptive, and that it could create huge inequality despite all state-level efforts, given the varying levels of technological advancement between South Asian states. This meant that some states were encountering issues faced in the fourth industrial era, while others were still facing that of the second industrial era. Furthermore the issue of people mobility needed to be addressed. Mr Haque noted that while Bangladesh was in negotiation with China and India, infrastructure development and increased linkages were key issues—however, people mobility was rarely addressed. As such, a different kind of mobility regime is needed to be able to address the issue to usher in a new era of wealth creation.

Professor **Shen Dingli**, Vice Dean of the Institute of International Affairs at Fudan University, China stated the panel discussion in addressing relations between South Asia and China. He started his discussion with the presentation of newly available data, noting that Asia needed

USD 2 trillion per year for infrastructure development. Even taking into consideration the funds available by the World Bank (USD 800 billion), that would meet less than half of the annual demand. The demand for infrastructure development funds in Asia is massive, coming primarily from South Asia, West Asia, East Asia and China. China is a notable player in the region as both one of the bigger givers and takers of available funds. He elaborated on President Xi Jinping's visit to India in September 2014. India and China were willing to partner for a USD 20 billion joint development project, mostly focused on developments in India. This was followed by Prime Minister Modi's visit to China, where he secured further funds while in Beijing during his trip to create the Center for Gandhian and Indian Studies at Fudan University. These joint commitments in China and in India show good intent between both states for improving relations over the next few years. China's economy is slowing dramatically, and India is performing better than China. China has to sustain its medium-level of development, and it needs to double its exports every three years.

However, the challenge he argued lay in declining exports, where China now has to emphasize increased consumption. 2015 consisted of RMB 30 trillion of domestic consumption and 120 million Chinese tourists to other parts of the world. Each per capita tourist expenditure consisted of USD 900. Professor Shen noted that the vast spending power and population demographics of the Chinese meant that the potential for external spending is huge. Of the 2.6 million Chinese visitors to the United States of America (USA), the expenditure rose to USD 8,000, which meant that the USA was eager to give a longer-term, 10 year visa to Chinese tourists.

Professor Shen noted that China used to be weak in infrastructure development, and has improved to become one of the international leaders in the area. He noted the railroad advancement and cost-effectiveness of such projects in China as one of its key advantages, with technology that China may be able to export. He also elaborated on China's involvement in the Trans-Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP). As China is not invited to the TPP, it would focus on the RCEP. The TPP would cut some of China's export competence, and as such it is keen to focus on RCEP as a bridge to further connectivity with South Asia, particularly with India, Pakistan and Sri Lanka. Debt repayment continues to be an issue, with governments unable to repay funds to China on the agreed schedule. He closed the session by noting that China should discuss further prospects not only with the current ruling government, but also with the opposition.

Mr Dhruva Jaishakar, Fellow, Foreign Policy at the Brookings Institution in India followed, with an analysis of India's land and maritime approach within the region, with relevance to its ties with the ASEAN in its effort to ensure a multi-polar Asia. He elaborated on the aspects in which India's approach was considered to be successful. The first aspect was institutional. In the 1990s, India was not considered to be a part of Asia. This changed with India's engagement with the Association of Southeast Asian Nations (ASEAN), the ASEAN Defence Minister's Meeting (ADMM) and the East Asia Summit. India also started to join global groups with significance in the part of the world and new groups the G20, Brazil, Russia, India, China and South Africa (BRICS), the Shanghai Cooperation Organization and the Asian Infrastructure and Investment Bank (AIIB). As such, India is now well integrated into Asia, with the exception of Asia-Pacific Economic Cooperation (APEC). The second aspect consisted of new strategic partnerships in the region. The Raisina Dialogue in 2017 found Prime Minister Modi highlighting the importance of relationships with the USA, Russia and Japan. Russia is considered a long-time ally of India, whose relationship rests on a legacy that goes back several decades. The strategic dimension of the relationships with the USA and Japan however began to assume a new form, with a level of bilateral exchanges including arms sales. The USA is now one of the largest arms supplier to India. Regular defence cooperation and defence technological partnerships with not only the USA and Japan have also been negotiated, and are taking place.

A third aspect, Mr Jaishankar argued was composed of the importance of the Indian Ocean region (IOR). There has been a fourfold increase in commercial shipping in around the world since 1970. The IOR is home to passage of 40% of the world's oil supplies 15% of the world's fishing supply. It is also home to about two billion people, both a significant opportunity and a concern for humanitarian assistance and disaster relief. Mr Jaishakar noted that India represents a geopolitical keystone in the Indian Ocean, with 7,500km of coastlines. In a speech in Mauritius in 2015, Prime Minister Modi laid out a five-point agenda on India's aims for the region. This included capacity building for both India and regional partners with the principles of collective action, sustainable development, greater transparency, the rule of law and dispute resolution.

The fourth aspect of India's eastward engagement was its increased engagement with China, beginning in the early 1990s with the aim of managing longstanding border disputes, with the boundary remaining largely peaceful over the years. While trade had plateaued over the past few years, the trade imbalance has largely been in China's favour. The last few years saw an

increase in Chinese foreign direct investment (FDI) to India. Global governance is another opportunity for India and China to collaborate, as in BRICS and the AIIB, where India is the second largest stakeholder. He also noted that there are differences between the states on issues such as cyber governance and in nuclear energy. India also has concerns regarding the Maritime Silk Road, which leaves little room for a growing India. Connectivity remains India's least successful area in its eastward engagement, particularly in terms of the mobility of people, goods, capital and information. He closed the session by noting that India enjoys deepening relations with countries in the region.

Dr **Nishchal Nath Pandey**, Director of the Centre for South Asian Studies (CSAS), Nepal continued the panel discussion by prefacing his discussion with noting the reality of rising India and China, both of which have a bilateral trade of over USD 75 billion. He notes that rising inequality within India is a concern, with city centres performing better than the bordering areas of India. The bordering areas with Nepal, Bangladesh, and Myanmar have seen much development and infrastructure development. However, the autonomous regions in India need more infrastructure development to generate sustainable growth. China has focused on infrastructure development within its own border. Dr Pandey elaborated on one of China's recent projects, where the first direct freight train service from the Zhejiang province in China crossed 10 countries to reach East London. February 2017 found the first train from China to Tehran, Iran. India has also invested a lot in infrastructure development and connectivity within its borders to improve connectivity between and across India to Nepal. Dr Pandey is optimistic about the prospects of increased connectivity across South Asia. While political instability in Nepal and in smaller countries have been a challenge, it cannot hinder long-term progress in the region. Labour mobility is also continuing to improve, with more South Asian working in Southeast Asian countries such as in Malaysia and Singapore. The remittances inflow help to sustain the Indian economy. He noted the importance of institutions and platforms such as ISAS, and the role they play in linking South Asia and Southeast Asia.

Professor **Marie Lall**, Chair in Education and South Asian Studies at the Institute of Education, University College London gave the final presentation on the panel with an introduction to her research on India and Myanmar linkages, focusing on the perspective from Myanmar. She noted with interest, the reference of Myanmar as a bridge. Its foreign policy focused on looking East rather than West. Between 1990 and 2010, Myanmar's primary connectivity were with China and ASEAN. The West had written Myanmar off. This changed post-2010, where the Western governments dropped the sanctions against Myanmar. As such, there have been new

engagements between Myanmar, the USA, the United Kingdom and the EU, primarily in the roles of development partners rather than economic investment partners. Professor Lall noted that there is limited reengagement with India, while Japan and China are now among Myanmar's most important partners.

In 1990, the northern part of Myanmar was seen as important for the development of the Yunnan province. Therefore connectivity and borders were open there. China's presence in the Burmese areas nearing the borders was prevalent: schools were using Chinese textbooks and currency. Myanmar nationals needed no visa to travel to China. This was further underpinned by the Chinese government's infrastructure development in the area, with the long-term strategy of a fifty to hundred year engagement. Professor Lall noted that much of Myanmar's policy is driven by domestic politics due to its long isolation. The Chinese, she argued, have been keenly observing the peace process with over twenty ethnic armed groups, primarily because it affects trade and connectivity between the Yunnan province and Myanmar. Professor Lall noted that in contrast, things are quite different in India. Many infrastructure projects were at the project stage more than a decade ago and remain incomplete. India did not manage to capture the opportunity of engaging with Myanmar between 2005 and 2012.

The **question and answer** session focused on questions regarding India's connectivity with Southeast Asia, particularly with Myanmar, and the One Belt One Road project and its implications for India. Professor Marie Lall elaborated on the history of the Rohingya Muslims within Myanmar. In her view, Myanmar's perspective is that this is now an issue of contention with Bangladesh.

As such, there is little connectivity between India and Myanmar, especially taking into consideration the security issues. There is thus a lot of work to be done when considering Myanmar as a bridge between South Asian and Southeast Asia. Myanmar still has to deal with border issues such as migration from Bangladesh. Professor Lall highlighted other issues Myanmar faces, such as anti-Muslim sentiment from 2012, along with attacks by Muslims in response to security forces in the north. She ended with a few words on Myanmar's role within ASEAN.

Panel III. Global Developments & South Asia

Mr Vinod Rai (Chairperson) outlined the objectives of this panel: to examine South Asia in light of global political developments that have major implications for the economies and politics of the region. In particular changing perceptions were examined, as well as, policy responses to the challenges of global governance; the role of international institutions, norms and rules and, how South Asian states contribute to multilateral frameworks and agenda-setting in the international community.

Principal speaker, Dr **David M Malone** began his talk with an observation about how impoverished Indian scholarship on foreign policy used to be and how this dramatically changed over the years, thanks to scholars such as K Subramaniam and Dr Raja Mohan. Nevertheless, given that the real challenges facing India, were internal, such as the quality of higher education in the country, foreign policy concerns were inconvenient and expensive divergences from what matters most. However, in his opinion Indian foreign policy was shaped by three factors: history, geography and capability.

- History: Colonial rule had a devastating impact on the Indian economy. It led to a fall in India's share in global economic production and shaped the thinking of Indian leaders who became suspicious of the West.
- Geography: In recent years, there have been improvements in foreign relations with India's neighbors, such as Bangladesh, Sri Lanka and Nepal.
- Capability: India has the capacity to absorb and send out talented people.

He went to offer a few observations on the factors that matter and shape Indian foreign policy including India's 'never-ending democratic festival' which comes with both costs and opportunities. The bandwidth for foreign policy in India, he commented, is very narrow because most of it is taken up with intra-Indian matters. Nonetheless, overall, India has been a prudent actor in international relations. The questions then to consider were, whether India can outgrow regional pre-occupations and become a global power? This, Dr Malone argued depends on how India's economy fares, how the region evolves, whether India is allowed to outgrow its region by its neighbors as well as whether it wants to do so. This question can be answered only over the next twenty years or so. Secondly, whether India's quest for strategic autonomy is bad for the country? The inclination towards strategic restraint in the neighborhood has been a dominant characteristic in India. It ought to last but there is no guarantee that it will and while it has been good for the region and India too, this could change

because as a variety of powers become more nationalist, India could become more nationalist too.

Ambassador Jayant Prasad continued with the theme of challenges for India, drawing attention to the fact that today, the two words of “national interest” are once again respectable currency. India, he reminded the audience, lies at the fulcrum of a region bristling with insurgencies, terrorism, human and narcotics trafficking, and great power rivalries. However, India’s economic growth and development have not been severely impeded by these issues, but have got a renewed momentum over the last couple of years. This coincides with the globally, unprecedented geo-economic shift of commerce and wealth from the North and the West to the South and the East, more specifically from North Atlantic to East Asia. The most spectacular example for India to follow is China’s ability to lift half a billion people out of poverty within the span of a single generation. Ambassador Prasad referred to a recent report by Price Waterhouse Coopers predicting that by 2050, China will, by far, be the world’s number one economic power in the world (based on PPP), and India will be ahead of the United States by trillion USD. This will, however, be subject to China’s success in avoiding the middle income trap and a more consistent economic performance by India than what has been seen in the preceding decades.

Ambassador Prasad raised the question of whether Europe’s past be Asia’s future, as suggested by the scholar, Aaron Friedberg. The suggestion that the dissimilarities within Asia would make the region prone to conflict in his opinion were not necessarily accurate. The emerging global and regional multi-polarity, as well as the various sub-regional, cross-regional and regional groupings in Asia could in fact have a stabilizing effect in intra-Asian relations. However, while South Asia was beginning to pay more attention to institutional design, financing and smart sequencing, he regretted that unfortunately, not enough attention was being given to measurement, an important part of infrastructure development. Turning to China’s ‘One-belt, One-road’ initiative (OBOR), Ambassador Prasad argued that this was a Sino-centric project meant to promote Chinese interests. Its projection as a win-win proposition, he maintained, had not yet convinced other countries that this is all about geo-economics, and that geo-strategy has nothing to do with it. India remained wary of OBOR as it continued to be a strategic issue given that China had conceived of OBOR as not only circumventing India but also directly touching India’s periphery.

Professor Alexei Voskressensky began his speech with the question of what we can take from non-western theories of international relations. At present, he proposed, that a new essence of regional processes influences international affairs, and that the global agenda is being reformatted and realized in different ways within the various sub-systems and respective regional complexes. The regional processes may claim to be global, or the regional processes may exert or rearrange the global ones. How are these related to the geo-politics of the South Asian region and what are the consequences of China and India's growing economic power for other states in the region?

Returning to Ambassador Prasad's reference to Friedberg and the question of Europe's past as Asia's future, Professor Voskressensky pointed out that as soon as the debate on a rising China started, this discourse began. That was the starting point for offensive realism to say that all these states will inevitably seek regional hegemonic dominance and then there will inevitably be war. An alternative argument could be however, that competition is inevitable but other states in the region could balance China's power and the US could still maintain hegemonic power in the region. A Constructivist / systemic internationalist view (milder positions) offered the option of a concert of powers that would not necessarily be detrimental to regional orders. Radical positions argued that China and India are civilization states, and such type of states would bring different values to regional order.

However, Professor Voskressensky pointed out that if you look at evolving great powers in Asia in terms of them playing the role of centers of power, we can say that they have the same challenges in the region itself. And, what therefore could be the basis for explaining and answering the challenges based on assumptions taken out of the *non-western* international relations theories? Here Professor Voskressensky offered a few suggestions:

- (1) Looking at the changing global politics, two choices emerge, the strategic or moral choice. In terms of a strategic choice, if there is a conflict, it should be determined by determination and not a miscalculation of the interests of the great powers. The moral choice however, would be that there is a moral obligation to minimize the risk of war.

- (2) Institutions could become a set of rules that presses the states to fix their weaknesses. International relations need not be seen as not a constant state of war but as a state of economic competition between states that may not necessarily lead to security competition between states.

(3) Alternative sources of theory from non-western sources included the following examples: a theory of multi-factor equilibrium, developed in Russia which formed the foundation for the building of Russia-China strategic partnership and which explains how you can balance national interest and not pursue harsh military politics. Moral realism (China): bring moral factors to realist assumptions and somehow makes states not fear each other. Co-prosperity, co-development, interdependence, multi-factor equilibrium or a balance based on non-western concepts could be seen as an answer to external, internal and economic challenges in the region.

The final speaker on the panel, Dr **Gareth Price** spoke about how globalization theory predicts that lower skill employment starts shifting to cheaper jurisdiction, people lose their jobs in developed countries and move to higher valued occupations there. However, in practice, there are problems with this theory, evident in the fact that the shift in employment in developed countries to higher value-added sectors has not happened as expected; wages have remained low and unemployment, high; there have been severe cut-backs in government spending since 2008 financial crises; impact of globalization has hit specific communities or areas; in Europe, Islamic states are being taxed and there has been massive immigration of Muslims from the Middle East.

As a result, there has been a cumulative backlash against globalization, in the form of populist/anti-establishment movements, growth in nationalism as evident from Brexit and the election of Donald Trump in the US, and barring opposition associated with the freedom of globalization, most particularly the movement of labor. Dr Price argued that by leaving the EU, the UK might solve part of its problems – some of which were true but some of the problems had nothing to do with the EU at all. Given the results of the referendum, the government is going to have to give the impression that it is ready to make immigration a priority. But cutting back immigration will raise a whole new set of problems and it is not clear whether the UK's hopes to engage with the Commonwealth, and India in particular, are going to provide solutions.

In terms of what the recent wave of populism in the UK and the US means for South Asia, Dr Price outlined four points:

- (1) South Asia has a very large working population. The expected demographic dividend exists at the margin, but the working age population needs certain skills to make the most of the dividend.
- (2) India cannot by-pass manufacturing and do in services what China had done in manufacturing because most of the services such as IT are capital intensive and high end. Thus, India does require a manufacturing sector to absorb its large working age population. The global labor force is shifting to South Asia, esp. India.
- (3) In the past few years, a few companies are finding it more profitable to go back to the west, rather than having global supply chains and plants overseas. This is problematic for India. It will not have the scope to build a manufacturing sector as in the Chinese days.
- (4) One way to solve the problem is that the working age population moves to those countries with labor shortages. This is needed in the UK. But in the current political climate, things are moving in the opposite direction.

A few key questions were raised in the **question and answer** including what possible suggestions could be given to improve India's capacity? Dr Malone responded that India must relentlessly focus on educational training. Ambassador Prasad argued that increasing expenditure on education and health was not enough. Other important areas of focus had to be social security and minimum household income. He reminded the audience that India's stake in the global economy is high. Thus, the country would not want China to perform badly as it would affect the Indian economy as well. Also, India is subscribing to various regional and international partnerships and there has been a substantial increase in India's role as a foreign aid donor to Afghanistan and Nepal.

Panel IV. South Asia: Prospects & Prognoses

Dr Duvvuri Subbarao chaired this session. In his introductory remarks, Dr Subbarao introduced the theme of the panel which was focussed on five inter-related research foci of ISAS, namely diplomacy, democracy, defence, development and the diaspora. The Chair requested speakers to reflect upon how each offers a prism of analysis through which to assess the prospects for peace and conflict, order and disorder, integration and fragmentation, governance and dissonance within the regional context of South Asia.

Ambassador George E. Moose, as principal speaker of this panel, started his remarks with a disclaimer that he was not an expert on South Asia, but sought to share his understanding of the attitude of the new US administration in Washington towards South Asia. However, he also mentioned that the US administration's towards South Asia continued to be unknown and uncertain and hence, difficult to identify a clear direction. South Asia was likely not to be among the top priorities. If one took a look at the top five priorities (countries/region) of the administration, they were – Russia, EU, China, Iran and North Korea. Nevertheless, relations with all these countries/regions would impinge on South Asia.

Ambassador Moose went on to speak about economic activities, education and security and discussed some of the likely scenarios in three key South Asian countries mainly – Afghanistan, Pakistan and India. Afghanistan was likely to dominate US security concerns in South Asia, where it would focus on the reconciliation process and where there could be some kind of understanding of agenda between external and domestic actors to build peace. He presented different scenarios in Afghanistan and their likely implications.

Discussing the US relationship with Pakistan, Ambassador Moose remarked that relations between Islamabad and Washington were likely to deteriorate under this administration. While there are differences with respect to Afghanistan, nuclear proliferation issues and geopolitical tension were adding to the problem, in addition to the disputes over drone strikes and counter-terrorism operations as well. The new US administration was, in his view, likely to put more pressure on Pakistan to address some of these concerns.

India remains a key partner of the US and this, he pointed out, gets bipartisan support. The trend is likely to continue under the current administration. However, there are some potential tensions, for example on immigration and visa issues, or the India-Pakistan dispute. India's economic trajectory may eclipse Pakistan. India's security concerns regarding terrorism is shared largely by the region. But, there are limits to the US support. The US has a profound interest in India's relations with Pakistan. Pakistan remains unwilling to address Indian concerns, particularly regarding terrorism and India-Pakistan tensions are likely to intensify in the future, with potential risk for further destabilisation. There could be different scenarios, for example, where the US continues to muddle through; a significant crisis between India and Pakistan; pressure from the US Congress on Pakistan's government regarding its role in Afghanistan – all these might lead to internal political crisis. Another possibility is that India and US policy makers might realise that an isolation policy in the case of Pakistan might not

work as desired, and hence, they might opt to try and re-engage Pakistan, though, this is unlikely to happen.

Professor **C Raja Mohan** underlined in his remarks that the US as a variable has made thinking in the sub-continent more complicated. He underlined some of the points made by Dr Vivian Balakrishnan, Singapore's Minister for Foreign Affairs, particularly how the past defines the present. The new US administration will make our task more difficult in the region. Professor Mohan deliberated upon six key challenges in the South Asia region and raised pertinent questions.

The first issue he highlighted was the tension between globalisation and de-globalisation. South Asian resources were critical to provide security to the Indo-Pacific during the Raj, but things changed after the World War II. It was only in the 1990s that India re-connected. South Asia is thus a late globaliser. What is therefore the strategy if the West says "No" to globalisation? How could South Asia use innovation to sustain its growth? The second important issue is the diaspora. Today, Professor Mohan pointed out, more than 35-40 per cent South Asians stay outside their national territory, beyond borders. He asked, what happens if the diaspora community decides to return to their home countries in the face of global uncertainties and turbulence.

The third significant issue he talked about was connectivity, pointing out how deeply interconnected the sub-continent had been during the British period. British India's logic of globalisation built connectivity. New ports, new roads, railways, economic corridors, all these were ideas that emerged from the sub-continent. However, Partition abruptly ended all connectivity and now it has returned as one of the top priorities for the region. Fourthly, there was the historic shift underway in power within the sub-continent. How the "West" dealt with "the rest" has been replaced by the rise of China and how that is influencing the balance of power in the sub-continent. Competition in the sub-continent for influence was bound to increase and the impact of Chinese power and its consequences were going to be great.

The fifth important issue was that of "Looking East" and "Looking West". India had been the principal security provider before Partition. With India now looking and acting East, as well as looking West, we are witnessing an attempt to re-connecting with the wider regions. Finally, the sixth important issue was the challenge of internal coherence. Professor Mohan warned that the region of South Asia was still moving towards greater fragmentation and that dealing with the issue of internal coherence as going to be a big challenge ahead.

Professor **Razeen Sally** spoke about the state of play in Sri Lanka, presenting three different scenarios - drift, take-off, and relax. He discussed the various pros and cons of each, arguing that Sri Lanka was a bit better off, in the last two plus years. Politics had become more liberal, the media was relatively free, greater freedom of expression, and most importantly, foreign policy had been re-balanced. However, governance remained a big challenge, with ethnic issues still there. Most disappointing however, in his opinion, was the state of the economy, where fundamental issues had not yet been addressed. Furthermore, Sri Lanka was under a productivity trap and needed to bring in essential structural reforms to improve the business climate, as well as several other reform measures.

Discussing three scenarios, he underlined that China was currently the only player in town and thus there was an inevitable drift towards China. Things had not changed, he said, mainly due to two reasons – complacency and an unchanged political class. A second scenario for Sri Lanka was an economic take off and a more balanced foreign policy. In the case of a third scenario, i.e. relax, Sri Lanka would return to the previous situation prevailing before this government. He added that in the emerging circumstances, the possibility of the third scenario was the more likely one in Sri Lanka.

The last speaker on this panel, Professor **K S Nathan**, spoke about the strategic role of both defence and diaspora in strengthening India-ASEAN linkages. India's growing diplomatic, institutional, political and defence/security engagement with ASEAN-led institutions such as ARF and EAS was, he argued, at least partially inspired by the prospect of leveraging on the presence of the Indian diaspora in Southeast Asia. The perceived benefits as a result of India's more robust engagement with Southeast Asia/ASEAN stems from the expanding economic, industrial, commercial, investment, trade and tourism opportunities – all of which could produce an indirect, if not direct, impact on India's strategic perceptions about the role of the diaspora in facilitating a more pro-active engagement with the region. The two elements of India's more pro-active policy towards Southeast Asia – defence and diaspora – were, he argued, invariably linked to the current foreign policy under the Modi Government to promote India's national interests in Southeast Asia, which was currently marked by the growing power and influence in Southeast Asia by the other major Asian power, China.

Professor Nathan outlined how Indian and ASEAN strategic perspectives had converged in a number of areas, including – the rejection of big power hegemony; the concern over China's 'muscle-flexing' in the South China Sea which carried the potential of a wider conflagration;

the upgrading of regional cooperation on Non-Traditional Security (NTS) issues, especially maritime piracy, and trafficking of drugs, women and children; the view that the East Asia Summit (EAS) process was yet another forum for member countries to discuss strategies to maintain and expand the concept of “open regionalism” as the major driver of regional integration, embracing the notion of inclusivity and cooperative security; on addressing collectively, the issues arising from globalization, namely climate change and its impact on food and human security; strengthening counter-terrorism cooperation; containing proliferation of weapons of mass destruction (WMD); strengthening the Cooperative Mechanism on the Straits of Malacca and Singapore (SOMS); and maritime security cooperation.

Professor Nathan went on to discuss the quality and quantity of India’s interactions, buttressed by the use of ‘smart power’, which was invariably going to influence the future direction of India’s foreign and security policy towards Southeast Asia, thereby enhancing the contribution of South Asia to regional order and security. He pointed out that India-ASEAN interactions and commitment to upgrade India’s political, diplomatic, economic, security and cultural engagement in Southeast Asia had opened up new opportunities and avenues for the private sectors of the two regions (South Asia and Southeast Asia) to establish enterprises and joint ventures.

Conclusion

The conference had four main objectives. First, to provide an analysis of policies that the states of South Asia are currently pursuing to promote their national interests and the identification of current trends as well as prognoses for the near future. Secondly, the conference sought to pay special attention to the potential dividends of enhanced regional trade and linkages to the West and East of South Asia. Third, the proceedings examined the implications of recent global events and developments for South Asia and fourthly, the challenges and opportunities arising from the intersection between regional dynamics and global politics in terms of “The 5 Ds of the ISAS research agenda” namely, Diplomacy, Democracy, Development, Defence and Diaspora.

A number of aspects highlight the importance of this region to South Asia. The panel focuses on the pivotal states contiguous to South and West Asia, in particular Afghanistan and Pakistan and the domestic as well as regional politics. India has of late invested deeply in improving

relations with countries in West Asia and China's One Belt One Road initiative which envisions new projects of connectivity through and with West Asia, is of critical interest to all South Asian countries.

The vast expansion of global connectivity, bringing with it trade and terror in the 21st century, has generated new opportunities and challenges for the states of South Asia. In their search for security, power, trade and investment, these countries have reached out to neighbouring states within the region, as well as beyond South Asia. However, the volume of intra-regional trade and density of linkages have not kept pace with the efforts to enhance extra-regional connectivity. This is in contrast with other regions such as the EU and ASEAN. Focused on the four major countries of South Asia – India, Pakistan, Bangladesh and Sri Lanka – as well as issues common to the smaller states and the region as a whole, this conference aims at raising issues pertaining to national policies, the perception of opportunities and threats, regional and extra-regional linkages and cross-currents of global politics.

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