

INDIA 2018: THE RESETTING OF NEW DELHI'S FOREIGN POLICY?

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In 2018, India's foreign policy was characterised by two opposing trends. The pro-US approach, which had been a distinguishing feature of India's policy, in particular since the beginning of Narendra Modi's premiership, continued, at least as far as its military aspect was concerned. However, the growing closeness at the military level badly concealed a host of problems which were adversely affecting the New Delhi-Washington connection, mainly as a consequence of US President Donald Trump's protectionist policy.

The increasing difficulties characterising the India-US connection provide the backdrop to explaining a cautious but visible reorientation of New Delhi's foreign policy. This was characterised by a readjustment of India's China policy, which resulted in a distinct thawing in relations between the two Asian giants, and by the promotion of the importance of regional alliances and multilateral ententes, such as SCO and RIC (the Russia-India-China entente) – de facto in competition with the Washington-dominated world order.

Once all the above has been pointed out, the fact remains that, at the closing of the year under review there was no assurance that New Delhi's reorientation of its foreign policy was something permanent. The problems counterpoising India to China remained huge and far from being resolved, the most important among them being China's will to become the new hegemon in Asia, and India's determination not to accept a subordinate position vis-à-vis China.

I. Introduction

As noted elsewhere, since the beginning of Narendra Modi's premiership India's foreign policy has been characterised by the pursuit of two main goals: (a) strengthening the political, economic and military connection with the US, while attempting, with some success, not to damage the traditional ties of friendship with Russia; (b) pursuing a binary approach to China, based on the concomitant attempt at both engaging and containing it. It has also been noted that, throughout 2017, both goals somewhat mutated. As far as the US connection was concerned, the pursuit of a closer relationship with Washington appeared to become less related to the promotion of India's economic development, than to an increase *per se* of its military ties with the US. At the same time, India's China policy metamorphosed from one of engagement cum containment into one in which the adversarial

containment aspect was prevalent. These increasingly adversarial relations culminated in the Doklam standoff (18 June – 28 August), which apparently brought the two Asian giants close to an all-out military confrontation. It has also been noticed that, after reaching the peak of tension caused by the Doklam crisis, in the two concluding months of 2017, relations between New Delhi and Beijing somewhat eased. At the closing of 2017 it remained an open question if that improvement was to be short-lived or the beginning of a more long-lasting thaw in the relations between the two countries.¹

During the year under review, the trends that had become apparent during 2017, in the case of the US, and at the end of that year, in the case of China, continued unabated. Accordingly, in 2018, India's connection with the US appeared to become increasingly closer, but only at the military level. US President Donald Trump's arrogant and erratic foreign policy ran contrary to the economic interests of India – as well as of most other Asian countries and indeed the rest of the world. This caused India, like several other Asian countries, to quietly reassess its foreign policy. In New Delhi's specific case, this brought about the continuation and intensification of rapprochement with Beijing, and the regeneration of relations with Russia. These were two processes that fed into each other, as, during the same period, Russia and China continued to strengthen their relationship. Also, Japan – largely for the same reasons as India, namely the necessity to hedge against Trump's unpredictability – launched a new and less adversarial phase of its China policy.² As Japan and India had hitherto coordinated their policies aimed at containing China and competing with its Belt and Road Initiative (BRI), this itself encouraged New Delhi to proceed to détente with Beijing. Also, the shifting in India and Japan's positions vis-à-vis China undermined the prospect that the renewed Quad – the US-Australia-Japan-India multilateral security dialogue, de facto aimed at containing China – could play a significant role in bringing about an anti-Chinese balance of power in the Indo-Pacific area. That said, the fact remains that the New Delhi-Beijing rapprochement left unresolved the fundamental problems counterpoising India to China; neither China nor India suspended the many policies causing tensions between the two countries. At the end of the day – and at the end of the year under review – the relationship between the two countries appeared still so uncertain that some commentators began to speak of a new cold war – a cold war 2.0 – taking shape and counterpoising New Delhi to Beijing.

To negotiate the shifting landscape of India's foreign policy during the year under review, the following analysis will focus on a series of diplo-

1. Michelguglielmo Torri & Diego Maiorano, 'India 2017: Narendra Modi's continuing hegemony and his challenge to China', *Asia Maior 2017*, pp. 282-290, and the sources there quoted.

2. Giulio Pugliese & Sebastian Maslow, 'Japan 2018: Fleshing Out Japan's Free and Open Indo-Pacific Strategic Vision', in this same *Asia Maior* issue.

matic key events: the «informal» Modi-Xi meeting at Wuhan (27-28 April); Modi's keynote speech at the Shangri-La Dialogue in Singapore (1 June); the Shanghai Cooperation Organisation meeting of heads of States in Qingdao (9-10 June); the inaugural 2+2 dialogue in New Delhi (6 September), involving the Indian and US foreign and defence ministers; the 19th India-Russia bilateral summit in New Delhi (4-5 October). The conclusion will draw together and try to coordinate the different and sometimes conflicting trends which became apparent during the above-listed diplomatic events.

2. *The Wuhan «informal» meeting*

In New Delhi, at the beginning of the year under review, a decision must have been taken to fast-track an early meeting between Indian Prime Minister Narendra Modi and Chinese President Xi Jinping. On 29 January, Vijay Gokhale – a former ambassador to China (and to Taiwan), who had played an important role in the resolution of the Doklam stand-off – was appointed as new foreign secretary. Less than one month later, Gokhale made an official visit to Beijing (23-24 February), to formally prepare a Modi-Xi meeting on the side-line of the SCO (Shanghai Cooperation Organisation) conference, scheduled for 9-10 June. The visit coincided with the Indian government's decision, taken at the prompting of the foreign ministry, to despatch a circular, asking all senior officials to abstain from taking part in the functions marking the 60th anniversary of the Dalai Lama's exile in India.³ This was followed by an even more momentous decision, related to the Malabar exercise, namely the naval war games, originally involving India and the US, which, since 2015 had become trilateral, including Japan. In connection with the resurgence of the Quad, many had expected the Malabar exercise to become a military extension of the Quad itself, which would have resulted in including Australia in the war games. Certainly Canberra had been lobbying to be included since 2015. At the very beginning of 2018, Canberra's request to join the Malabar exercise seemed about to be accepted; so much so that Australian Prime Minister Malcolm Turnbull had publicly stated that the related discussions with India were «progressing very well».⁴ However, on 26 April it became official that Canberra's request had been turned down.⁵

Clearly, the exclusion of Australia from the Malabar war games, as well the previously taken decision not to be involved in celebrating the Dalai

3. M. K. Bhadrakumar, 'Why America's «Quad» is not a priority for India', *Asia Times*, 6 March 2018.

4. 'Turnbull upbeat on regional naval exercise', *SBS News*, 23 January 2018.

5. 'Australia dumped from Indian Malabar naval exercises', *The Australian*, 27 April 2018; 'Malabar 2018: India deals a blow to Australia and «the Quad»', *Asia Times*, 1 May 2018.

Lama's exile in India, were conducive to creating a positive background to an early and unscheduled meeting between Modi and Xi. In fact the meeting took place in Wuhan, on the banks of the Yangtze, on 26-27 April, immediately after Australia's exclusion from Exercise Malabar became known, and in a climate of great cordiality.

The meeting was an «informal» one, as there was no pre-set agenda and much of the conversation between the two leaders was unstructured, at times taking place at informal events, where Modi and Xi were accompanied only by translators. The meetings lasted longer than anticipated and covered an exceptionally wide range of issues. Modi and Xi accepted the fact that their respective countries had common global interests. These common interests found a first conspicuous expression in the announcement of the «probability» of the two countries funding a «joint economic project» in Afghanistan. This in turn precipitated the acceleration of the completion of the Bangladesh-China-India-Myanmar (BCIM) Corridor project. Launched in 1999, the BCIM project – which aimed at the economic integration of the sub-region and the economic development of the area – had been marking time. Now the two leaders appeared willing to give it a push.⁶

That was followed by their decision to issue strategic guidelines to their respective militaries, to prevent the reiteration of those border incidents that had plagued relations between the two countries. The problem of the widening gap in trade flows connecting China to India, greatly disadvantaging the latter, was also discussed, even if whatever concrete measures that had been agreed remained unknown after the meeting.⁷ Also the crucial problem of the delimitation of mutually agreed borders between the two countries – one of the main stumbling blocks on the path to a full normalisation of the China-India relations – was discussed. According to a statement by Foreign Secretary Vijay Gokhale at a media event at Wuhan, the border question was to be resolved through a reactivation and implementation of the political parameters and guiding principles agreed by Beijing and New Delhi in 2005. Gokhale's Chinese counterpart, Vice Foreign Minister Kong Xuanyou, spoke of the building of mutual trust at the borders as being preliminary to the final solution of the frontier problem.⁸

6. Ramtanu Maitra, 'Sino-India relations must be reset in wake of rapid changes in Eurasia – II', *Vijayvaani.com*, 3 July 2018.

7. S. K. Chatterji, 'Modi-Xi summit was a post-Doklam stabilization exercise', *Asia Times*, 1 May 2018.

8. Atul Aneja, 'India & China. A fresh start?', *Frontline*, 25 May 2018. On the Wuhan meeting see also 'Modi leaves for India after informal summit with President Xi in China', *The Hindu*, 28 April 2018; 'Wisdom at Wuhan: on the Modi-Xi meeting', *The Hindu*, 30 April 2018; 'Wisdom at Wuhan – On the Modi-Xi meeting: Important Topics for UPSC Exams', *LAS Exam Portal*, without date.

3. Modi's keynote speech at the Shangri-La Dialogue

The results of the Wuhan meeting elicited a wide range of evaluations by Indian and western commentators. Some spoke of a «reset» in the relations between the two countries, others, such as Indian former National Security Adviser M. K. Narayanan, challenged that interpretation, pointing out that China had made no manifest concession to India, that the Doklam issue remained unresolved, and that there were no indications that Beijing had softened its attitude towards the contested border areas, in particular in the case of Arunachal Pradesh.⁹ Several Indian commentators also argued that Modi's unexpected *démarche* was motivated less by any new approach to foreign policy than by the need to keep things calm on the India-China border; preventing further incidents which might adversely reflect on the forthcoming 2019 general election campaign.

That some kind of reset was taking place in New Delhi's foreign policy became evident in Modi's keynote speech at the 31 May – 2 June Shangri-La Dialogue.¹⁰ The speech, given on 1 June, delineated India's own vision on the future of the Indo-Pacific region, where «common prosperity and security» should evolve through dialogue, aimed at building «a common rules-based order for the region». This order was to be applied equally to all nations in the region, «as well as to the global commons», namely to seas and oceans. In Modi's view: «Such an order must believe in sovereignty and territorial integrity, as well as equality of all nations, irrespective of size and strength.» Modi continued by stating that: «These rules and norms should be based on the consent of all, not on the power of the few. This must be based on faith in dialogue, and not dependence on force.»¹¹

More important than India's vision on the future of the Indo-Pacific region was what accompanied it. In formulating its vision, Modi, using cautious diplomatic language, did not spare his criticism of both China and the US. The anti-China comments were run of the mill, made in the past time and again. Part of it was the references to «freedom of navigation», to «the settlement of disputes in accordance with international law», and the warning that the connectivity initiatives in the region «must be based on respect for sovereignty and territorial integrity» and aimed at empowering nations,

9. 'The Modi-Xi summit in Wuhan: impact on India-China relations' (Summary of a talk by M. K. Narayanan on 24 July 2018), *IISS*, 24 July 2018.

10. The Shangri-La dialogue – which takes its name from the hotel in Singapore where it has been held since 2002 – is an inter-governmental annual security forum, organised by the IISS (International Institute for Strategic Studies), an independent think tank. It is attended by defence ministers and military officials of the Asia-Pacific countries, the US included.

11. All quotations from Modi's speech are taken from the full text made available by the Government of India. See Ministry of External Affairs, Government of India, Media Center, *Prime Minister's Keynote Address at Shangri La Dialogue (June 01, 2018)*.

«not to place them under impossible debt burden». Also the reference to the fact that ASEAN unity was «essential for a stable future for this region [Indo-Pacific]» and that «each of us must support it, not weaken it» can be seen as a veiled criticism of China, which, in previous years had successfully endeavoured to weaken ASEAN unity.

Politically more significant than his criticism of China, however, were those aimed at the US. By making them, Modi was distancing India from the US for the first time since the beginning of his prime ministership. And in doing so, the Indian prime minister was moving closer to China, which either shared some of India's preoccupations or was the author of similar anti-American denunciations.

The first and most significant of the two main anti-US stances taken by Modi was his blunt statement that: «India does not see the Indo-Pacific Region as a strategy or as a club of limited members. Nor as a grouping that seeks to dominate. And by no means do we consider it as directed against any country».

By making this statement, Modi clearly signalled India's disinterest in engaging in the transformation of the Quad from a largely ceremonial getting together of India, US, Japan and Australia into a real military alliance; an Indo-Pacific replica of the NATO used to militarily contain the USSR would similarly contain China.

The second main anti-US criticism could be found in Modi's remarks against «growing protectionism – in goods and in services». According to Modi: «Solutions cannot be found behind walls of protection, but embracing change». This was a criticism as clear as any against US President Donald Trump's protectionist policies.

Modi's clear criticisms of both the US and China were followed by caution; placing emphasis on their constructiveness, as opposed to adversarial denunciations. «Competition is normal. – declared Modi in his concluding remarks – But contests must not turn into conflict; differences must not be allowed to become disputes».

4. Modi at the SCO summit in Qingdao

Only a week after his keynote speech in Singapore, Modi took part in the Shanghai Cooperation Organisation (SCO) annual summit of heads of states, which took place in Qingdao (China) on 9 and 10 June. The result of the general meetings and of the Modi-Xi get-together which preceded them shed further light on the positive evolution of the China-India relationship. It is true that India was the only SCO country which did not extend its support to the BRI, which Modi criticised in Qingdao basically with the same words uttered in Singapore a week earlier. However, a change in New Delhi's standing on the BRI was not expected, and did not appear to adversely

influence the improving relationship with Beijing. This improvement found expression in the signing of a set of agreements: the modification of the 2006 India-China protocol on the export of Indian rice to China, allowing also the export of non-Basmati rice (hitherto Indian rice exports had been limited to the Basmati variety); a bilateral and expanded agreement on the sharing of hydrological data on the Brahmaputra river, allowing India to prepare for any possible inundation;¹² China's agreement to allow Indian pharmaceutical companies to export high quality pharma products.

Finally, however, the most momentous result of the SCO summit – more important to China than any other issue – was the fact that India joined the other SCO nations in expressing support for an «open, inclusive, transparent, non-discriminatory and rules-based multilateral trading regime» and in decrying any form of trade protectionism. This was as clear as possible a stand against President Trump's aggressive trade policies, which were damaging many countries – India included, as discussed below – but most particularly China.

Symbolic of the positive trend in the China-India relations was the announcement that Xi had accepted Modi's invitation to another informal summit, on the lines of the Wuhan meeting, to be organised in 2019.¹³

5. *The antecedents to the 2+2 dialogue*

Before accounting for the fourth key diplomatic meeting which signed the evolution of India's foreign policy in 2018, namely the 2+2 dialogue, which took place in New Delhi on 6 September, involving the foreign and defence ministers of the US and India, it is necessary to consider its antecedents. The dialogue took place in the context of increasing tensions between New Delhi and Washington. These tensions were the necessary consequence of the US administration's neo-protectionist policy and of its aggressive approach towards Iran and Russia.

12. The sharing of the hydrological data concerning the Yarlung Tsangpo/Brahmaputra had been suspended in 2017, following the Doklam crisis; now it was activated again, with the Chinese engaging not only to supply the hydrological data during the flood season (15 May to 15 October), but also in the remainder of the year, in case the river water levels exceeded the mutually agreed standard.

13. The whole section on SCO is based on: 'Xi, Modi Hold Bilateral Talks in China, Agree to Improve Ties', *Bloomberg*, 9 June 2018; 'From Basmati rice to Brahmaputra river, here's what India-China discussed at SCO summit 2018', *Business Today*, 10 June 2018; 'SCO summit 2018: How India protected its interests in China's Qingdao', *Business Standard*, 12 June 2018; 'The real discussions between India and China at SCO: The Statesman contributor', *The Strait Times*, 22 June 2018.

5.1. *The tensions related to trade and visas*

Trump's neo-protectionist policy hit India following his decision (March 2018) to impose heavy import tariffs on steel (25%) and aluminium (10%). The measure – justified as necessary to guarantee US security, by protecting the domestic production of strategic items required for «unique national defense purposes» – was not specifically aimed at India, but affected a number of other countries, such as China, the EU, Mexico, Russia and Canada. In fact India's steel and aluminium exports to the US were limited, amounting in value to some US\$ 1.5 bn. Furthermore, the first impact of the new tariffs on India was rather paradoxical: in the quarter ending June 2018, while India's steel exports plummeted 42%, the exports in aluminium jumped 59%, possibly as a result of a comparative advantage vis-à-vis exports from Canada, Mexico and China.¹⁴ New Delhi, however, was worried that the new tariffs on aluminium and steel could be the first step of a policy aimed at hitting more lucrative Indian exports to the US, in particular pharmaceutical items. The suspicion was legitimate as the decision to include India among the countries hit by the new tariffs came as an unpleasant surprise for the Indian government, particularly after the assiduous efforts made by Narendra Modi in previous years to strengthen the India-US connection.

India's reaction was to request an exemption from the aluminium and steel tariffs on the grounds that India's exports of those items were indeed limited and, as a consequence, could not damage US strategic security. Also, New Delhi was counting on the «strategic partnership», which had come into being in the previous years between India and the US, as a lever to obtain better conditions than those allowed to other countries. However Washington's answer to New Delhi's request was not positive. In June Trump made things tenser, by specifically quoting India as one of the countries guilty of dishonest trade practices, accusing it of imposing 100% tariffs on certain US goods.¹⁵

Like other countries which had been targeted by US neo-protectionism, India reacted by following two counterstrategies: one was denouncing the US tariffs on steel and aluminium as protectionist before the World Trade Organisation (WTO); the other was notifying its intention to hike the tariffs on a series of US products. However, unlike other countries, India's threats to go to (trade) war with the US were not enacted. India's decision to impose retaliatory tariffs, announced in June, was supposed to become effective on 4 August. Nevertheless this deadline continued to be

14. India's exports of steel items to the US went down from US\$ 198 million to 115 US\$ million; aluminium exports went up from US\$ 103 million to US\$ 164 million. 'US duty hikes begin to hurt as steel exports plunge 42%', *Livemint*, 4 September 2018.

15. 'India joins fightback against US steel tariffs', *Financial Times*, 21 June 2018.

rolled over and, at the end of the period under review, had not yet become operative.¹⁶

Clearly the Modi government hesitated in taking up such a powerful adversary as the US, particularly the US led by a totally unpredictable leader as Donald Trump. Accordingly, New Delhi, after the initial disappointment, fell back on renewed negotiations with Washington. By April, however, it became clear that the steel and aluminium tariffs were not the only problem on the table. On 12 April, the Office of the United States Trade Representative (USTR) officially announced that it was reviewing the eligibility of India (together with Indonesia and Kazakhstan) in the Generalized System of Preferences (GSP). This was a preferential system of trade allowing concessional or zero tariff imports from developing countries for a predefined set of products.¹⁷ Two days later it became known that the US Treasury had added India to its «watch list» of countries with questionable foreign exchange policies.¹⁸ Also, later in the year, news came that the Trump administration intended to limit the concession of H-1B visas and cancel the permission of work for H-4 visa users, namely spouses and children under 21 years of age of H-1B visa holders. The H-1B visa – a non-immigrant visa allowing US companies to employ foreign workers in occupations requiring high theoretical and technical expertise – was the most sought after among Indian IT professionals. So much so that, as of 5 October 2018, Indians monopolised 93% of this category of visa. Accordingly, any restriction of the existing rules could not but adversely affect the more than 300,000 Indian citizens holding H-1B visas and their spouses and children.¹⁹

Summing up, in spite of continuing negotiations between the representatives of India and the US, the trade and visa problems dividing the two countries, far from heading towards a mutually accepted solution, were becoming more momentous, as a result of Washington's intransigence.

16. The 4 August deadline was extended until 18 September, then 2 November, then 17 December, then 31 January 2019. 'India again defers duty hike on US products till January 31', *Business Line*, 18 December 2018.

17. 'USTR formally launches GSP eligibility review of India', *The Economic Times*, 13 April 2018. On the GST see Tojo Jose, 'What is Generalized System of Preferences (GSP)? What is its significance in India-US trade?', *IndiaEconomy.net*, 2 November 2018.

18. 'US Adds India To Currency Watch List Of Countries With Potentially Questionable Foreign Exchange Policies', *Outlook*, 14 April 2018. The other countries on the watch list were China, Germany, Japan, Korea, and Switzerland.

19. According to the US Citizenship and Immigration Services (USCIS), there were as many as 419,637 foreign nationals working in the US on H-1B visas as on October 5. Of these, 309,986 were Indians. 'Three-fourths of H1B visa holders in 2018 are Indians: US report', *The Economic Times*, 20 October 2018. On the question of the H-1B and H-4 visas see also 'Will End Permits For Families Of H-1B Visa Holders In 3 Months', *NDTV*, 22 September 2018, and 'US To Revise H-1B Definition, Planning Repeal Of H-4 Visa: 10 Points', *NDTV Profit*, 18 October 2018.

5.2. *The tensions related to Russia and Iran*

In summer 2017, the US Congress passed the Countering America's Adversaries Through Sanctions Act (CAATSA). Signed grudgingly by President Trump on 2 August 2017,²⁰ the act mandated automatic sanctions against Iran and North Korea but, in particular, against Russia, hitting its energy and defence sectors. Secondary sanctions were to be imposed on countries dealing with Russia, Iran and North Korea in the fields indicated in the CAATSA.

CAATSA – which came into effect in January 2018 – could not but adversely affect India's interest, given the relevance of its relations with Russia and Iran. India still acquired most of the weapons and weapon systems that it bought abroad from Russia. This remained true even if, beginning with the signing of the US-India Civil Nuclear Agreement of 2008 and the accompanying agreements on military cooperation, the US had become an increasingly important supplier of weapons and weapon systems to India. In 2008 the US exported some US\$ 1 billion to India, while in 2016 that figure had ballooned to more than US\$ 15 billion. At the same time, Russia's share of India's weapon imports had conspicuously declined from 79% in the 2008-12 period to 62% in the 2012-2017 lustrum.²¹ Even so, the fact remained that not only did Moscow continue to be the main weapon supplier to India, but its relevance was such that New Delhi could not dispense with Russian weapon supplies in the foreseeable future. Also, Russia had the advantage on the US of selling its weapons with fewer political strings attached, «making easier for New Delhi to decide how and against whom those weapons will be employed».²²

In the period under review, all this was capped by the fact that New Delhi appeared close to successfully concluding a negotiation that had begun at the end of 2015²³ - aimed at obtaining five Russia-made S-400 Triumph air defence missile systems. The S-400 system was generally considered the best of its kind in existence, far superior to anything that the US could supply. Accordingly, in spite of US entreaties to India aimed at convincing it to substitute the S-400 systems with US-produced anti-missile devices, New Delhi decided to implement its original plan. To do that, however, it was necessary to run the gauntlet of possible US sanctions imposed by CAATSA. This explains the hesitation that, at the beginning of the year under review,

20. Trump complained that the bill was «seriously flawed» particularly because it encroached on the executive branch's authority to negotiate. White House. Statements & Releases, *Statement by President Donald J. Trump on Signing the «Countering America's Adversaries Through Sanctions Act»*, 2 August 2017.

21. Tenzin Topden, 'India's Russia conundrum: a question of balance', *Asia Times*, 16 May 2018.

22. *Ibid.*

23. 'India Cleared Purchase of Russian S-400 Missile Defense System', *The Diplomat*, 21 December 2015.

characterised India's behaviour in relation to this question and the delay in signing the final deal with Russia.²⁴

As far as India's connection with Iran was concerned, Washington's pressure on New Delhi to induce it to scale down its imports of Iranian oil and gas was nothing new. In fact, reaching that objective had been one of the main and explicit goals sought by Washington since then-Secretary of State Condoleezza Rice went to India in 2005, opening the negotiation that would result in the 2008 US-India civil nuclear agreement. As a result, India's imports of Iranian oil and gas had actually declined over the years, although they had briefly picked up once again – not to the pre-sanction level – following the signing of the Joint Comprehensive Plan of Action (JCPOA) between Iran and the P5+1+EU and the lifting of international sanctions on Iran.²⁵ However, in spite of the diminishing trend in Iran's export to India, in 2018 India still remained the second biggest buyer of Iranian oil, after China, and, in December 2017, Iran was the third largest oil supplier to India, accounting for 11.7% of India's oil imports.²⁶

Donald Trump's «long anticipated and widely telegraphed» decision to withdraw from Iran's nuclear deal took effect on 8 May 2018.²⁷ It brought about the threat of US sanctions against those countries that would continue to trade with Iran, among which – as already noted – India was the most relevant after China.

Iran, in fact, was relevant for India not only as a main oil supplier but as the entrance to a corridor bypassing Pakistan and reaching Afghanistan and Central Asia. The strategic hub of this corridor, highlighted by Modi as the main India-sponsored connectivity project at the Qingdao SCO meeting, was the Chabahar port in South-east Iran, which India had engaged to develop with a deal signed in May 2016.²⁸ Logically, the whole project should have been in Washington's crosshairs. However, the Chabahar port opened an easy connection to Afghanistan, which could be exploited by the US in its struggle against the local insurgency. Also, Chabahar and its corridor were in direct competition with the Chinese-developed nearby Pakistani port of Gwadar, the terminal of the China-Pakistan Economic Corridor (CPEC), namely a crucial part in China's sponsored BRI. All this

24. India Defense Minister Nirmala Sitharaman was on an official visit in Moscow on 3-5 April. This was followed by an unscheduled visit by Narendra Modi, who met Vladimir Putin on 21 May. On both occasions the expected signing of the final contract for the supply of the S-400 air defence systems failed to happen.

25. Nidhi Verma, 'CORRECTED: India's 2016 Iran oil imports hit record high – trade', *Reuters*, 1 February 2017.

26. Nidhi Verma, 'India's Iranian oil imports slide in December under U.S. pressure', *Reuters*, 11 January 2019.

27. Mark Landler, 'Trump Abandons Iran Nuclear Deal He Long Scorned', *The New York Times*, 8 May 2018.

28. 'India hopes to start full operation soon at Iran's Chabahar port: minister', *Reuters*, 8 January 2019.

explains why then-US Secretary of State Rex Tillerson, during his October 2017 tour of the Middle East and South Asia, de facto gave the green light to India to proceed with the Chabahar project.²⁹ However, given Trump's unpredictability, there was no assurance for New Delhi that Tillerson's go-head could not be suddenly reversed. This uncertainty could not but be strengthened by Trump's sudden firing of Tillerson, via Twitter, on 13 March 2018.

5.3. *The 2+2 Dialogue*

The inaugural session of the 2+2 US-India dialogue, initially scheduled to be held in May in Washington, had been delayed as the US, before finally agreeing to it, wanted some previous assurances from India. Washington wanted to be sure that New Delhi would finally sign the second of the «foundational» agreements aimed at fleshing out the US-India military entente. The first, the Logistics Exchange Memorandum of Agreement (LEMOA), signed on 29 August 2016, gave a facilitated access to both sides to designated Indian and US military facilities for the purpose of refuelling and replenishment. The second issue in the period under review, originally designated as Communication Interoperability and Security Memorandum Agreement (CISMOA) and, later, Communications Compatibility and Security Agreement (COMCASA), was aimed at enabling greater communications interoperability between the militaries of India and the US, by allowing India to procure transfer-specialised equipment for encrypted communications for US-origin military platforms. The third foundational pact, the Basic Exchange and Communication Agreement (BECA), would allow the sharing of geospatial intelligence.

These agreements, tying together the US and its closest allies at the military level, were presented by Washington as «force multipliers» for its partners. New Delhi, however, had always shown considerable reluctance in signing the foundational pacts for both political and technical reasons. Politically these pacts threatened to entrap New Delhi in too close an embrace with Washington, transforming India into a front line state, in the military ring that the US was trying to build around China. Even if, under Modi, India's foreign policy, at least up to the closing months of 2017, had had an increasing anti-China bent, this does not mean that New Delhi was willing to give up its freedom of action, subordinating its China policy to the will of Washington. From a technical viewpoint, particularly the CISMOA/COMCASA opened the possibility that the US could illegitimately acquire highly confidential data on the working of the defence and intelligence apparatuses of its partners, either through cooperation or thanks to the possibility for the US, included in the COMCASA to carry out intrusive inspections in the

29. Michelguglielmo Torri & Diego Maiorano, 'India 2017: Narendra Modi's continuing hegemony and his challenge to China', p. 284.

countries adhering to the foundational agreements, ostensibly to prevent its own military equipment and secrets from being compromised.

Before approving the date for the meeting Washington required not only New Delhi's assurance that at least another foundational agreement would be signed, but also India's commitment to conspicuously reduce its imports of Iranian oil and gas.³⁰ It was only after New Delhi gave the assurances requested by Washington that the 2+2 Dialogue took place on 6 September in New Delhi, bringing together the new US secretary of State, Mike Pompeo, US Defense Secretary James Mattis, and their Indian counterparts, Foreign Minister Sushma Swaraj and Defence Minister Nirmala Sitharaman. The main result of the meeting was the signing of COMCASA, which successfully ended some ten years of negotiations. The pact, besides strengthening the US-India military connection was expected to result in a major increase in India's purchases of US weapons and weapon systems.³¹

According to most commentators, the signing of COMCASA confirmed that, in spite of the evident tensions between India and the US as result of Trump's erratic policies, and notwithstanding the supposed reset of India-China relations, following the Wuhan meeting, the alliance with America continued to be the foundation of India's foreign policy. This was an evaluation that could not but be strengthened by the announcements included in the final statement that closed the New Delhi 2+2 Dialogue. In it, the strategic importance of India's designation as a major defense partner of the US was reaffirmed; a new joint US-India tri-services military exercise was announced as a manifestation of the «rapidly growing military-to-military ties» between the two countries; and the usual anti-China code expressions in favour of «freedom of navigation and overflight» were repeated.³²

When all the above has been noted, the fact remains that there were hardly any openings by Washington on the main problems that caused tensions between the two parties. This became clear during US Secretary of State Mike Pompeo's conference in New Delhi, just before the beginning of the 2+2 meeting. In relation to Indian imports of Iranian oil, Pompeo stated that: «We have told the Indians consistently, as we have told every nation, that on November 4th the sanctions with respect to Iranian crude oil will be enforced, and that we will consider waivers where appropriate, but that it is our expectation that the purchases of Iranian crude oil will go to zero from every country, or sanctions will be imposed.» In relation to India's intention to buy the S-400 system and the possibility that Washington would allow a waiver, exempting India by the CAATSA secondary sanctions, Pompeo declared: «With respect to the S-400, no decision has

30. John Cherian, 'Tango with Trump', *Frontline*, 12 October 2018.

31. Keith Jones, 'India expands anti-China «strategic partnership» with Washington', *World Socialist Web Site*, 8 September 2018.

32. U.S. Department of State, *Joint Statement on the Inaugural U.S.-India 2+2 Ministerial Dialogue*, 6 September 2018.

been made. We are working to impose CAATSA Section 231 in a way that is appropriate and lawful and to exercise that waiver authority only where it makes sense.»³³

6. The 19th India-Russia bilateral summit

The annual India-Russia bilateral summit took place on 4- 5 October in New Delhi, less than a month after Pompeo's departure. The most important result of the summit was the signing of the S-400 deal, widely believed to have been finalised months before, but whose signature had been delayed by Indian fears of triggering US sanctions. The deal was signed without Modi or Putin mentioning it in their interaction with the press.³⁴ In fact, the only mention of the successful conclusion of the deal was represented by a few words in the longish joint statement concluding the summit. In it, the first two lines of paragraph 45 stated that: «The sides welcomed the conclusion of the contract for the supply of the S-400 Long Range Surface to Air Missile System to India».³⁵

There is no doubt that the conclusion of the US\$ 5.43 billion S-400 deal was highly important, not only from a strictly military standpoint, but, more generally, at the political level, highlighting the revival of a relationship that, in previous years, had appeared to be heading towards a slow atrophy. In fact, not only the S-400 deal, but more generally the full set of results of the summit clearly indicated not only the renewed closeness between New Delhi and Moscow, but also New Delhi's distancing from Washington. The renewed closeness between New Delhi and Moscow was evident in the eight memoranda of understanding (MOUs) which were signed during the summit and in several key passages in the joint communique released at the closing of the summit. The traditional areas of cooperation between the two countries – weapon trade and energy – appeared to be burgeoning. They were characterised not only by the finalisation of the S-400 deal, but by Russian supplies of liquefied natural gas (LNG) to India, by India's cooperation in the joint development of oil fields in the Russian territory, and in the continuing and growing cooper-

33. U.S. Department of State, *Remarks to the Press, Secretary of State Michael R. Pompeo*, US Embassy, New Delhi, India, 6 September 2018.

34. 'Eight pacts signed after Modi-Putin summit', *The Tribune*, 5 October 2018. According to «top [Indian] foreign ministry sources» quoted by *Asia Times*, the decision to keep a low profile on the signing of the S-400 deal was taken at the prompting of the Indian side. Saikat Datta, 'India's missile deal with Russia unlikely to sour US relations', *Asia Times*, 6 October 2018.

35. Ministry of External Affairs, Government of India, *India-Russia Joint Statement during visit of President of Russia to India (October 05, 2018)*, § 45. These few words were buried at the beginning of paragraph 45, in a 68 paragraphs and 5.500-word long document.

ation in the nuclear field These were exemplified by the progress achieved in building six nuclear power plants (NPP) in India, the ongoing consultations on the realisation of an additional one, the joint manufacturing of nuclear equipment, and by the progress in jointly building the Rooppur NPP in Bangladesh.³⁶

The Joint Statement also highlighted efforts to expand economic cooperation. The growing bilateral economic connection was indicated by the increase in two-way investment aimed at US\$ 30 billion by the year 2025, and by the decision to launch a Strategic Economic Dialogue, involving India's NITI Aayog and the Russian Ministry of Economic Development, whose first meeting was to be held by the end of the 2018.³⁷ Also, the two countries were planning to speed up the International North-South Corridor, joining India to Russia through Iran and Central Asia. Finally, and significantly, the Summit was accompanied by the holding of an India-Russia Business Summit, involving large delegations from both sides.³⁸

Politically the most important part of the Joint Statement was its closing paragraphs, dealing with international issues, where India's distancing itself from the US, although expressed in cautious diplomatic language, was evident. The key passage in the

Joint Statement read: « Both Sides share the view that implementation in good faith of generally recognized principles and rules of international law excludes the practice of double standards or imposition by some States of their will on other States, and consider that imposition of unilateral coercive measures not based on international law, is an example of such practice.»³⁹ This was a quite clear condemnation of the US attempt to impose its will through sanctions. An analogous criticism had implicitly been expressed some paragraphs before, when «the importance of the full and effective implementation of the Joint Comprehensive Plan of Action (JCPOA)» had been stressed.⁴⁰

Complementary to the condemnation of US unilateralism was the decision of the two countries to promote a multilateral world order based on the promotion of interaction and cooperation «in the regional multilateral fora such as BRICS, G-20, RIC [Russia-India-China Forum] and East Asia Summits».⁴¹ Part of this strategy was the enhancing of the role of the SCO both by giving it an economic component, particularly in transporta-

36. Ministry of External Affairs, Government of India, *India-Russia Joint Statement during visit [sic] of President of Russia to India (October 05, 2018)*, §§ 38, 40, 42.

37. The 1st India-Russia Strategic Economic Dialogue was actually held in St. Petersburg on 26 November 2018.

38. *Ibid.*, §§ 10, 11, 15, 19.

39. *Ibid.*, § 55.

40. *Ibid.*, § 50.

41. *Ibid.*, § 63.

tion and infrastructure projects, and by promoting its role in international affairs.⁴²

7. *India's strategic ambiguity?*

The diplomatic events analysed so far seem to point to India's strategic convergence with both China and Russia and its distancing from the US. This had been indicated already by the decision – which was announced on 7 August – not to join an initiative launched by the United States, Japan and Australia to fund infrastructure projects to counterbalance China's BRI in the Indo-Pacific region,⁴³ and by the 8 October announcement by India's Petroleum Minister Dharmendra Pradhan that oil imports from Iran would continue. However, according to many commentators, other moves by India showed the persistence of a contrary trend, still characterised by the pursuit of the containment of China.

Among these initiatives two in particular appeared to be relevant. The first was the signing of a Joint Strategic Vision for Cooperation in the Indian Ocean Region with France, on 10 March, during a visit to India of French President Emmanuel Macron. In the document the usual code words directed at China, expressing concern for «freedom of navigation and overflight», were mentioned, and the strengthening of India-France military cooperation in the Indian Ocean appeared mostly aimed at China's containment.⁴⁴ However, a closer reading of the India-France agreements reveals that the anti-China dimension was limited, almost ritual, and that the main aim pursued by the two parties was the enhancing of bilateral economic cooperation.

The other diplomatic initiative that could be read as part of India's continuing anti-China foreign policy was Modi's official visit to Tokyo, on 28-29 October. India-Japan relations, traditionally good after the Second World War, had become particularly close during Narendra Modi's premiership. They were primarily driven by geopolitical considerations, in particular by the common interest in containing China both politically and economically, and strengthened by Tokyo's massive economic support to New Delhi.⁴⁵ This Japanese-Indian anti-China strategy had found expression in

42. *Ibid.*, §§ 62, 64.

43. Dipanjan Roy Chaudhury, 'India not to join US-led counter to China's BRI', *The Economic Times*, 7 August 2018.

44. Ministry of External Affairs, Government of India, Joint Strategic Vision of India-France Cooperation in the Indian Ocean Region (New Delhi, 10 March 2018). See also Emanuele Scimia, 'China in sights of Indo-French defense cooperation', *Asia Times*, 16 March 2018.

45. On Japan's economic support to New Delhi see Giulio Pugliese & Sebastian Maslow, 'Japan 2018: Fleshing Out Japan's Free and Open Indo-Pacific Strategic Vision', in this same *Asia Maior* issue.

the decision – made public at Gandhinagar in May 2017 – to launch the building of an Asia-Africa Growth Corridor, in direct competition with the Chinese BRI and expression of «an amalgamation of both Japan’s and India’s growing strategic convergence in the Indo-Pacific Region».⁴⁶

In this context, Modi’s visit to Tokyo of 28-29 October 2018 could be interpreted as in pursuit of that policy of containment of China which had appeared to be dominant in the India-Japan relationship the year before. No doubt, the Joint Statement concluding Modi’s Japan visit duly repeated the usual anti-China mantras, about «freedom of navigation and overflight as well as unimpeded lawful commerce» and the pursuit of peaceful resolution of disputes «in accordance with the universally recognised principles of international law, including those reflected in the UNCLOS, without resorting to threat or use of force.»⁴⁷ Also, there was an upgrading in the India-Japan connection, with the decision to launch a 2+2 Dialogue, on the lines of those already existing between India and the US, which, at first sight, appeared as mainly aimed at China’s containment. However, a key passage in the official résumé of the meeting, posted on the Japanese Ministry of Foreign Affairs site, appeared to point in a quite different direction.

According to the résumé, «Prime Minister Abe stated that *amid mounting concerns about protectionism*, he will have Mr. Hiroshige Seko, Minister of Economy, Trade and Industry, and Mr. Suresh Prabhu, Minister of Commerce & Industry and Civil Aviation of India, work solidly in order to realize a substantial conclusion of the Regional Comprehensive Economic Partnership (RCEP) negotiations this year by the 16 countries including India, towards the realization of a free and open Indo-Pacific.»⁴⁸ This was a commitment that, according to the document, was fully shared by Modi.⁴⁹ That same commitment appeared in the communiqué posted on the site of the Indian Prime Minister’s Office, although differently worded. In fact, the Indian version stated the two premiers had «recommitted themselves to resisting protectionism including all unfair trade practices and underlined the need to remove trade-distorting measures.» The communiqué continued by stating that Modi and Abe had «reaffirmed the strategic importance of the early conclusion of the negotiations for a high-quality, comprehensive and

46. Michelguglielmo Torri & Diego Maiorano, ‘India 2017: Narendra Modi’s continuing hegemony and his challenge to China’, p. 285. However, as Giulio Pugliese pointed out in a personal communication, the project of building a Japan-India sponsored Asia-Africa Growth Corridor has had no follow up, remaining in the ambit of wishful thinking.

47. Press Information Bureau, Government of India, Prime Minister’s Office, *India-Japan Vision Statement*, 29 October 2018, § 3.

48. Ministry of Foreign Affairs of Japan, *Japan-India Summit Meeting*, 29 October 2018 (emphasis added). On the RCEP and its relevance as a pointer of the true direction assumed by both Japan’s and India’s policy, more below.

49. *Ibid.*

balanced Regional Comprehensive Economic Partnership (RCEP) Agreement for realising full benefits of a free and open Indo-Pacific region.»⁵⁰

Interestingly, the Indian version, apart from obscuring the dominant role played by Abe in the anti-protectionist, pro-RCEP India-Japan standing, wrapped the enunciation of this initiative in anti-China wording (the indication that it was taken «for realising full benefits of a *free and open Indo-Pacific region*.»). This possibly explains why the true geostrategic meaning of the anti-protectionist, pro-RCEP bilateral standing on protectionism and RCEP appears to have escaped the attention of Indian commentators. In fact, the anti-protectionist statement – although couched in a different language in the two official communiqués – was a signal, as clear as any, of the growing distance between Japan and India on one side and the US on the other. The return of protectionism on the international stage was the result of Trump's policy; conversely, RCEP was part of the ongoing attempt to build «the world's largest trade sphere in Asia»; a trade sphere – it is worth stressing – that excluded the US and included China. In fact, RCEP – at that moment still in a negotiating phase, though nearing completion – was a free trade agreement (FTA) involving the ten countries belonging to ASEAN, plus Australia, China, India, Japan, New Zealand and South Korea. The RCEP, together with the Progressive Agreement for Trans-Pacific Partnership (CPTPP) or TPP-11, aimed at filling the void left by Trump's sinking of the TPP, namely the gigantic trade agreement including 12 Asia-Pacific countries, which had been strongly promoted by the Obama administration, but rejected by Trump immediately after assuming the US presidency. There is no doubt that the operationalisation of both the RCEP and TPP-11, by including China and managing without the US, could not but weaken the US international standing and its capacity to influence the Asian countries belonging to those pacts.⁵¹

To sum up, the almost ritual anti-China declarations included in the concluding communiqués were clearly less important than the explicit decision to accelerate the conclusion of a FTA that, including China and in the

50. Press Information Bureau, Government of India, Prime Minister's Office, *India-Japan Vision Statement*, 29 October 2018, § 24. The RCEP negotiations were launched by leaders from 10 ASEAN Member States (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam) and six ASEAN Free Trade Agreement (FTA) partners (Australia, People's Republic of China, India, Japan, Republic of Korea, and New Zealand) during the 21st ASEAN Summit and Related Summits in Phnom Penh, Cambodia, in November 2012. Their objective was to achieve a «modern, comprehensive, high-quality, and mutually beneficial economic partnership agreement» among the ASEAN Member States and ASEAN's FTA partners. The RCEP negotiations have been in progress since early 2013. See Regional Comprehensive Economic Partnership (RCEP) (https://asean.org/?static_post=rcep-regional-comprehensive-economic-partnership).

51. For a discussion of these themes see Takashi Terada, 'RCEP Negotiations and Implications for the United States', *NBR – The National Bureau of Asian research*, 20 December 2018.

absence of the US, would strengthen Beijing's international standing and weaken that of Washington. With this perspective in mind, it is significant that Japan Prime Minister Shinzō Abe's recent official visit in Beijing had been summarised by Chinese Prime Minister Li Keqiang with the statement that: «Turning to cooperation from competition, the relationship between the two nations is entering a new stage».⁵²

8. From Singapore to Buenos Aires

India's cautious distancing from the US and its alignment with both China and Russia became increasingly clear at the 13th East Asia Summit (EAS) and Quad meetings in Singapore (14-15 November), and the G20 in Buenos Aires (30 November–1 December).

In Singapore it appeared clear that most Asian participants were under the impression that the US Indo-Pacific policy was basically unreliable and harmful to their interests. Accordingly the EAS focused on regional integration, an important part of it being the speeding up of the RCEP-related negotiations. Modi aligned India's position to that of the other Asian participants.⁵³

On the side-lines of the EAS there was the Quad meeting; however, it turned out to be a very tame affair. That the Quad was heading nowhere had already become evident when, as noted above, India had turned down Australia's participation in the Malabar exercise. This had been followed by Singapore's decision not to join the Quad (14 May). Moreover, India had resisted the US and Japan's request to raise the level of the Quad meetings from assistant secretary/joint secretary level to that of foreign secretary/foreign minister. India had also insisted on the opportunity of dispelling the notion that the Quad was anti-China.⁵⁴ To have done so, however, would have negated the rationale itself of the Quad. As things stood, the 14 November meeting did not reach any meaningful conclusion, and limited itself to reaffirming worn-out platitudes.⁵⁵

At the end of the day, the fundamental result of the meeting – although an unwanted result – was the unveiling of the absence of a common

52. 'Japan-India summit highlights how badly both countries need – and need to contain – China', *South China Morning Post*, 2 November 2018.

53. M. K. Bhadrakumar, 'Quad recedes into shade. It's the RCEP, stupid!', *Indian Punchline*, 14 November 2018; 'In Singapore summits, PM Modi pitches for enhanced trade, better Indo-Pacific connectivity', *Hindustan Times*, 16 November 2018.

54. '«Quad» of India, US, Japan, Australia to meet soon', *The Times of India*, 12 September 2018.

55. Such as the «shared commitment to maintain and strengthen a rules-based order in the Indo-Pacific in which all nations are sovereign, strong, and prosperous». U.S. Department Of State, *U.S.-Australia-India-Japan Consultations*, 15 November 2018.

strategic vision. Significantly, far from releasing a joint final communiqué, the Quad participants did not even release separate communiqués, as in the previous year. In conclusion, following the 14 November meeting, the Quad appeared to assume an uneasy resemblance to Alice's Cheshire cat, slowly fading away and leaving behind, for a short while, only a smile.

The evolving configuration of India's foreign relations was highlighted once again at the G-20 Summit in Buenos Aires (30 November–1 December). The summit was overshadowed by the ongoing – Trump-triggered – trade war between the US and China, and saw the leaders of the BRICS group (Brazil, Russia, India, China and South Africa) issue an anti-protectionist statement calling for open international trade and the strengthening of the WTO.⁵⁶ On the side-lines of the summit Modi took part in three important meetings. The first was with Xi Jinping, and, as tweeted by Modi soon after, was «warm & productive». According to Indian Foreign Secretary Vijay Gokhale, the two leaders «had a very detailed review of what they agreed to in Wuhan and how it was progressed [sic]. Both of them said that progress has been made on the economic side». Also, still according to Gokhale, Xi and Modi highlighted the «positive improvement in border management along the India-China border areas», which had taken place «following the Wuhan summit». Finally, Modi and Xi «specifically mentioned the first bilateral cooperation that had begun in Afghanistan», namely the training of Afghan diplomats. The two leaders noted the success of the project and looked forward to further joint efforts along the same lines.⁵⁷

The Xi-Modi encounter was followed by a trilateral meeting involving India, the US and Japan, which explicitly aimed at discussing «China flexing its muscles in the strategic Indo-Pacific region». However, if Trump hoped to involve his allies in some kind of anti-China position, he didn't succeed. Modi, although wrapping India's stand in kind words extolling the partnership with the US,⁵⁸ unambiguously underscored India's «firm commitment to make the Indo-Pacific a region for shared economic growth».⁵⁹

A few hours after the meeting with Trump and Shinzō Abe, Modi took part in another trilateral summit with Putin and Xi, convened by the Russian president. The consultation was aimed at coordinating the strategy of the three countries, particularly the «reform and strengthening» of inter-

56. Vladimir Soldatkin & Roberta Rampton, 'BRICS slam protectionism as China-U.S. spat overshadows G20 talks', *Reuters*, 30 November 2018.

57. 'After 12 years, India, Russia, China hold trilateral meeting', *Rediff.com*, 1 December 2018.

58. Modi stated that India would «continue to work together [with the US and Japan] on shared values» and noted that the acronym of the three countries was JAI, «which stands for success in Hindi». *Ibid.*

59. 'After 12 Years, Russia-India-China Hold Trilateral On Economic growth', *NDTV*, 1 December 2018.

national institutions - such as the UN, the WTO and old and new financial institutions - were concerned.⁶⁰ It was a programme in explicit opposition to the one pursued by Trump.

9. Conclusion

At the end of the year under review, either on 30 or 31 December, many Indian newspapers and news portals published, with slightly different titles, an article assessing the state of India-US relations and their evolution during the year drawing to a close.⁶¹ The article claimed that: «Notwithstanding irritants on trade issues India and the US made “landmark” progress in 2018 to bolster their strategic and defence ties». The article went on to argue that, in spite of the above quoted «irritants on trade issues», India-US trade relations had continued to grow. The opinion of the president of the US-India Business Council, Nisha Desai Biswal, was quoted, asserting that, despite «trade headwinds», the US-India commercial and strategic relationship continued «to enjoy strong bipartisan support in the US, underpinned by rapidly expanding bilateral trade». Also, the article highlighted that India was «among the few countries, which received a waiver on Iran sanctions» and that the Trump administration had also pressed Pakistan to bring to justice the perpetrators of the 2008 Mumbai attack.

This optimistic evaluation notwithstanding, the bilateral US-India relations appeared beset with problems. It was true that India was among those countries that, at the beginning of November, had received a waiver on the sanctions on Iran. Also – what the article did not mention – the waiver on trade with Iran had been closely followed by a second waiver, allowing India to continue the development of the Iranian port of Chabahar and the related road to Afghanistan.⁶² The waivers, however, were only

60. Ankit Panda, 'Russia-China-India Trilateral Leaders' Summit Reconvenes at 2018 G20', *The Diplomat*, 1 December 2018.

61. The article, entitled '2018 – A landmark year for India-US strategic relationship' or 'Why 2018 will be a landmark year for India-US strategic relationship' was published, among others, by *Business Today* (30 December), *Livemint* (30 December), and *The Economic Times* (31 December). It had been circulated by PTI (Press Trust of India Ltd.), the largest news agency in India.

62. Indian and Afghan diplomacies had succeeded in making the Trump administration understand that the Chabahar port and corridor were vital for supplying Afghanistan and, as a consequence, for protecting US interests in Afghanistan. On their part, the US military had already endorsed the Chabahar project the year before. See: Vinay Kaura, 'US grants sanctions waiver to India on Chabahar: Port is at the centre of Washington's South Asia strategy', *Firstpost*, 8 November 2018; Shubhajit Roy, 'US sanction waiver for Chabahar Port came after concerted push by Delhi, Kabul', *The Indian Express*, 9 November 2018; Peter J. Brown, 'Iran could be the key to cementing India and Japan ties', *Asia Times*, 12 November 2018.

temporary and due to expire after six months. Also, they were conditional on the continuing reduction in the import of Iranian oil. Apart from the Iranian question, India's relationship with the US was adversely affected by the continuation of US tariffs on steel and aluminium, by the formal launching, in April, by the United States Trade Representative (USTR) of a review of India's entitlement to the Generalized System of Preferences (GSP),⁶³ by the fact that, again in April, the US Treasury added India to its watch list of countries with potentially questionable foreign exchange policies,⁶⁴ by the possibility that the US would impose S-400-related CAATSA sanctions, and by the unresolved problem of the H-1B and H-4 visas.

Not surprisingly, in the closing weeks of the year, tensions between India and the US were visibly growing. On 1 December – namely the same day of the trilateral US-Japan-India meeting in Buenos Aires – the US officially announced that it would not take part in the «Vibrant Gujarat» conference scheduled for 18-20 January 2019. «Vibrant Gujarat» was a biannual investors' summit organised by the government of Gujarat for the first time in 2003 and a brainchild of then-Gujarat Chief Minister Narendra Modi. Since its inception «Vibrant Gujarat», besides its economic role, also had a political one: highlighting the privileged connection between Modi – who invariably inaugurated the summits – and Indian and international capitalists. In 2015 and 2017 the organisers of «Vibrant Gujarat» invited the US to be a partner country, which Washington accepted, dispatching in 2015 high-level representative Secretary of State John Kerry. Now, the US refusal to participate in the 2019 session could only be interpreted as a «snub publicly administered by Washington».⁶⁵

On 31 December 2018, simultaneously with the publication of the above-quoted article, India and Iran announced the inauguration of a bilateral payment mechanism dispensing with the use/trade of US dollars in oil transactions between the two countries. In fact the new system had been in the making since at least 2 November, when an agreement, enabling the full payment of Iranian oil exports to India in rupees, was initialised. The Indian government-owned UCO Bank – with no connections to the US, and therefore beyond the reach of US sanctions – was put in charge of this new payment mechanism. After the Indian Ministry of Finance issued an order exempting NIOC – the Iranian company exporting oil to India – from

63. 'USTR formally launches GSP eligibility review of India', *The Economic Times*, 13 April 2018. The GSP gave business from designated beneficiary countries a preferential or duty-free access to the US market. In 2017 India was the biggest beneficiary of the GSP programme, which gave preferential access to 1,900 out of 3,700 Indian products.

64. 'US Adds India to Currency Watch List of Countries With Potentially Questionable Foreign Exchanges Policies', *Outlook*, 14 April 2018.

65. M.K. Bhadrakumar, 'US will return to Vibrant Gujarat provided Modi wins 2019 poll', *Indian Punchline*, 5 December 2018.

paying the steep tax hitherto mandatory on a foreign company's income deposited in an Indian bank account, the agreement became operational, as announced on 31 December.⁶⁶

While it remained unclear if US pressure was inducing India to diminish its imports of Iranian oil, the launch of a payment mechanism dispensing with US dollars and circumventing Washington-imposed unilateral sanctions represented a political defeat for the US. Washington's irritation was revealed by the «highly disparaging remarks» made on 2 January 2019 by Trump, concerning Narendra Modi and India's role in Afghanistan.⁶⁷

While India's relations with the US were buffeted by these problems, those with Russia and China appeared to be on an upward trend. As recent as May, it had been possible to dismiss India's strategic relationship with Russia as having become «largely ceremonial» as a consequence of India's signing LEMOA on 29 August 2016.⁶⁸ A few months later that theory had been completely disproved by the finalisation of the S-400 deal and by the growing coordination between Moscow and New Delhi aimed at the promotion of a new multipolar order, in opposition to the US-dominated unipolar order.

The case with China was similar: New Delhi's adversarial policy towards Beijing, which had increasingly characterised India-China relations since the beginning of Modi's premiership and almost reached all-out war in June-August 2017, went through a trend inversion, highlighted by the Wuhan Modi-Xi meeting at the end of April 2018. Following the Wuhan meeting, relations between the two Asian giants slowly but steadily improved. Bilateral trade had increased and steps had been taken to rectify

66. M.K. Bhadrakumar, 'India sequesters Iran ties from US predatory strike', *Indian Punchline*, 2 January 2019.

67. M.K. Bhadrakumar, 'Modi-Trump bromance ends on a sour note', *Indian Punchline*, 3 January 2019. President Trump, during the cabinet meeting of 2 January 2019, famously remarked: «I get along very well with India and Prime Minister Modi. But he's constantly telling me he built a library in Afghanistan. Okay, a library. That's like — you know what that is? That's like 5 hours of what we've spent. And he tells it. And he's very smart. And we're supposed to say, "Oh, thank you for the library." I don't know who's using it in Afghanistan. But one of those things. But I don't like being taken advantage of.» The White House, *Remarks by President Trump in Cabinet Meeting (Issued on: January 3, 2019)*. Since 2001, India had realised a plethora of projects in Afghanistan, including dams, transmission lines, the building where the Afghan parliament was located (which was probably the «library» alluded to by Trump), besides the training of security forces and, as above noted, the training of diplomatic personnel in partnership with China. India's economic commitment supporting these and other Afghan projects amounted to more than US\$ 3 billion, as asserted by Ministry of State for External Affairs V. K. Singh at Genève on 28 November 2018. See Ministry Of External Affairs, Government of India, *Country Statement by MoS for External Affairs at Geneva Ministerial Conference on Afghanistan*, 28 November 2018.

68. Khalid Ibn Muneer, 'Romancing the West risks India's regional influence', *Asia Times*, 8 May 2018.

India's negative balance of trade vis-à-vis China.⁶⁹ After having withheld permission for years, in June 2018 India allowed the Bank of China to open a branch in Mumbai, which became its second branch operating in India.⁷⁰ In November, the other Chinese bank active in India, the Industrial and Commercial Bank of China (ICBC), announced that it had established a US\$ 200 million fund for investing in Indian micro, small and medium enterprises (MSMEs) and ventures.⁷¹ After the Wuhan meeting, border incidents along the common border had significantly decreased.⁷² «Hand in Hand», the joint India-China annual military exercise – launched in 2013 and suspended in 2017 following the Doklam incident – took place once again in Chengdu (Sichuan province), beginning on 18 December and continuing for 14 days.⁷³

As in the case of India-Russia relations, those between India and China appeared to be characterised by increasing coordination at the international level, aimed at promoting a new multipolar order, in competition with the US-dominated unipolar world order. The fact that the pursuit of this multipolar world order was an objective common to both India-Russia and India-China relations could not but strengthen a trilateral Russia-India-China connection, which had become increasingly visible, in particular inside regional organisations such as SCO and BRICS, and new financial organisations such as the New Development Bank.

Of course, many of the problems counterpoising India to China were still unresolved and, as a consequence, had the potentiality to resurface at any moment, causing a sudden and dramatic worsening in relations between these two Asian countries. Among these unresolved problems, the most dangerous and most intractable appeared to be that of the Himalayan border. Along the 3,380 kilometres' undetermined border, where, in certain areas even the definition of the LAC (Line of Actual Control) appeared disputed, India saw China as illegitimately holding 38,000 square kilometres in the western sector, while, in the eastern sector, China claimed as its own 90,000 square kilometres in the Indian north-east state of Arunachal Pradesh (called South Tibet by China).⁷⁴ However, at Wuhan, the decision to relaunch the languishing negotiation for a solution of the border dis-

69. M.K. Bhadrakumar, 'The Matryoshka dolls of India-Russia ties', *The Tribune*, 5 October 2018; Avinash Godbole, 'What to expect from the 21st round of India-China border talks', *Asia Times*, 19 November 2018.

70. 'Bank of China comes to India', *The Telegraph*, 12 June 2018.

71. 'Chinese bank sets up \$ 200 mn fund for investing in Indian MSMEs', *Business Line*, 13 November 2018.

72. 'China incursions along LAC dropped by 20% this year: Officials', *Hindustan Times*, 24 September 2018.

73. 'Why India's expanding military ties with the United States and Russia could put the squeeze on China', *South China Morning Post*, 18 December 2018.

74. Ananth Krishnan, 'The other G20 meeting: can Xi and Modi solve the China-India border paradox', *South China Morning Post*, 30 November 2018.

pute had been taken together with the commitment to maintain «peace and tranquillity in the border areas» until a final solution of the border problem was on the table.⁷⁵

However, the difficulties characterising the relationship between the countries seems to this writer to be different from the unresolved border problem. No doubt the border problem is real and difficult to determine and, historically, is the origin of India-China adversarial relations. In more recent years – at least since 2005 – it has been used as a tool by one party, but particularly Beijing, to create difficulties for the other, in a dispute triggered by a yet more basic problem. This, quite simply, is China's ambition to become the new hegemon in Asia, and India's determination not to accept a subordinate position vis-à-vis China. In 2018, Trump's irrational, myopic, unpredictable and highly dangerous foreign policy forcefully contributed to the thawing of India-China relations. Again, it was Trump's unpredictability that pushed Japan Prime Minister Shinzō Abe to a more friendly relationship with China, which, in itself, precluded India being able to fully count on Japan as a partner in the containment of China. This, however, was the situation as it had taken shape in 2018. If India and China are willing to continue on the path of rapprochement, they must take into account their reciprocal strategic needs and national sensitivities. Also, as the more powerful of the two parties, the burden of choice weighs more on Beijing. At the closing of the year it was not possible to predict if the thawing in India-China relations was only a transitory phase – propitiated by Trump's arrogance and ineptitude – or something more permanent.

As noted by Shivshankar Menon, an acknowledged expert in India's foreign relations, «Nothing is impossible in politics. What is impossible is a settlement on the terms the Chinese have announced in public, which include Tawang and significant Indian concessions in the eastern sector in Arunachal. But as the history of the last 69 years of India's relations with the PRC [People Republic of China] shows, nothing should be assumed to be set in stone».⁷⁶

75. Avinash Godbole, 'What to expect from the 21st round of India-China border talks'.

76. Shivshankar Menon, 'The China dossier', *India Today*, 27 July 2018.

