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CENJOWS

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CHINA (Geo-Strat, Geo-Politics & Geo-Economics)

Even as India Says Ties with China 'Not Normal', Foreign Ministers Discuss Trade, Ukraine.

<https://thewire.in/diplomacy/india-china-wang-yi-s-jaishankar>

Visit of Chinese Foreign Minister Wang Yi to New Delhi was held under the cover of unusual secrecy and there was no prior public acknowledgment of the visit. After meeting India's national security advisor Ajit Doval first and then Indian external affairs minister S. Jaishankar, he directly left for the airport to emplane for Kathmandu. There was no meeting with the Indian Prime Minister Narendra Modi.

Comments. The Chinese minister had expressed a desire for a return to normalcy in the India-China relationship but **Mr. Jaishankar expressed that 'restoration of peace and tranquility' was a must for return to normalcy.** Mr. Jaishankar described that **relationship between the two countries was not normal** and he said "it cannot be normal, if the situation in the border areas is abnormal. And surely the presence of a large number of troops there, in contravention of agreements is abnormality".

Whereas, Wang Yi in his Chinese language press release conveyed that the border issue should not define the overall development of bilateral relations.

Thus, Beijing has not shifted from its position that border friction should not dominate the relationship.

Wang's three-point formula for India-China ties. Wang suggested three concepts to take forward the relationship:-

First, both countries should take a "long term view", **put the border issue in an "appropriate position"**, and adhere to the correct direction for development in ties; Second, China and India should have a "win-win" mindset - Beijing respected India's "traditional role in the region", and China committed that it does not pursue "unipolar Asia. At the same time, Wang also reiterated that it was willing to explore 'China India plus' cooperation with India for development in the South Asian region; Third, Wang proposed that "both countries should take part in the multilateral process with a cooperative posture".

Jaishankar asserted that if both countries are committed to improving ties, "then this commitment must find full expression in ongoing disengagement talks".

After multiple rounds, both sides had reached an understanding in disengaging troops at friction points Galwan, Pangong Tso Lake and Gogra, while the stand-off at Depsang and PP15 continued. There was an expectation in the run-up to the Chinese foreign minister's visit that PP15 would be next to be resolved, and an announcement would be made during the current high-level visit. However, China has yet to budge from Depsang, where the Chinese presence has blocked traditional patrolling routes of India on the border.

On the bilateral front, Jaishankar said that **India continued to "press for fairer market access"**. Even as political relations between India and China went into a deep freeze due to the border stand-off, trade numbers zoomed upwards despite New Delhi trying to keep off Chinese companies from strategic economic sectors. As per Chinese government

statistics, bilateral trade grew by 44% to \$125.7 billion in 2021. This increased India's trade deficit with China to \$69.4 billion in 2021.

Further, ***India had reacted strongly to Wang Yi's reported endorsement of OIC's views on Kashmir.*** It was conveyed that China should follow an independent policy in respect of India, and not allow its policies to be influenced by other countries and other relationships.

Treating New Delhi's stand on the Russian Invasion of Ukraine as an opportunity to find common ground with India, China's larger and more ambitious aims from this visit were to get India to stand down at the border, accept the 'new' status quo and focus on the big picture – the Chinese version of the big picture, the "Asia Moment".

However, none of Wang Yi's endeavours bore fruit. Not only did Mr. Jaishankar firmly reiterate India's longstanding condition that China disengages at the border and restore things back to their pre-April 2020 status quo to achieve a possible thaw, but he didn't go along with the Chinese Foreign Minister to club India's decision to refuse to condemn Russia with that of China's. India made it a point to imply that its reasons for its stand on Russia are different from that of China's and the only place they converge was in calling for "an immediate ceasefire, as well as a return to diplomacy and dialogue."

Further, if China was thinking to drive a wedge between the United States and India and drive it away from QUAD, and achieve its wild dream of creating Russia-China-India bloc under its veiled leadership, it failed miserably.

Further, the Indian PM's participation at the next BRICS summit hosted by China was discussed but no firm commitment has been disclosed publicly.

In Australia's Backyard – China Inks Pact With Solomon Islands to Set Up a Possible 'Military Base' in the Region?

(<https://www.theguardian.com/world/2022/mar/24/china-finalising-security-deal-with-solomon-islands-to-base-warships-in-the-pacific>)

(<https://eurasianimes.com/china-inks-pact-with-solomon-islands-to-set-up-military-base/>)

Copy of the Draft security agreement circulating on social media suggests China could establish military base less than 2,000km from Australia and it would allow China to base navy warships in the Pacific. According to the leaked papers, Beijing will be allowed to deploy forces to "protect the safety of Chinese personnel and major projects in the Solomon Islands." The island nation could also "request China to send police, armed police, military personnel and other law enforcement and armed forces". Besides, there is a provision for China to "make ship visits, to carry out logistical replenishment in, and have stopover and transition in the Solomon Islands."

The Solomon Island government's confirmation on the security deal with China has alarmed both Australia and New Zealand who see it as a move by China to get a strong foothold in their backyard.

Comments. The arrangement comes at a time when Australia and the US have become wary of China in the region, particularly after reports of recent Chinese military build-up on three islands in the South China Sea. China's fast-growing foothold within the Pacific Island Country (PIC) has been a growing concern for the US and its allies because of the geostrategic value of this region. During World War II, Imperial Japan and the US vied for

control over these islands as they were critical for maintaining logistical supply lines and projecting military power.

Analysts have said that such an agreement is poised to have a significant impact on the balance of security in the region as it would complicate Australia's ability to move submarines, ships, and aircraft along its eastern coast which is only 2,000 km from the Solomon Islands.

Furthermore, the Chinese military presence in the Solomon Islands will enable Beijing to break through the encirclement by US armed forces that are present in the region such as in Guam, Japan, and South Korea by positioning its forces behind them thereby outflanking the US. China may use the Solomon Islands as a deployment and refueling hub to deny US forces ability to project power by threatening their logistical supply lines. This could place also raise concerns among America's allies who look to Washington for the supply of military equipment in the event of a conflict with China.

Australia's Minister for the Pacific, Zed Seselja has indicated that he has already started lobbying other Pacific Island states to register their concerns with the Solomon Islands over the deal. He said Australia's High Commissioner, Lachlan Strahan, had also directly registered Australia's concerns with Solomon Islands Prime Minister Manasseh Sogavare.

Interestingly, Solomon Islands switched diplomatic ties from Taiwan to Beijing in 2019, which partly fuelled discontent that led to riots in the capital, Honiara, in November. Australia has historically provided security support to Solomon Islands and led a policing mission to restore order in the wake of riots, at the request of Prime Minister Manasseh Sogavare. Australia has a bilateral security agreement with Solomon Islands, covering the deployment of police and armed forces, signed in 2018.

IOR (MARITIME)

Maiden Edition of Indian Ocean Naval Symposium Maritime Exercise Held.

(<https://www.newindianexpress.com/nation/2022/mar/31/maiden-edition-of-indian-ocean-naval-symposium-maritime-exercise-held-2436075.ht>)

The Indian Ocean Naval Symposium (IONS), established in 2007, is a premier forum for cooperation and collaboration among Navies of littoral states of the Indian Ocean Region. The forum has enabled discussions on regional maritime issues, promoted friendly relationships, and significantly improved maritime security cooperation in the Indian Ocean Region.

The premier forum Indian Ocean Naval Symposium (IONS) held its maiden Maritime Exercise 2022 (IMEX-22) at Goa and in Arabian Sea from 26 – 30 Mar 22 which witnessed participation of 16 out of the 25 member nations of IONS which included Iran. The participation included warships, Maritime Reconnaissance aircraft and helicopters from the Navies of Bangladesh, France, India and Iran. 22 Observers from 15 IONS member Navies, namely Australia, Bangladesh, France, India, Indonesia, Maldives, Mauritius, Mozambique, Oman, Qatar, Singapore, Sri Lanka, Thailand, UAE and UK also participated in the exercise. IMEX-22 was conducted in two phases with Harbour Phase at Mormugao Port, Goa from 26 to 27 March 22 followed by a Sea Phase in the Arabian Sea from 28 to 30 March 22.

Comments. The main aim of **IMEX 22** was to develop the IONS capability to efficiently and effectively coordinate amongst member nations the ability to address HADR contingency,

coordinate the operations, build upon the individual strengths & develop interoperability in critical areas such as Search & Rescue operations, cross deck operations of helicopters, medical support, diving expertise and seamless communication. The Maritime Exercise saw a significant number and wide variety of participating units which included Amphibious Assault Ship, Frigates, Fleet Support Ship, Destroyer, Landing Ship Tank & various aviation assets - ship borne and shore based helicopters and fixed wing aircraft, The participants validated the IONS HADR guidelines and developed response mechanisms for providing HADR from sea to shore as well as for rendering assistance to ships and crafts in distress at sea. French Navy Chief Pierre Vandier and Indian Chief of Naval Staff Admiral R. Hari Kumar witnessing the exercise during the sea phase and also attending the post exercise debrief conveys the significance of the exercise. The exercise indeed is a significant stepping stone for regional Navies to collaborate and respond collectively to natural disasters in the region and also paving the way for further strengthening regional cooperation.

The Indian Navy Commissions INAS 316 at INS Hansa, Goa.

https://economictimes.indiatimes.com/news/defence/indian-navy-to-commission-2nd-squadron-of-p-8i-aircraft-on-tuesday/articleshow/90499234.m_campaign=cppst

The Indian Navy commissions its second LRMR (Long-Range Maritime Reconnaissance) Air Squadron comprising a fleet of P-8I aircraft. The Air Squadron 316 was commissioned at the INS Hansa, Naval Air Station in Goa, in the presence of Chief of Naval Staff R Hari Kumar. The Indian Naval Air Squadron INAS 316 will operate the Boeing P-8I multi-role long-range maritime reconnaissance aircraft. INAS 316 has been christened 'The Condors' after one of the largest flying birds in the world. The insignia of the squadron depicts a Condor searching over the blue expanse of the sea.

Comments. The new squadron is being raised amid growing concerns over China's increasing forays into the Indian Ocean Region, considered the backyard of the Indian Navy. This is primarily to add muscle to the Indian Navy's surveillance power in the Indian Ocean Region. The Indian Navy had acquired the first batch of eight P-8I aircraft in 2013 that are stationed at INS Rajali in Arakkonam in Tamil Nadu. The INAS 316 will operate the second batch of four additional P-8I aircraft, will add teeth to the armour of the Indian Navy, to deter, detect and destroy any adversary at sea. The aircraft, with its superior maritime surveillance and reconnaissance capabilities and operational readiness, has proven to be an important asset to the Navy since commissioning of the first squadron at INS Rajali in 2013. The Indian Navy was the first international customer for the P-8 aircraft, the aircraft was only operated by the US Navy prior to the Indian Navy. The capabilities of P 8 aircraft as a potent LRMR asset has resulted in the Royal Australian Air Force, the United Kingdom's Royal Air Force and the Royal Norwegian Air Force buying and operating the aircraft.

SPACE

MoD Approves Rs 4,000 Cr Surveillance Satellite Proposal to Monitor China-Pak Borders.

<https://timesofindia.indiatimes.com/india/india-us-to-hold-22-dialogue-on-april-11/articleshow/90525658.cms>

Comments. On 22 Mar 22, the Defence Acquisition Council has approved a proposal for a dedicated communication satellite GSAT-7B for the Indian Army. As of now, GSAT-7 (Rukmini) and GSAT-7A (Angry Bird) are India's only two dedicated military communication satellites in operation for the Indian Navy and Air Force respectively. GSAT-7 is a multi-band (UHF, C Band

and KU band) communication satellite. It caters for the communication needs of the Indian Navy and connects the Navy's warships, aircraft, submarines and land-based communication systems in real-time. While GSAT-7A operating on the KU band provides similar connectivity services to various IAF platforms, drones, airborne early warning and control system and radars, among others. The GSAT- 7B would be a military-grade satellite which will act as a force multiplier in providing fail-safe communication support to the Army. Once it becomes operational, the Army's vast array of radio communication equipment could come under a single platform.

Besides, the dedicated geostationary satellite, it may be useful to use small mission specific satellites, as well as distribute their services within own military/ civil satellites to build redundancy and reliability in operations and to ensure safety from any offensive action.

WEST ASIA

Turkey Mediation Attempt.

(Istanbul talks boost efforts to end Ukraine war: Erdoğan | Daily Sabah n.d.)

The Turkish government which has cordial ties with both Ukraine and Russia is pushing hard for talks and settlements. Post meeting of the foreign ministers of Ukraine and Russia on 10th Mar, talk delegations of both the countries again met in Turkey on 29th Mar. Turkish media is hailing it as a big break through towards peace however; no convincing and palpable output has emerged as yet. Turkey is concerned about the refugee crisis and mines being found in black sea in Turkish waters.

Comments. Turkey is affected by the war and is attempting to engineer a way out of the conflict. The current Turkish efforts are being advertised by Turkish media but are unable to find a solution and as such provide more status to the Turkish president.

Rift in US – Saudi and US - UAE Relations.

(Russia-Ukraine war shows cracks in US ties to Middle East allies | Joe Biden News | Al Jazeera n.d.)

News of possible rift in the relations between US and its middle east partners for long Saudi Arabia and UAE emerged post both the nations abstained from voting in a US sponsored vote against Russia regarding the war. There were further unconfirmed media reports that both the Emirates and Saudi Arabia rebuffed calls from US president Joe Biden and the Wall Street Journal reported that Saudi Arabia is in talks with China to ditch the US dollar in favour of the Yuan to conduct oil transactions with Beijing. The US further asked the nations to increase oil production so as to counter oil shortage and price rise emerging out of ongoing Russia – Ukraine war, but the two nations refused to do the same stating that they would abide by OPEC regulations in which Russia is also a member. The latest manifestation of this apparent rift came when the UAE hosted Syrian President Bashar al-Assad despite repeated warnings from Washington against normalizing ties with the government in Damascus. It was al-Assad's first visit to an Arab country since the Syrian war broke out in 2011, and it came weeks after the Syrian president expressed full support for the Russian invasion of Ukraine. The three nations dismissed the media speculations as US send in more Patriot missiles to Saudi Arabia for intercepting Houthi drone and missile threat, however, a resistance to US interests is very much visible.

Comments. The current geo political developments show that Middle East is alive to their national interests and ready to forego traditional ties for the same. The US is being countered on a number of fronts and needs to review its policies towards Asian nations.

IRAN & AFGHANISTAN

IRAN

JCPOA Vienna Talks.

(EU envoy heads to Iran to help finalise stalled nuclear talks | Nuclear Energy News | Al Jazeera n.d.)

Enrique Mora, the EU coordinator for the JCPOA negotiations shall be in Vienna for final negotiations regarding the deal. The move comes parallel to indications regarding a likely hood of deal being reinstated, as US Secretary of State Antony Blinken commented that Washington will work together with Israel to prevent Iran from developing a nuclear weapon and the nuclear deal was the best way forward for the same. Russia too intimated that they have received guarantee that the Western imposed sanctions would not affect the Russian support for the deal. The last point of difference is the re-designation of Iranian Islamic Revolutionary Guard Corps which is currently designated as a terrorist organization by US.

Comments. The JCPOA is likely to be restored shortly as US appears to move towards endorsing it. The changes and new clauses would be known later. Both US and Iran are likely to have agreed to terms beneficial for their countries. The impact of Russia – Ukraine conflict has not derailed the deal, with US providing due approvals for addressing Russian concerns.

AFGHANISTAN

US Cancel Talks as Taliban Backtrack on Girls Education.

(Afghanistan Crisis: Taliban Orders Afghan Girls' Schools Shut Hours After Reopening: Report n.d.)

Hours after announcing opening of school for girls, Taliban shut school for all girls above class VI. Quoting Sharia law and Afghanistan tradition, the schools were shut. Soon afterwards, the US announced cancellation of talks with Taliban in Qatar, which could have assisted Afghanistan residents who are facing dire living conditions.

Comments. The cancellation was the first concrete sign that recent Taliban moves on human rights and inclusivity could directly affect the international community's willingness to help the group. Taliban too would be forced to re-think the way it intends to rule Afghanistan.

Crypto Currency Provides Relief to Some in Afghanistan.

(Crypto provides fix for some in crisis-hit Afghanistan | News | Al Jazeera n.d.)

Digital currencies and their decentralized architecture, impervious to international sanctions, are providing relief to a few Afghanistan youth from the prevailing situation. The currency is transferred online from a foreign land and is converted into hard cash with help of NGO's.

Comments. The crypto is probably assisting local Afghani populace that too for a humanitarian cause. However, digital currency if not properly managed can be used for nefarious purposes. India has banned the use of such currencies but requires to keep close watch on NGO's and other such agencies to prevent illegal transfer of funds.

AUSTRALIA

India to Invest in Lithium, Cobalt Mines in Australia

<https://www.thehindubusinessline.com/markets/commodities/india-to-invest-in-lithium-cobalt-mines-in-australia/article65270979.ece>

India has committed to invest \$6 million jointly with the Australian government to explore lithium and cobalt mines in Australia. The preliminary agreement was signed on 29 Mar 22 between Khanij Bidesh India Ltd or KABIL – a mining joint venture between the State-run National Aluminium Company Ltd (NALCO), Hindustan Copper Ltd and Mineral Exploration Corp Ltd – with Australia’s Critical Minerals Facilitation Office (CMFO). A detailed MoU with a collaborative framework has been signed between KABIL and CMFO for carrying out joint due diligence of select greenfield and brownfield projects to identify lithium and cobalt mineral assets for final joint investment decisions and acquisition of the assets in Australia. It is envisaged that further investment decisions taken over the next six months.

The MoU also includes a collaborative framework for building an Australia-India partnership in critical mineral eco-system; development of a robust and commercially-viable critical mineral supply chain to support sustainable production; and ensure reliable supplies of the materials needed to fuel sectors such as transport, energy, telecommunications, medicine, aviation and defence. Australia and India have discussed opportunities in coal technology, skills development, and business-to-business collaboration at a Joint Working Group (JWG) meeting on ‘Coal and Mines’.

Comments. In June 2020, Australia and India announced a MoU on critical minerals. This MoU is aimed at supporting India’s endeavour at securing supplies of key minerals for electric vehicles, of which Lithium is a key component. It is also a significant step towards Australia establishing itself as a reliable supplier of critical minerals for India. This also emphasises stable Aus-Ind trade relationships, not much affected by global geopolitical upheavals.

ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN)

With US-ASEAN Summit Postponed, 4 Top Diplomats Travel To China.

<https://www.rfa.org/english/news/china/us-asean-china-03292022150151.html>

Eye on China, US to Host Special ASEAN Summit.

<https://timesofindia.indiatimes.com/world/us/eye-on-china-us-to-host-special-asean-summit/articleshow/90552450.cms>

China’s Foreign Ministry announced that the Foreign Ministers (FM) of Indonesia, Thailand, the Philippines and Myanmar “will visit China respectively from March 31 to April 3” at the invitation of Foreign Minister Wang Yi. Chinese Foreign Ministry spokesman told reporters that the four countries whose ministers will visit “are important ASEAN members and China’s friendly neighbours and important partners for high-quality Belt and Road cooperation.”

The visit follows the postponement of a U.S.- ASEAN summit that was due to take place in Washington on March 28-29, ostensibly due to scheduling issues among the participating nations. In the wake of the cancellation, the U.S. has sent State Department Counsellor Derek Chollet on a diplomatic visit to the Philippines, Vietnam, and Japan, from 28 Mar to 02 Apr, to

“reaffirm the U.S. commitment to our Indo-Pacific allies and partners, and engage with key stakeholders on bilateral and regional issues.” The U.S. President has also stated that he is looking forward to hosting the ASEAN leaders in Washington, DC for a special summit this spring, the dates of which have not yet been finalised.

Comments. Some ASEAN nations were apprehensive about the timing of the U.S. ASEAN meet, as the Russia-Ukraine quagmire had the potential to hijack the summit. There has also been certain unease among some ASEAN countries that they would be pressured to take sides in the Ukraine war.

Chinese state media meanwhile has claimed that the region prefers to speak to China instead of the U.S. It continues to sell its development focussed approach in the region against U.S.’ security oriented one.

Singapore’s PM Meets with President Biden on US Trip.

<https://thediplomat.com/2022/03/singapores-pm-meets-with-president-biden-on-us-trip/>

The U.S. President Joe Biden met Singaporean Prime Minister Lee Hsien Loong on 29 Mar 22 at the White House. During the following joint news conference, President Biden said that the US and Singapore are working to uphold a rules-based international order supporting the founding principles of the United Nations and advance a future for the Indo-Pacific,” ensuring that all nations in the region, including China, uphold the principles that enable a free and open region.” He also stated that the Ukraine crisis would not distract from the U.S. from implementing its Indo-Pacific strategy. The Singaporean PM urged closer U.S.-ASEAN ties and expressed appreciation for President Biden’s commitment to the region. He said “it helps the U.S. to be present in the Asia-Pacific and to deepen its relations with many friends and to strengthen its strategic interests in the region.”

The press release by the U.S. Presidential office also brought out that the meeting touched on the “Indo-Pacific economic framework” with regional partners that will “expand cooperation on trade, supply chains, clean energy, de-carbonization, infrastructure, taxes, and anti-corruption.”

Comments. Amidst the global focus on the Russian-Ukraine conflict, and in view of the cancelled U.S. ASEAN summit meet, the U.S. President has used the opportunity to express U.S.’ affirmation of commitment to Southeast Asia and to ASEAN centrality, as also the continued emphasis on its strategic and economic interests in Indo-Pacific region.

However, ASEAN countries continue to follow a neutral stance, as far as the region is concerned. While the U.S. President emphasised on the strategic significance of the ‘Indo-Pacific’, the Singaporean PM, while strongly condemning Russian actions in Ukraine, was more nuanced in his statements on the ‘Asia-Pacific.’

PHILIPPINES

Philippines, US Start 'Balikatan' Military Drills in Region Near Taiwan.

<https://www.dw.com/en/philippines-us-start-balikatan-military-drills-in-region-near-taiwan/a-61278645>

The U.S. and the Philippines kicked off joint exercises on 28 Mar 22, involving 9,000 Filipino and American soldiers. Called “Balikatan” (meaning shoulder-to-shoulder in Tagalog, a local language), the 12-day war games will cover maritime security, live-fire training, amphibious operation and counterterrorism, as well as humanitarian assistance and disaster relief. U.S. exercise director, Major General Jay Barger, said the drills are designed to improve defence

and response readiness, and should not be considered as a show of force. The Philippines said the exercises are “for mutual defence, never for offense.”

Comments. First staged in 1991, “Balikatan” are anchored on the 1951 Mutual Defense Treaty, which commits the U.S. and the Philippines to come to the aid of the other in case of an attack. The exercise is usually conducted annually, but was cancelled or curtailed during the pandemic. Outgoing Philippine President Rodrigo Duterte had in 2020 threatened to cancel the agreement that provides the legal framework for the US to hold joint military exercises in the Philippines as he pursued closer ties with China. The mutual defence treaty and permission for the US military to store defence equipment and supplies on several Philippine bases were also under threat. However, heightened tensions with Beijing following the detection of increased presence of Chinese boats close to the Philippines, forced a retraction in Jul 21. The continuance of the military drills, closely following the deal with India for Brahmos indicates Philippines’ assertion of sovereignty. The visit of its FM, along with FMs of three other nations of the region, to China also highlights the assertion of neutrality and pursuance of national interests.

The continued significance of Indo-Pacific for the U.S., mainly to counter China’s growing influence, is positive news for countries in the region, as also for India. The ASEAN nations continue to project a neutral stance.

EURASIA

Russia-Ukraine Conflict: Likely Adverse Impact on Indian Economy.

<https://www.forbes.com/sites/krnkashyap/2022/03/18/how-russias-invasion-of-ukraine-is-adversely-impacting-indias--economy/?sh=7b083aa6342a>

The Russia-Ukraine conflict has resulted into a sharp rise in the international crude prices. It has also resulted in depreciation of the Indian rupee against US dollar. This has prompted domestic ratings firms ICRA, CARE and India Ratings to analyze the creditworthiness of Indian companies leading to likely ramifications through ratings revisions for enterprises in coal, pharmaceuticals, fertilizer, oil and gas sectors, which have direct exposure in terms of imports and exports from Russia and Ukraine¹. The bilateral trade with Russia (\$11.9 billion and Ukraine(\$3.1 billion) seems to have been impacted severely, as exclusions of Russian banks from the Swift international payment system, have made transactions in U.S. dollars, difficult. India’s pharmaceutical industry, which accounted for 32% of \$510 million total exports to Ukraine, has been affected badly, owing to closure of trading route to Ukraine².

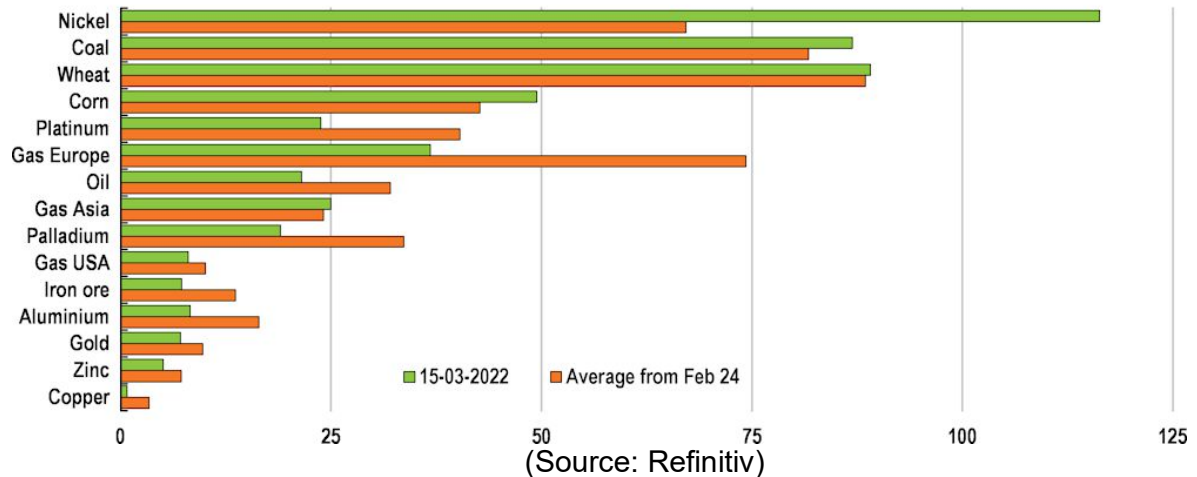
The prices of the principal export commodities of Russia and Ukraine have risen sharply as shown below³.

¹Karan Kashyap, “How Russia’s Invasion of Ukraine Is Adversely Impacting India’s Economy”, 18 March 2022, *Forbes*, <https://www.forbes.com/sites/krnkashyap/2022/03/18/how-russias-invasion-of-ukraine-is-adversely-impacting-indias--economy/?sh=7b083aa6342a>, accessed on 31 march 2022.

² *ibid*

³*Economic and Social Impacts and Policy Implications of the War in Ukraine*, OECD Library, <https://www.oecd-ilibrary.org/sites/4181d61b-en/index.html?itemId=/content/publication/4181d61b-en>, accessed 31 march 2022.

% change from Jan 2022 average



Comments. There are several commodities that India largely sources from these two countries such as ammonia, ammonium nitrate used in fertilizers, neon, palladium, and platinum, which is used for making microchips use for production of automobiles, nickel used in the manufacture of consumer durable goods and more than 80% of the sunflower edible oil used in household kitchens in the country⁴. India imports more than 85% of oil required to fulfill its energy needs and Morgan Stanley stated that “the recent 25% jump in oil prices will expand India’s current account deficit by 75 basis points and inflation by 100 basis points on an annualized basis⁵.” Russia-Ukraine conflict could have a \$23 billion impact on the government’s accounts and will adversely impact the government’s budget. Due to declined share prices, the government of India was thinking of postponing Life Insurance Corporation (LIC) IPO, India’s largest public offering, which made up the biggest portion of the country’s \$10.4 billion asset-sale programme⁶.

India seems to have been significantly affected, the inflation has risen, the forecasted economic growth rate is expected to fall from 8.2% to 7.8%, and there exist fears of stagflation in the economy, owing to global inflationary pressures from this war⁷. Russia and Ukraine contribute only about 1 per cent to India’s exports and 2 per cent to the imports. War and the flurry of punitive sanctions imposed on the former by the US and European nations, has the potential to impact Indian economy in more than one ways in a limited scale only⁸. The fallout will be felt by the defence security ecosystem as well.

⁴Karan Kashyap, “How Russia’s Invasion of Ukraine Is Adversely Impacting India’s Economy”, 18 March 2022, *Forbes*, <https://www.forbes.com/sites/krnkashyap/2022/03/18/how-russias-invasion-of-ukraine-is-adversely-impacting-indias--economy/?sh=7b083aa6342a>, accessed on 31 march 2022.

⁵ *ibid*

⁶ *ibid*

⁷ *ibid*

⁸Anil K Sood, “Russia-Ukraine conflict and its impact on Indian economy”, *SME FUTURE*, <https://smefutures.com/russia-ukraine-conflict-and-its-impact-on-indian-economy/>, accessed on 31 March 2022

Central Asia's Cautious Approach to Russia– Ukraine Conflict.

<https://www.eurasiareview.com/30032022-understanding-central-asias-cautious-approach-to-russias-invasion-of-ukraine-analysis/>

World seems to have been divided on which side to take after the commencement of Russia-Ukraine conflict on 24 February 2022. Understandably the entire West led by the US is opposed Russia in every possible way, countries like Japan and Australia were not far behind in supporting the West's stand in favour of Ukraine. While India and China chose to follow a somewhat middle course, countries in the Central Asia, the soft underbelly of Russia reacted differently, cautiously in support of Russia as they have many dependencies on Russia for their own well-being and serving long term national interest.

Central Asian Republics (CARs), like Ukraine, too, were part of the Soviet Union, and outcomes of the conflict in Ukraine would affect them too. Kazakhstan, and, Uzbekistan, have stated that their governments will not recognize the independence of the Donetsk People's Republic and Luhansk People Republic. But then, there are several reasons why the leaders in Kazakhstan and Uzbekistan, Kyrgyzstan, Tajikistan and Turkmenistan are reluctant to criticize Russia's special operations in Ukraine, because their relations with Russia are important. The Russian labour market is a vital source of employment for many CARs.

Comments. Kyrgyzstan, Tajikistan, and Uzbekistan are concerned that their citizens continue to go to Russia for work as there are no jobs available at home. Their governments cannot accommodate all of their nationals returning from Russia⁹. The remittances that these workers send back to their families is important to the economies of those three countries, making up, respectively, some 31, 27, and 12 percent of their gross domestic products¹⁰. Kazakhstan and Kyrgyzstan are members of the Russian-led Eurasian Economic Union (EAEU). For Kyrgyzstan, in particular, this has been an advantage. Some 650,000 migrant laborers in Russia are from Kyrgyzstan, nearly one-tenth of the population¹¹.

Kazakhstan, Kyrgyzstan, and Tajikistan are members of the Russian-led Collective Security Treaty Organization (CSTO). The CSTO conducted exercises with Central Asian member states in the wake of the Taliban's recapture of Afghanistan, including drills in Tajikistan near the Afghan border. The CSTO sent troops to guard strategic facilities in Kazakhstan in January 2022 when unrest broke out. This deployment reminded the CARs of the importance of the Russian-led CSTO.

Kyrgyzstan and Tajikistan import nearly all oil and petroleum products, and most of their imports come from Russia. Logistically, no other oil-exporting country is in a position to fill Russia's role in supplying petroleum products. Turkmenistan has transported some 160,000 tons of oil per month by tanker to the Russian Caspian port at Makhachkala, and then to the Black Sea port at Novorossiysk, though it appears now that Ashgabat will resume sending at least some of that oil to Azerbaijan for export through the Baku-Tbilisi-Ceyhan pipeline¹².

Russian support for transitions of power in CARs is also important in Central Asia. Turkmenistan just had a presidential election on 12 March 2022, which was won by incumbent President Gurbanguly Berdymukhammedov's son Serdar. It was the first post-Soviet dynastic

⁹Bruce Pannier, "Understanding Central Asia's Cautious Approach to Russia's Invasion Of Ukraine", *Eurasia Review*, <https://www.eurasiareview.com/30032022-understanding-central-asias-cautious-approach-to-russias-invasion-of-ukraine-analysis/>, accessed 30 March 2022.

¹⁰ *ibid*

¹¹ *ibid*

¹² *ibid*

transfer of power in Central Asia, and it came after Serdar made several visits to Russia to become better acquainted with officials there¹³.

Regardless of the outcome of the Russia-Ukraine conflict, the CARs are likely to remain closely tied to Russia for the foreseeable future, and that makes expressing an opinion on the Russian attacks on Ukraine a delicate proposition.

"Without having the two Asian giants China and India on board on sanctions which account for 18% of Russia's trade, there is unlikely to be any significant impact on Russia," says Professor Syed Munir Khasru, chairman of the international think tank, the Institute for Policy, Advocacy, and Governance and CARs need not be unduly concerned about their present cautious stand in favour of Russia.¹⁴.

¹³ *ibid*

¹⁴ *Mariko Oi, War in Ukraine: How Asian economies are divided over Russia sanctions, 11 March 2022, BBC News, <https://www.bbc.com/news/business-60672278>, accessed on 31 march 2022.*