India’s geopolitics end without geo-economics

Why in news?

India has developed a keen desire to be part of the geopolitical developments in the Indo-Pacific region.

What New Delhi is missing?

- India has managed to emerge as a major player of the global Indo-Pacific grand strategic imagination.
- It has avoided the temptations to militarise/securitise the Quad.
- It has ensured that the Association of Southeast Asian Nations (ASEAN) states do not feel uneasy by the ever-increasing balance of power articulations in the Indo-Pacific.
- However, New Delhi’s vision for the Indo-Pacific appears half-baked and unsustainable in the long term.
- This is due to the inadequate attention New Delhi is prepared to give to the geo-economic developments of the Indo-Pacific.
- Policymakers in New Delhi do not appear to appreciate the linkage between geopolitics and geo-economics.
- India not joining multilateral and regional trade agreements shows that geo-economics and geopolitics are imagined and pursued parallelly in New Delhi.
- India refusal to join the trade pillar of the Indo-Pacific Economic Framework (IPEF).
- However, it has joined the other three pillars of the IPEF, supply chains, tax and anti-corruption, and clean energy is a testimony to its stand.

> *“IPEF is seen as a means to counter China in the region, is a US led framework to solidify their relationships in crucial economic and trade matters in the region.”*

- India had earlier walked out of the Regional Comprehensive Economic Partnership (RCEP).

> *“The Regional Comprehensive Economic Partnership (RCEP) is a proposed agreement between the member states of the Association of Southeast Asian Nations (ASEAN) and its free trade agreement (FTA) partners.”*

How India’s decision to stay out of the IPEF will affect it in the long-term?

- India’s decision to stay out of the IPEF is surprising because it seems out of sync with the recent enthusiasm in New Delhi about foreign trade agreements.
- In the wake of COVID-19, New Delhi began exhibiting a new enthusiasm to rethink the

country's external trade policy.
- For instance, India concluded an FTA with the United Arab Emirates, and signed Early Harvest Agreements with Australia and the United Kingdom.
- By not becoming a part of the IPEF and RCEP, and signing FTAs with individual states, **New Delhi** has made it clear that it **favours bilateral agreements**, and not multilateral, plurilateral and even soft agreements.
- **China Factor –** The absence of the world's fifth largest economy from various regional trading platforms will invariably boost China's geo-economic hegemony in Asia.

"India surpassed the United Kingdom to become the world's fifth largest economy."

- There is a fear in India that a deeper Sino-Indian economic partnership could be weaponised by Beijing for geopolitical purposes.
- The reality is that despite the **military stand-off on the Line of Actual Contro**l, India-China **trade has only increased** in the past year.
- There is an attempt, however feeble, by countries such as the U.S. to economically decouple from China, and to create forums without China on board, the IPEF being one such example.
- **Regional and global supply chains –** By not joining the IPEF it would be hard for India to integrate itself into the regional and global supply chains.
- **Investment and business environment in India –** Even the firms that have left China, due to U.S. decoupling have not turned up at India's doorstep.
- Most of them went to countries such as Vietnam thereby highlighting the fact that we need to get the investment and business environment right in India.
- By joining some of these multilateral trading arrangements it will force us to do precisely that.
- **Maritime grand strategy –** India's maritime grand strategy cannot be solely military in nature.
- India needs to get the states in the region to create economic stakes in India (something China has done cleverly and consistently) and vice-versa.

"India does have an FTA with the ASEAN."

- **Regional economic isolation –** The less India engages with the region economically, and the more China does so, and given the Sino-Indian rivalry, India might risk getting economically isolated in the broader region.
- Contrary to conventional logic, it is possible that the more India is economically 'isolated' in the region, the more China would be able to weaponise trade against India.
- **Indo–Pacific Moment –** New Delhi's decision not to join the RCEP or the IPEF is that India will miss out on the unfolding Indo-Pacific moment in a big way.
- The Indo-Pacific Moment and the Quad are not military arrangement, and India is clear about it.

- They could be characterised as **geo-economic instruments** which will allow its key **members to pursue their geopolitical interests**.
- By deciding not to be a part of two of the Indo-Pacific's key trade agreements, New Delhi may have effectively undermined the pursuit of its own geopolitical interests in the region.

How New Delhi can overcome this situation?

- New Delhi should rethink its geo-economic choices if it is serious about enhancing its geopolitical influence in the region.
- Given that India has not closed the door on the trade pillar of the IPEF, it has an opportunity to rethink its position.
- India should also rethink its decision not to join the RECP.
- It should also seek to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) from which the U.S. walked out and China is seeking to join.

> *"The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is a free trade agreement (FTA) between Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore and Vietnam."*

- New Delhi can start with the IPEF and the CPTPP, both of which do not have China on board.
- India should also proactively lobby to become a part of the Minerals Security Partnership, the U.S.-led 11-member grouping to secure supply chains of critical minerals.

> *"Minerals Security Partnership (MSP) is a US-led partnership initiative that aims to bolster critical mineral supply chains."*

What is the future?

- The current policy of pursuing geopolitical ends without geo-economic ballast is ill-thought out.
- If India seeks to be a part of the Asian century and its economic growth story in particular, it must let go of its historical hesitations and phobias regarding multilateral trading arrangements.
- It is also important for India to become part of trading arrangements which have major non-regional states so as to become a major part of the region's supply chains.
- Without creating economic stakes with the states of the region, India's 'Act East' policy will revert to its earlier avatar, 'Look East'.
- India must not shy away from trading with China as part of multilateral arrangements while at the same time joining arrangements which have no Chinese presence.

Reference

1. https://www.thehindu.com/opinion/lead/geopolitics-without-geoeconomics-a-fools-errand/article65907121.ece?homepage=true

