



INDIA AND SOUTH ASIA: OCTOBER 2017 DOSSIER

This Dossier highlights various aspects of the domestic scene, particularly the current economic situation and the forthcoming election in Gujarat. The 14th India-EU summit will hopefully contribute to improve the relations and speed up the overdue Free Trade Agreement between the EU and India. The visits of President Ramnath Kovind to Djibouti and Ethiopia underlines India's role in the Indian Ocean and in Africa. The visit of Dr. Abdullah Abdullah has also to be seen against the backdrop of India's steady and even increasing engagement with Afghanistan.

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Part I India - Domestic developments

The Current Economic Situation

- Environment: Inability to learn?
- Defeats for the Congress in Gujarat and Himachal Pradesh?
- 2017-19: Double strategies of BJP and RSS

Part II India - Foreign Policy Developments

- 14th India-EU Summit: A quiet affair
- President Ram Nath Kovind's State Visit to Djibouti and Ethiopia

Part III South Asia

- CEO of Afghanistan Dr. Abdullah Abdullah in India

Part I: India – Domestic Developments

The economic performance of the government has increasingly taken center-stage in public debates. Pollution is a constant menace and innovative strategies against it are lacking. The chances for the BJP in Gujarat and Himachal Pradesh to win the coming state elections are quite good according to opinion polls. BJP and RSS seem to engage in a double strategy between development and religious symbolism.

The Current Economic Situation

The critique vis-à-vis the economic policy of the government by the BJP member and former finance minister Yashwant Sinha showed results. Prime Minister Narendra Modi reacted and did not sit out the attack.

Some facts

The *World Bank* and the *International Monetary Fund* (IMF) reduced their growth prognoses for the financial year 2017/2018 to 6.7%, without including the actual data of the '*unorganised sector*', which is presumed to grow at the same rate. With this, India is no longer the fastest growing amongst the bigger economies.

The situation in the '*unorganised sector*'.

Nobody amongst the various economic experts gives an answer to the thesis by Arun Kumar – a former left-leaning Professor at Jawaharlal Nehru University -, that the actual growth of the economy is at best between 1 to 2%. Kumar elaborates, that the GDP-projections don't include the '*unorganised sector*'.

'Jobless Growth'

The biggest challenge for the government is the creation of jobs, particularly since Modi made this the central topic of his promises in 2014. Instead, India finds itself in a phase of '*jobless growth*.'

The expert Mohan Guruswamy reminds, that the exact losses of jobs as a result of demonetisation and the introduction of the *General Service Tax* (GST) are not yet known, but he speaks of about 25 to 30 million lost jobs, especially in the construction sector and the vegetable and fruit retail trade.

The creation of new jobs under the NDA-regime is minimal. Instead, the government refers to the so-called self-employment of unemployed ('*Mudra Scheme*'). But the average loan of this programme comprises of only eleven thousand Rupees (about 145 Euro), hardly a basis for entrepreneurial activities.

The sector of big companies ('*corporate sector*') – with 80% of all investments – created practically no new jobs.

Arun Kumar reports, that the biggest 200 companies create no jobs and that a massive automation takes place there.

Piyush Goyal, the new Railways Minister, committed a '*faux pas*' by declaring, that job losses would be a good sign, since the younger generation would be '*job creators and not seekers*'.

Solid Fundamentals of the Economy?

Arvind Panagariya - till recently the deputy chairman of the government think tank *Niti Aayog*, which replaced the erstwhile *Planning Commission* – regards the macro-economic fundamentals of the Indian economy as remarkably solid.

He mentions the low inflation rate, the low '*current account deficit*', the stable exchange rate of the Rupee and the ongoing fiscal consolidation. Till now, only two quarters have been below 7% growth, whereas under UPA 2 it was six out of eight quarters, according to Panagariya.

Signs of a crisis?

The '*Monetary Policy Committee*' (MPC) of the *Reserve Bank of India* (RBI) emphasizes the continuing weakness of the industrial performance, the weak demand for consumer products and capital goods. New investments are at the lowest level in the last twelve years and many of the paralysed projects could not be revitalised. The low inflation and the appreciation of the Rupee are contributing to deflationary tendencies, according to the MPC.

The *Economic Survey 2016–17* focuses on the low incomes of farmers, the tightening of the fiscal belt of the states with regard to '*loan waivers*' to farmers, the reduced profits in sectors like energy, telecommunication and side effects of the *Goods and Services Tax* (GST).

Perspectives

Mohan Guruswamy criticises the government: „*All things went down. They have done nothing.*“ The Congress-MP Deepender Singh Hooda from rural Haryana insinuates, „*that the NDA-government has strangled the rural demand. Instead, the government – in the face of the agrarian crisis – has imported for \$ 27 billions agricultural products.*“

The Union Minister Ravi Shankar Prasad assumes, that the quarterly GDP reduction to 5.7% is only of a temporary nature and that it will go upwards already in the second quarter of the current financial year. The GST-Council announced easier facilities for small and medium enterprises, also small traders, with a turnover of up to 1.5 crore (bout 200 000 Euro) with regard to the declaration and payment of taxes.

Mohan Guruswamy observes currently a netto- outflow of foreign investments. He demands a monetary infusion, in order to boost investments, amongst other measures through a loosening of the norms of the fiscal deficit. But the reduction of subsidies before the 2019 elections is politically not possible, according to Guruswamy.

He proposes to creatively use parts of the monetary reserves of \$ 400 billions, of which 135 billions are in American banks – corresponding to approximately 80% of India's foreign debt – for this purpose. He refers to the economist Kaushik Basu, who maintains, that only the equivalent of the '*Current Account Deficit*' of about \$ 80 billions is required as a currency reserve. He opines, that about \$ 100 to \$ 120 billions should be freed for an *Infrastructure Investment Fund*.

The Indian government is under pressure to change the current situation. One of the measures taken by the government is the revitalisation of the defunct *Economic Advisory Council to the Prime Minister* under the chairmanship of Dr. Bibek Debroy.

Environment: Inability to learn?

Shortly before the festival of lights, '*Diwali*', which symbolizes the triumphant return of the Hindu-God *Ram* to the legendary Ayodhya, the already bad pollution in Delhi and in northern India does

further deteriorate.

The *Supreme Court of India* decided, to ban the selling of crackers in the *National Capital Region*, which led to heated controversial discussions about this decision, implying big financial losses. Many traders sat on big stocks, mostly imported from China.

In 2016, the values damaging the health of human beings increased so much that the characterisation of the Indian capital as '*a veritable Gas-chamber*' corresponded absolutely with the reality. The country-wide and internationally known heart specialist Dr. Trehan maintains, that annually 1 to 1.2 million people (other sources speak of half a million) are dying as a result of this pollution in northern India. Asthmatic diseases increase dramatically between October and February in Delhi, the lungs of patients are fully blackened compared to those of people from the mountain state of Himachal Pradesh.

The central government and the state government of Delhi have till date not managed, to formulate a comprehensive environmental policy for the capital, not to speak about an effective implementation of essential elements. It has to be seen, if the new *Graded Response Action Plan*, which orients itself at similar plans in Paris and London, is more than just a well-sounding scheme.

Instead, there have been even voices from the *Sangh Parivar* arguing, that the decision of the *Supreme Court* was directed '*against Hindus*'. Even the BJP as a party argued not clearly, obviously fearing to antagonize segments of its vote-base from the traditional traders milieu.

On the whole, we see a picture of a society, which seems largely not capable to learn, full of well-sounding statements of intent and short-term thinking, moving the responsibilities from one to the other.

Congress defeats in Gujarat and Himachal Pradesh?

The *Central Election Commission* has finally decided, that the election in Gujarat, the last one in 2017, will take place in two phases on the 9th and 14th of December, and that the results will be declared together with Himachal Pradesh, which votes a few weeks earlier, on the 18th of December 2017.

According to poll surveys of *Aaj Tak* and *Axis*, conducted between the 25th of September and the 15th of October 2017 in all the 182 constituencies in Gujarat, the BJP, with a vote percentage of 48%, would win 115 to 125 seats, the Congress, with 38%, 57 to 65 and other parties with 12% 0 to 3 seats. (*India Today TV*, 24. 10. 2017)

According to these projections, Gujarat would remain a BJP-citadel. The state is considered „*the original Hindutva – Laboratory*“. Yet, Javed Ansari, political editor of *India Today*, argues, that surprises are possible this time, „*since a certain anger does exist within the population*“. The BJP-spokesperson GVL Narasimha Rao, himself an election analyst, attests to the Congress „*an anti-Gujarat attitude*.“

Yogendra Yadav, since decades a leading election analyst, reminded everyone that the BJP has not lost a single election in Gujarat since 1991, and acknowledged, that surveys conducted before an election normally favour the ruling party. But he sees the biggest problem in the organisational weakness of the Congress and the absence of an alternative narrative.

The survey stated, that 44% saw '*Demonetisation*' as positive and 53% as negative. Only 38% considered the *General Service Tax* (GST) positive and 51% negative.

The caste group of the *Patels*, 16% of the population (other sources mention 19%), was an essential support group for the BJP, but seems now to be split in its loyalties. Should the young political leader Hardik Patel, who mobilised huge crowds in favour of job reservations for *Patels*, finally opt for the Congress – although this is currently not certain - then this could lead to altogether 62 to 71 for the Congress. Yogendra Yadav was of the opinion that such a possible coming together should have taken place six months earlier, in order to have an impact.

Amongst the '*Other Backward Castes*', the BJP has a clear edge of 52% vis-à-vis the Congress with 34%, while the Congress commands 74% support compared to 11% in favour of the BJP amongst the Muslims with about 9% of the population. The Hindu-Muslim factor in the highly polarised Gujarat - „*the most ghettoised society in India*“, according to Aakash Patel, a good journalist and head of *Amnesty International India*, - yet plays no role in this election. „*The BJP practices a 'political apartheid' and does not nominate a single Muslim as a candidate*“, so Aakash Patel.

Amongst women, Modi – who also enjoys the bonus as Prime Minister from Gujarat - is leading with a margin of 10%. In the urban constituencies the BJP is leading, while in rural constituencies there seems to be a neck-to-neck race.

Currently, there is no so-called '*anti-incumbency – factor*' against the BJP, which is ruling Gujarat since decades. The Congress, split in factions, presents no visible face and also no true alternative, in order to challenge the so-called '*Gujarat model of development*' of the BJP. 75% of the people are content with the work of the NDA-government in Delhi.

34% favour the acting Chief Minister Vijay Rupani as their choice for this office, S. Gohil from the Congress gets 19%. Yogendra Yadav observes, that no local personality dominates the election campaign and that both candidates are well below the expected percentages of their respective parties.

In the remaining few weeks, it might be difficult for the Congress under the leadership of its then new President, Rahul Gandhi, to forge a new caste alliance of Patels, Dalits and sections of the OBC as well as Muslims, to avoid a new return of the BJP to power in Gujarat.

Himachal Pradesh

In the mountain state of Himachal Pradesh – known for its alternating governments of Congress and BJP – a new shift in power seems to be in the offing. In a parliament of 68 members, BJP would garner with 49% 43 to 47 seats, the Congress with 38% between 21 to 23 and other parties and independent candidates with 13% 0 to 2 seats.

If the two cited poll surveys will be more or less correct, then the BJP would rule at the end of the year in 19 states of the Indian Union.

2017-19: Double strategies of BJP and RSS

The government of Uttar Pradesh is planning to erect a one hundred meter high statue of the Hindu-god *Ram* in Ayodhya. On the eve of this year's festival of lights; *Diwali*, which symbolises the triumphant return of *Lord Ram* to Ayodhya, the UP-government, with Chief Minister Yogi Adityanath – '*the New Age Hindutva Icon*' – at the helm, organized a spectacular laser-show, attended by the whole UP-cabinet and also the Governor.

From December 2017 onwards, the *Supreme Court* in Delhi will hear on a daily basis the arguments

with regard to the disputed building of a temple in honour of *Lord Ram* on the area of the unlawfully destroyed *Babri-Mosque* in 1992 by Hindu-fundamentalists. Dr. Subrahmaniam Swamy, BJP-member of the *Rajya Sabha*, has decisively moved the courts in this regard, with the clear aim, to construct the temple immediately after a favourable verdict even before the general elections in 2019, since all the parts of the building are already fabricated and need only to be assembled.

Critics see in this a maneuver by the BJP and RSS, to deviate attention from the relatively weak performance of the government – unemployment, low agricultural prices for farmers etc. - , which falls behind the high expectations, also ahead of the Gujarat elections and in particular the 2019 general elections.

The political polarisation is increasing. The BJP-spokesperson Dr. Sambit Patra called the opposition and in particular the Congress – labeled by the BJP as '*pseudo-secularists*' - „*slaughterers of the cultural identity of India*“ and alleged „*a great conspiracy against Hinduism.*“

In a tourist guide of the government of Uttar Pradesh, the *Taj Mahal* in Agra is not any longer listed as a destination and the UP-MLA Som from the BJP called this world-famous monument „*a blot for India.*“ Yet, the Chief Minister of UP did not give much importance to this.

Part II India - Foreign Policy Developments

Dr. Joyce Lobo analyses the India-EU summit, which failed to resolve contentious issues, while marking continuity in relations. She also briefly writes on the first foreign visits to Djibouti and Ethiopia by the newly elected President of India.

14th India-EU Summit: A quiet affair

Prime Minister Narendra Modi met Donald Tusk, the *President of the European Council* and Jean Claude Juncker, *President of the European Commission* at the Hyderabad House (Guest House of the Indian Government). Two important agendas, that India gave importance during the *14th India-EU Summit*, held on October 6, 2017, were counter terrorism and maritime security, while the *European Union* (EU) leadership would have wanted to steer more towards the trade and investment aspects, especially the resolving of the *Broad-based Trade and Investment Agreement* (BTIA).

The EU is keenly watching the current Indian government's economic moves and reforms, while being disappointed over the time taken in concluding the free trade agreement. While India lays emphasis on a comprehensive free trade agreement, the EU wants to conclude the already lapsed *Bilateral Investment Treaty* (BIT) of its member countries with India.

The relations between the EU and India complete 55 years since 1962. The *Strategic Partnership* of 2004 has been given momentum through the annual summits. Modi, during his last summit with the EU on March 2016, focused on trade, investment and technology largely. During this summit, the strategic partnership between both sides was carved for the next years through the "*EU-India Agenda for Action-2020*", to build towards cooperation in foreign and security issues, international and humanitarian issues, trade and investment, *Paris Agreement* and sustainable energy, urban development and transport, education and skill development. Both sides reviewed the implementation of the agenda, while focusing on the entire spectrum of the bilateral relations.

Counter terrorism and security cooperation: While giving importance for a rules-based international order, both sides came down heavily on terrorism. The EU's *High Representative for Foreign Affairs and Security Policy*, Federica Mogherini visited India in April this year, wherein both sides agreed that security cooperation should be given importance with particular emphasis on maritime security and counter-terrorism. Here, India used this forum to seek support from the 28-member countries of the EU in stifling support to states, that harbour terrorists, finance terror and utilise terrorist groups to target enemy countries as part of their foreign policy. Clearly, for India this embodies the state of Pakistan.

Both sides in 2016 adopted the *Joint Declaration on the Fight Against Terrorism* replacing the 2010 declaration listing terror organizations like *Da'esh*, *Lashkar-e-Tayibba*, *Jaish-ei-Mohammad*, *Hizb-ul-Mujahideen*, the *Haqqani Network* and *Al-Qaeda* including its affiliates. The Joint Statement of 2016 also maintained, that a "*stable and democratic Pakistan is in the interest of the entire region*". During this summit, both sides issued a *Joint Statement on Cooperation in Combating Terrorism*. However, both the 2016 and the present documents do not refer to 'cross-border' terrorism, that India seeks support on. This surely fails to proscribe the role of Pakistan for fomenting cross border terrorism in the South Asian region, though the terror groups operating from its soil find mention in the statement, like in the previous one. The EU's position on counter –terrorism, that puts Pakistan in its

place, would definitely make a mark with the domestic audience at home, as the people in general are more cut off from Europe as a single entity, than they are with the Americans, Britons, Germans or for that matter the French on a singular basis.

The kind of activities that would be included under counter-terrorism cooperation were sharing information and best practices, which includes on online threat of radicalisation and capacity building. In the meanwhile, both will enhance efforts in global forums— *Global Counter-Terrorism Forum* and *Financial Action Task Force*—to combat terrorism. Hence terrorism will find a place under the broad umbrella of strategic and security cooperation between India-EU and the approach, to counter it, would be comprehensive in nature.

The role of China in the Asian security space figures in the talks as any talk on Pakistan cannot be done in isolation for India. The Pakistan factor is more than earlier hyphenated with China. India and the EU rely on the importance of freedom of navigation, overflight and peaceful resolution of disputes, in accordance with the universally recognised principles of International Law, when it comes to maritime issues. China's aggressiveness in terms of territorial and maritime issues is quite a concern, especially amongst the Asian-Pacific states wherein India alongwith the EU believes in the principles of multilateralism. With the President of the USA Donald Trump expecting the EU states and the NATO members to be more forthcoming and more spending along with the fact of his walking away from the *Paris Agreement*, both India and the EU can carve a role in maintaining peace and stability in the global order. There are joint manoeuvres (*PASSEX*) between the EU Naval Force and the Indian Navy.

As the cyberspace comes to dominate the affairs of people and States, both sides emphasised the need for the applicability of the International Law to the same while setting the standards for the responsible behaviour of the states. Both sides have held active dialogue in this area, where it becomes the need of the hour to tackle terrorism in one of its forms.

Economic cooperation: The EU is India's largest trading partner. Statistically this comprises of 13.5% of India's overall trade with the world in 2015-16, which is more than compared to states like China (10.8%), USA (9.3%), UAE (7.7%) and Saudi Arabia (4.3%). In the meanwhile India is the EU's 9th trading partner in 2016, wherein it comprises of 2.2% of the latter's overall trade with the world. By value, total trade between India and the EU has been €77.1 billion in 2016 (US\$ 88 billion), compared to €46.8 billion in 2006. The value of EU exports to India grew from €24.2 billion in 2006 to €37.8 billion in 2016, while the value of EU imports from India increased from €22.6 billion to €39.3 billion during the same period. The EU exports mostly engineering goods, gems and jewellery, other manufactured goods and chemicals, while it imports textiles and clothing, chemicals and engineering goods from India.

Trade in services almost tripled in the past decade, increasing from €10.5 billion in 2005 to €28.1 billion in 2015. EU investment stocks in India amounted to €51.2 billion in 2015, increasing from €44.2 billion in 2014. The *Ministry of External Affairs* of India released the data, citing that the EU is also the largest destination for Indian exports and a key source of the investment and cutting edge technologies. Overall bilateral trade in goods and services crossed US\$ 100 billion. India received more than US\$ 81.52 billion (more than 4.4 lakh crores INR) FDI flows from Europe, as on March 2017. There are more than 6,000 EU companies, providing direct and indirect employment to over 6

million Indians.

In July this year, the *Investment Facilitation Mechanism* (IFM) for EU Investments in India was established. This would identify and provide solutions to procedural blocks, faced by EU companies and investors in establishing or running their operations in India. In March this year, the *European Investment Bank* (EIB) has opened a regional office in New Delhi. The EIB has so far offered loans to support urban development projects (Lucknow Metro) or clean energy projects (solar power plants) in India. During this summit, a financial contract was signed between both the sides for the EIB, to service a loan of €300 million out of €500 million for the *Bengaluru Metro Rail Project Phase 2-line R6*. The EIB has committed a loan of €1.4 billion to India.

Despite all this, both sides have not been able to resolve the deadlock the BTIA, that was launched in 2007. All that was being said was the talks would continue in November this year. Contrary to the speculations, there was no announcement of the formation of a joint working group to ensure the smooth conclusion of the BTIA. Some of the key outstanding issues are improved market access for India in some goods and services, government procurement, lowering of import duties on automobiles and alcohol by India, geographical indications, sound investment protection rules, recognition of India by the EU as a 'data-secure' country and sustainable development. The EU wants India to further liberalise areas such as banking, multi-brand retail and insurance.

Apart from this, other irritants between both the sides are on climate change, particularly on reduction of carbon emissions, on the need to improve the labour laws etc. The EU is particular about dealing with countries on their human rights record. All the trade agreements include a human rights clause, wherein a breach of these rights enables it to impose sanctions on such countries. India's record is far from pleasing since the last three years on freedom of speech, religious tolerance, on the existence of rationalist thinkers etc. What the Modi government should factor-in is that, for the EU human rights stand central to its foreign policy. The former cannot take sanctuary in invoking the principle of non-interference in matters of other states, as its defence against such religious intolerance, victimising of the marginal groups like the *Dalits* or refusal to renew the licences of NGOs (approximately 20,000), funded by foreign countries. To this adds the new concern of Modi government's intention to send the Rohingya Muslims back to Myanmar, while trampling the principle of non-refoulement.

Regional and global issues: The other areas, where the talks focused on, were to deepen cooperation within G20, the *Paris Agreement*, sustainable development goals etc. Both exchanged views on refugees and migrants, including the Rohingya crisis in South Asia. While noting that the events in Myanmar were triggered by the *Arakan Rohingya Salvation Army* (ARSA) militants, both sides pleaded that Myanmar implement the *Kofi Annan-led Rakhine Advisory Commission's* recommendations. In the meanwhile, talks on global issues included the situation in the Korean peninsula, developments in the Ukraine and Afghanistan and EU-India cooperation in the Indian Ocean and Africa. India will participate as an observer in the next *EU-African Union Summit*, though so far both have not clearly decided as to what kind of role would they like to carve jointly in the African continent. India has participated in the EU hosted *Brussels Conference on Afghanistan* (October 2016) and *Brussels Conference on Supporting the Future of Syria and the Region* (April 2017). The EU has reiterated the USA's appreciation towards India's development assistance to Kabul.

Clean energy and climate change: The *India-EU Clean Energy and Climate Partnership* was agreed during the 2016 Summit. A separate *Joint Statement on Clean Energy and Climate Change* was adopted. Areas of bilateral cooperation, that have been identified and find mention in this joint statement are green cooling and sustainable refrigeration technologies, Grid integrated Solar Pumping, off shore wind, advanced biofuels, next generation solar cells, electric mobility, energy storage technologies and creating an EU – India platform for clean energy financing.

Both sides have an active dialogue on these issues. Initiatives by the EU to ensure clean energy are the designing of the first offshore wind plant, off the coast of Gujarat, supporting the roll out of the solar parks programme, implementation of the roof-top solar programme and implementation of energy efficiency in building legislation and cooperation with India on Smart Grids.

The EIB has signed a joint declaration with the *Interim Secretariat of the International Solar Alliance (ISA)* of India. This is done to mobilise investments for broad-based deployment of affordable solar energy applications across the 121 prospective member countries of the ISA. Also both sides explored the advancement of cooperation in research and innovation and have signed an arrangement for the exchange between the EU and Indian scientists and researchers.

The other joint statement, that was adopted was *Partnership for Smart and Sustainable Urbanisation*. If one is to understand the kind of relationship, that the EU wants to foster with India, it is on the lines of the commitment to the *Paris Agreement*, the *UN Sustainable Development Goals*, and the principles associated with the G20. The statement strives to sustain a dialogue on sustainable urban development between the EU and India, to disseminate policies, technologies, business solutions, financing mechanisms for sustainable urban development and build research and innovation in these above areas. The EU is already involved and is attempting to enhance its role within India in areas, such as urban planning, urban environment, waste management, waste water treatment, drinking water supply, air quality management, nature based solutions, resource efficiency and circular economy, clean energy, energy efficiency, greening urban transport, ICT solutions, climate change adaptation in cities. This seems the need of the hour as the number of people living in Indian cities by the year 2050, are estimated to increase to 843 million.

The above areas, particularly clean energy and sustainable urban development, can act as potential drivers for a better cooperation between the EU and India. What is more encouraging about this year's summit is, that there is continuity from the last year's summit. The 2016 summit was held after a gap of four years. The present summit holds much promise for the future, but has nevertheless remained a quiet one without fanfare that usually surrounds Modi's foreign meetings. The conclusion or at least some concrete outcome could have broken the silence of the 14th Summit.

President Ram Nath Kovind's State Visit to Djibouti and Ethiopia

Djibouti October 3-4, 2017: President Ram Nath Kovind, after assuming office this year visited Djibouti as his first foreign destination and also became the first ever Head of the State or Government from India to do so. Djibouti does have an embassy in India since 2004, while the latter does not have one there. Djibouti seems to have caught the imagination of the Indian leadership, given its strategic location in the Horn of Africa, off the Gulf of Aden and the salience it has gained since the Gulf crisis.

Kovind discussed with President Ismail Omar Guelleh the possibilities of cooperation in the *Indian Ocean Region* (IOR). Djibouti has played an important role, when Indian evacuated about 7000 people from Yemen. It acts as a military support base for logistics and reconnaissance. Already the USA, France, Britain, Italy, Japan and China, being the latest entrant, have their bases here.

Bilateral trade is minuscule, standing at US\$ 284.54 million (2016-17) with a trade surplus hugely on India's side (US\$ 281.74 million). Djibouti relies on India for three important areas, i.e., providing education, medical facilities and skills. Kovind addressed the tiny Indian community. An agreement on institutionalizing foreign office consultations between the two countries was signed.

Ethiopia October 4-6, 2017: In Ethiopia, Kovind met his counterpart President Dr. Mulatu Teshome, thus becoming the first Indian leader to visit this country since President V. V. Giri's visit in 1972. Diplomatic relations have been established since 1948. Agreements on trade and information-communication-media were signed during Kovind's visit. Being one of the fastest economies of Africa, India finds a great number of opportunities here. 60% of the population is below 25, while Addis Ababa is known as the *Diplomatic Capital* of Africa.

Bilateral trade between both the countries amounted to US\$ 940 million in 2016. India exports are primary and semi-finished iron and steel produces, drugs and pharmaceuticals, machinery and investments, metals, plastics, aluminium, textiles, chemicals, transport equipment etc. It imports pulses, semi-precious stones, leather, cotton, oil-seeds and spices. It is among the top three foreign investors in Ethiopia with approved investments of over US\$ 4.8 billion USD. The investment agency of Ethiopia has approved about 622 Indian projects, most of them in the agriculture and textile sectors. Ethiopia is the largest recipient of long term concessional credits from India. Ethiopia has signed the *International Solar Alliance* treaty and is close to ratifying it.

There is the presence of the *India Business Forum* in Ethiopia, which is a first of its kind, having a membership of more than 100 Indian companies. Kovind met the Indian community and addressed a business gathering. Indians also form about 20% of the teaching faculty in the Ethiopian universities. The country also has about 6,000 people of Indian origin.

The African continent has loomed large as part of India's foreign and economic policy. So far, in the last three years, there have been 16 VVIP visits - three by the former President Mukherjee, six by Prime Minister Modi and seven by former Vice President Ansari - to Africa.

Part III South Asia

CEO of Afghanistan Dr. Abdullah Abdullah in India

The Chief Executive of Afghanistan, Dr. Abdullah Abdullah, visited India in late September (28-29, 2017). During his visit, it was decided that India would continue training the Afghan police and a *MoU for Technical Cooperation on Police Training and Development* was signed to that effect. Dr. Abdullah called on President Ram Nath Kovind and met PM Narendra Modi and the External Affairs Minister Sushma Swaraj. Discussions revolved round the usual topics—situation in Afghanistan and in the extended region, economic cooperation, capacity building, infrastructural development and security cooperation.

Dr. Abdullah's visit follows the second meeting of the *Strategic Partnership Council* between Swaraj and the Foreign Minister of Afghanistan, wherein the *New Development Partnership* was announced. Through this, both sides want to spearhead the new generation partnership in development cooperation towards community development, infrastructure creation and human resource and capacity building in Afghanistan.

The larger focus of this visit was on economic and development cooperation. Dr. Abdullah's arrival in New Delhi was delayed due to the attack on the Kabul airport and hence he could not inaugurate the *India-Afghanistan Trade and Investment Show* on September 27. Both sides aim to strengthen the air-freight corridor, in order to meet the security and connectivity issues, that have so far hindered trade between both the countries. In order to bypass the Pakistan route for trade and connectivity between India and Kabul, an air corridor has been inaugurated since June 2017, thus enabling the import of perishable commodities on time to Indian markets. Both sides also discussed about the measures to operationalise the Chabahar port. The alternative route can become ideal for transport of other items. Also about 116 development projects have been identified in 31 Afghan provinces.

Both sides have condemned the recent terror attacks on both the sides, while berating the role of Pakistan. India refuses to indulge in any dialogue that involves terrorist groups like the Taliban and hence its position differs from countries like China, Russia, Iran etc. In all the forums, that discuss the Afghan situation, India has maintained its status quo position—an Afghan owned, Afghan controlled and Afghan led solution in Afghanistan as the only acceptable path. This status quo does not blend well with Pakistan, which wants a regime that is friendly to its rule, while being under its sphere of influence.
