

Proceedings Report

India's New Neighbourhood Policy: Can It Deliver?

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Speakers:

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For decades, India has enforced a policy based on a right of first refusal when Nepal and its other smaller neighbours required economic and security assistance. This approach has hardly been successful and is now no longer sustainable, especially as China expands its footprint across South Asia and presents itself as a competitive alternative. Prime Minister Narendra Modi's "neighbourhood first" emphasis on cross-border connectivity seeks to correct this gap by increasing India's capacity of first delivery.

In this talk, Dr Constantino Xavier, from Carnegie India outlined the drivers and objectives of New Delhi's new approach to South Asia and the avenues and challenges in fostering regional integration beyond just SAARC in the following 10 points.

1. India's distractions a hindrance to bilateral ties

India's distraction from its 'Neighbourhood First' policy has been one of the key challenges in strengthening neighbourhood ties. Prime Minister Narendra Modi's state visit to Nepal following his appointment; the first of its kind in two decades, was seen as an enthusiastic and positive step towards improving bilateral relations. However, this enthusiasm later fizzled out as other global issues and countries such as Brazil, Nigeria and South Korea caught India's attention; thereby resulting in the neglect of regional and neighbourhood policies.

2. Interference to positive involvement

India's facade of non-interference is a myth, and in reality, India's involvement with its neighbours has been defined significantly by interference and involvement. Regarding the role of India in its neighbourhood, it needs to recalibrate and work towards changing its hegemonic and big brother image, as these interpretations pose as major challenge to its "Neighbourhood policy". As a major superpower in the region, India tends to have the urge to meddle in domestic affairs of its neighbours that can prove dangerous; subsequently harming bilateral relationships. India should therefore resist the temptation of micro managing in its neighbouring countries, instead placing focus on building bilateral diplomacy and public protocols.

3. Shift from “right of first refusal” to “capacity of first delivery”

In regard to India's archaic use of "right of first refusal", this policy stance is an obstruction in smoothening bilateral relations. "Right of first refusal" is a contractual right that gives India the option to enter a transaction or trade agreement with its neighbouring countries before anyone else. As a result, in case of neighbouring countries wanting to trade with a third party, they will first have to get permission from India. While neighbours often prefer India as a supplier of military and infrastructure goods, its consistent use of "right of first refusal" has always been a hindrance.

The "right of first refusal" may have served as a security measure during the height of the Cold War, but its use in today's modern era is not valid. India has used the right of first refusal as a means of keeping foreign powers such as China and the Soviet Union away from its neighbouring countries; as their presence would be a threat to India. Currently, such reasons are no longer valid; and with more economies opening up to trade India's neighbours will have a large number of alternative options such as China, Japan and the USA to choose from. With more alternatives to choose from, it would be mutually beneficial for India as well as its neighbouring countries, if a move toward "capacity of first delivery" is made; which entails that India supply the necessary goods or assistance without delay and on first-come first-serve basis.

4. Prioritizing connectivity

India also needs to recalibrate its perception of country borders. It is essential to understand that there has been a paradigm shift in the understanding of borders, which has evolved from boundaries separating regions to areas facilitates the movement of people and goods across borders. In today's global climate, cooperation and connectivity with neighbours is a must if one is to maintain decorum. Therefore, India must change its views and adopt a more open stance when it comes to borders.

5. Transcending regional influences

India's challenges regarding its "Neighbourhood policy" are further exacerbated by the unprecedented influence of regional politics in forming foreign policies. Regional states have gained unprecedented powers recently with some states even gaining veto powers. An example of this include how a Chief Minister of West Bengal vetoed to stop the bilateral agreement between New Delhi and Dhaka. Furthermore, Northern states like Bihar and Uttar Pradesh have strong links and influences especially when it comes to the formation of policies with Nepal, or Tamil Nadu with Sri Lanka and North-eastern States with Myanmar. Therefore, India should adopt a systematic procedure to work with constituencies across the border. The main goal of this is to not let regional interests trump national interests.

6. Prudential policies

India and its relationship with its neighbours have always been marred by minor disputes, which harm bilateral ties. To counter this, short-term sacrifices need to be taken on the Indian front in order to achieve long-term goals; focusing on the provision of mutual, unilateral and preferential benefits to its neighbours in order to build their trust, and thereby tying them to India in the long run.

7. Improving signals

Ambiguity in communication has also been another cause for strained bilateral ties between India and its neighbours. India seems content with telling its neighbours what it should do but does not go the extra mile to tell them how they can achieve it. For instance, during the constitution building duration it would have

been more constructive to not only ask the government to bring in Madhesi parties, but to also clearly suggest the mechanisms in doing so. Unless and until India clarifies what it really wants and what its security interests are, a strain on bilateral ties is likely.

India also has a tendency of letting its relationship with neighbours stagnate. Substantial effort on from the Indian government is essential to constantly press on and expand ties. For instance, the joint commission between India and Nepal had not met since the early 90s. Meanwhile, the impact of the Eminent Persons Groups on bilateral ties is yet to be seen. India should therefore make an effort towards being a first mover in promoting bilateral dialogues.

8. Self-introspection

In regard to crises and problems in neighbouring countries, India needs to first self-introspect before blaming neighbours for their 'internal problems'; as the root of crises in neighbouring countries can often be traced back to the other side of the border, as is also the case for domestic and regional policies. For instance, the Tamil Tiger insurgency in India was escalated by the ambiguity showed by India in taking a stance, as it supported both the Tamils Tigers and the Sri Lankan government during times of conflict. Therefore, India needs to look within its own boundaries first before criticizing its neighbours regarding such matters.

9. Lessons from China

While the influence of China in South Asia steadily rising over the past decade, India should neither overlook nor overreact to the growing influence. While China has been growing from strength to strength in conducting development projects in third world countries, India has been unable to complete a majority of its endeavours in third world countries. Focus therefore needs to be placed on actions such as project delivery instead of political manoeuvring to address the threat of China's increasing influence.

10. Trilateral cooperation

It is dangerous for Nepal to constantly play the China against India as it could lead to a complete breakdown of bilateral relations with its neighbours. Meanwhile there is also a chance that Nepal will lose two of its most important allies as Nepal could potentially be seen as a hindrance to their bilateral relations. Instead, it is essential to work on a collaborative and cooperative approach that preserves its own interests while also playing a role to facilitate exchange between the two countries.

The talk ended with Mr. Sujeev Shakya, Chairperson of Nepal Economic Forum reiterating that economics is about people-to-people relations, and that bilateral issues like blockade is not about Kathmandu and Delhi, but about people in border economies in India and Nepal.

Nepal Economic Forum is a not-for-profit organization initiated by beed and aimed at becoming Nepal's premier private sector led economic policy and research institution.

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