

Time for Modi to reset foreign policy strategy



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Prime Minister Narendra Modi's three-nation visit starting May 29 is an interesting mix of destinations. He visits Germany for the Biennial Inter-governmental Consultancies (BIC), begun in 2011. In Russia, he attends the annual bilateral summit, combined with the 21st St. Petersburg International Economic Forum on June 1-3, which is Russia's premier economic conference for the Commonwealth of Independent States (CIS), a grouping of nine of the 15 former Soviet republics. The detour to Spain is a fresh foray to a nation rising from an economic crisis. Despite internal political uncertainty over a minority government led by Mariano Rajoy of the conservative People's Party, Spain, having been led by socialist governments for 22 of the 29 years till 2011, there are technologies such as renewable energy that beckon India.

Both Germany and Russia are vital for India to balance China's assertive rise and Donald Trump's uncertain ways characterised by friends and foes as being hugged and berated randomly. The world is unsettled and India is already late in crafting a counter-strategy, as Russia has already drifted towards China. India this year appears to have been, to wit Samuel Beckett's play, *Waiting for (American) Godot*. The Prime Minister's current trip ameliorates that delay.

German Chancellor Angela Merkel, in her third term and despite the tide of popular opinion against migration in Germany, and uncalled-for verbal slings from then candidate Donald Trump, has stuck to her guns on the admittance of refugees fleeing reli-

gious persecution or war. This was happening as Britain delivered its Brexit blow, Mr Trump rose to become US President and Emmanuel Macron held off Marine Le Pen's xenophobic and anti-EU challenge in France. Ms Merkel now seeks a fourth term when Germany goes to the polls on September 24.

Ms Merkel has, meanwhile, shrewdly lowered the refugee influx and supported a ban on the wearing of full veils by Muslim women. In vital state elections in North Rhine-Westphalia, that has one-fifth of German voters and the Ruhr industrial belt, likened to America's Rust Belt that was denuded by industrial job losses, Ms Merkel's Christian Democrats (CDU) defeated Socialist rivals (SPD) led by Martin Schulz on their home turf in early May. With unemployment down to 4.1 per cent and record revenues and exports, the German economy is ticking healthily. Ms Merkel is expected to be re-elected and thus along with President Macron defend Fortress Europe.

Germany is India's largest trading partner in EU. Both nations cooperate closely at G-20; at G-4, consisting of Brazil, Germany, India and Japan to lobby for UN Security Council reform; and have a shared vision opposing unilateralism in international affairs, particularly by coalitions of the willing. Germany and India opposed Nato's Libyan adventure despite the Security Council's conditional approval. Germany is the most populous EU nation with the strongest economy but is a reluctant power on the international stage, unwilling to shape the European role in the new

world of anti-globalisation, xenophobia, Islamophobia and Chinese assertiveness. Unlike the United States, it ignores China's international conduct mindful of its commercial interests. However, as the Chinese move production to higher-valued products, it would start impacting German exports and markets. India, on the other hand, will remain a desirable and non-threatening partner much longer. Germany, like Japan, also has an aging population and will at some stage need more skilled immigrants.

The immediate challenge is the finalisation of the India-EU Free Trade Agreement, particularly because India terminated the bilateral Business Investment Treaty (BIT) after introducing a new model in 2015. Lower GST on luxury cars and SUVs may be a signal to Germans on India preparing for FTA finalisation as the automobile sector was a sticking point. The EU participated in China's Belt and Road Initiative (BRI) in Beijing, but did not sign the trade declaration. Germany perceives BRI, or OBOR, as it is known in India, as a trade enhancement device. That could facilitate a joint counter-strategy to what India dubs as Chinese power projection and likely debt entrapment of unsuspecting participants. Germany's direct investment in India tops ₹53,000 crores. Its annual development assistance is ₹7,000 crores. Germany has innovative vocational training models, geared of course to their industrial needs. Unlike the US, Germany excels in retraining laid-off workers, instead of

simply putting them on the dole.

Prime Minister Modi, however, cannot simply ignore Chancellor Merkel's remark after Mr Trump's election that her nation would choose cooperation based on common values of democracy and freedom, as well as the rule of law and the dignity of each and every person irrespective of his/her colour, race or faith. By opposing the rising tide of Islamophobia she showed her resolve to defend liberal values even at a possible domestic political cost. The unbridled rise of vigilantism and Hindutva evangelism in India could mar relations over the long term. She brilliantly balanced engaging President Trump in Brussels at the Nato summit, where he lectured US allies to raise defence spending to two per cent of their GDPs, with sharing the stage with former US President Barack Obama in Berlin in the shadow of the historic Brandenburg Gate, from where President Ronald Reagan had asked then Soviet President Mikhail Gorbachev to pull down the Berlin Wall.

Ms Merkel is the quiet and diligent counterpoint to loud and abrasive leaders like Mr Trump, Marine Le Pen or even Theresa May. Mr Modi is more in the latter category at home. The space for manoeuvre has shrunk as Mr Modi threads his way through a world polarised between nationalists with myopic agendas and globalists with constrained domestic space.

In his fourth year, he heads out with a booming stockmarket at home and consolidated political power. Between Ms Merkel and Russian President Vladimir Putin, he can opt for the transactional or the strategic strategy. However, his time for diplomatic theatre is over. His interlocutors would seek content and vision.

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