

Distinguished Public Lecture by the External Affairs Minister Shri Pranab Mukherjee at the S. Rajaratnam School of International Studies

20/06/2007

India's Foreign Policy Priorities

I am delighted to speak to such a distinguished audience on India's foreign policy priorities. Let me begin by thanking the S. Rajaratnam School of International Studies and the Institute of South Asian Studies for providing me the opportunity to do so. I would also like to express my appreciation to the Government of Singapore, in particular to Foreign Minister George Yeo, for the warmth of their welcome and their hospitality. Mr. Yeo's presence here today only underlines the rapport that we have established.

I have chosen to speak on this topic for a number of reasons. As many of you would be aware, India has undergone very significant changes in the last decade and a half. During this very same period, the international order has also seen a profound structural transformation. Consequently, the foreign policy of India has had to reformulate its priorities. Some of it is reactive to a larger environment. But much of the new thinking is driven by choices we have made due to our changing domestic situation. We need to share that thinking with key partners and regions where these priorities make themselves felt. There can be no better venue than Singapore for doing so.

Let me begin with the changes in India that have impelled the emergence of new foreign policy priorities. The economic story is well known. We have achieved an average rate of 9% growth in the last three years and hope to push it up even further. The savings rate is 32% of the GDP and the rate of investment is 35%. Both manufacturing and services have performed impressively. While sectors like information technology have a larger than life image in this process of reform, the spread of prosperity has been widespread and the population below poverty level has come down by almost ten percentage points in the last decade. Rising foreign direct investment figures convey both the potential for business and global confidence in our success. India is also making its economic presence felt abroad, notably through trade and acquisitions.

While optimistic of our prospects, we have to be objective about the challenges that India faces. We ourselves believe that our performance has fallen short in a number of areas. In the social sector, we have not addressed primary education and primary health as effectively as nations of South East Asia and East Asia have done. This leaves us vulnerable to shortage of skills at various levels. It also creates challenges of employability and social backwardness. The foremost priority of the UPA Government is, therefore, to step up social sector investments. We need both higher growth and more inclusive growth. Bottlenecks posed by the current state of infrastructure are also a major concern. They impact on our efficiencies, employment potential and even on awareness. Similarly, the utilisation rate of both physical and financial resources is critical to our prospects. A profligate model of development is simply not acceptable. Our successes in these sectors will be central to the management of change.

Driven so significantly by domestic consumption, India has had to create its own model of growth. There is, perhaps, no precedent for change taking place on such a scale in a democratic framework. But there is much that we can gain from interaction with other societies in terms of best practices, improved capabilities and additionality of resources. An era of 10% growth and closer integration with the global economy clearly calls for a different approach. Emphasis on expanding foreign trade and attracting greater foreign investment flows requires a refocusing of our energies. Indian diplomacy has to get more business oriented and the integration of science & technology and other knowledge-based initiatives into our foreign policy goals must be the norm. Energy cooperation is already acquiring greater salience in our thinking and we are seeing that key sectors like agriculture can also benefit from greater international cooperation. As a result, economic and commercial work in our Missions and Ministries is acquiring greater weightage. Indeed, the inter se importance of relationships itself is changing, taking these priorities into account. We have to take note, for example, of the shift in global economic weight towards the Asia Pacific region.

The transformation is not just in scope and content but in our attitudes. Indian diplomacy approaches the world and the opportunities that await it with much greater confidence. We look forward to leveraging the external environment to achieve faster growth. This has not always been our recent historical experience.

In the past, issues like food, aid or even investment had been used to pressurise us on national security. Our growing strengths now allow us to address what risks there may be in greater engagement. At the same time, we would like to avoid the temptations of a mercantilist approach. We are convinced that our efforts would be better rewarded if they are perceived as equitable rather than self-centred. Therefore, even as it draws from the world to its advantage, India remains ready to contribute what it can. We are today a net aid donor, with programmes extending to a number of developing countries. Focusing on our skills development strengths, we offer an ambitious and broad-spectrum training programme called ITEC to 156 nations. In peacekeeping, our forces have participated in 43 of the 61 missions undertaken since the founding of the UN and are currently deployed in Congo and Sudan. We have a long tradition of perceiving the world as a family and our current approach can draw strength from that tradition.

A need-based review of our priorities does not present the full picture in its complexity. Global structural changes also have to be taken into account. Not only has the Cold War ended, but an extraordinary inter-dependence among leading states of the international order is in the making. This has led some analysts to postulate conflict among the great powers today as extremely unlikely. Historians may note that globalisation is not a new phenomena and that inter-dependence did not prevent the First World War. But the intensity and inter-penetration of the global processes are of an altogether different order today. They affect fundamental choices and shape basic lifestyles. This emanates, among other factors, from the inter-linkages of the technology era. The economy of comparative costs has generated new trade patterns and dependencies. The migration of skills, and consequently of people, is an added dimension. Information is used today to transcend both space and time. After all, we Indians know that not just from ancient learning but from the more contemporary phenomena of Business Process Outsourcing and call centres!

Three factors stood in the way of these processes till a few years ago. First, the Cold War and its ensuing political polarisation was a great divide. Second, the weakness of post-colonial economies prevented them from playing an adequate role. Third, the disruption of natural connectivities and the artificial compartmentalisation of regions during the colonial era also built barriers. India, for example, was separated from South East Asia, West Asia and Central Asia – all regions with which it has had deep historical connections. What an eminent historian described as “the natural unity of the Indian Ocean region” was disrupted and is still to be fully restored.

At the moment of our Independence, Jawaharlal Nehru very presciently recognised the inherent inter-dependence of our world when he declared that, “Peace has been said to be indivisible; so is Freedom, so is Prosperity now, and so also is Disaster in this One World that can no longer be split into isolated fragments.” Today, there is a broader appreciation that what unites the key players is more than what divides them. Policy makers are beginning to understand that inter-dependence and competition can co-exist.

This has profound consequences for foreign policy formulation, including for India. We see relationships less in terms of zero sum games and more in terms of win-win outcomes. The search is for constant leveraging and maximum flexibility with the belief that progress in one relationship can lead to significant improvements in others. We are willing to engage more because there are thresholds below which relationships cannot afford to fall. This allows broader engagement and isolation of differences where they may exist. The confidence to moderate problems can grow if the natural tendency is to search for commonalities. All of this naturally requires a change of mindset, just as reforms do at home. The old balance of power approach must give way to a greater acceptance of multi-polarity, not only globally but in Asia as well. Diplomatic styles will necessarily have to be more creative to take this into account. India is particularly well placed in this new era as its relationships with other major power centres could allow it to reach an optimal position.

Any assessment of the future directions of the international system naturally has to take into account the short-term challenges that the system is likely to encounter. There are broadly four categories of issues that a more inter-dependent world will have to address. Each one has its own implications for India’s foreign policy. First, there is the growing salience of the role of non-state actors in global politics. These are pre-dominantly drawn from forces that are opposed to the current international order and the values that it represents. Since the order itself is essentially pluralistic and diverse, non-state actors tend to be driven by narrow ideologies and a fundamentalist outlook. Al-Qaeda is seen as the archetype after 2001

but we in India have known and been meeting such threats for close to two decades before that infamous day. The solution to this challenge lies in resisting the temptation to meet it equally narrowly. Instead, we must remain steadfast in our commitment to multi-culturalism and resist the temptation to square medieval ideologies with modern day principles of democratic pluralism.

Non-state actors can move independently or in tandem with the less responsible states of the international system. Such states, therefore, represent a second category of challenges, prone to be swayed by intolerance and narrowness of thought and out of step with the contemporary world. Their relationship with the world tends to be adversarial in character and carries a sense of self-interest to the extreme. Therefore, there is in them little, if any, hesitation in defying the rules by which nations today interact with each other. A strategy to deal with such states is to draw them into the system while simultaneously deterring them from undertaking irresponsible actions. Diplomacy of such complexity obviously poses its own problems.

We are also required to address a growing host of global challenges. Ranging from natural disasters and pandemics to environmental concerns and terrorism, they need coordinated responses from the international community for two reasons. One, the magnitude of the problem and its spread across many nations makes it difficult for any single nation to respond. Second, the very lack of national ownership over the problem limits a purely national solution. As the 2004 tsunami experience demonstrated, building habits of cooperation among nations is vital to a speedy response to global challenges. This is an important objective for contemporary Indian foreign policy.

The fourth category of challenges comes from the inequities of the globalisation process. If there is a continuing mismatch between expectations and benefits, we are writing a prescription for greater global uncertainty. Rather than press dogmatically for the prosperity of a select few, the international economic system has to opt for a rising tide that will lift all boats.

The loss of cultural identities in the process of modernisation is an equally worrying phenomenon. Given our stakes in global stability, the Indian policy maker today has to apply the range of options available – from training and assistance to soft power and sharing of inter-cultural experiences – to achieve the best possible outcome. The utilisation of civil society mechanisms will also have to grow, including the role of Track II dialogues and Foreign Offices will have to co-opt other players in order to enhance their own performance.

The prospects in our own immediate neighborhood also call for more imaginative initiatives. We are committed to ensuring a peaceful periphery. This is a requirement not only for India's continued growth but for the larger good of global society as well. Whether it is trade or logistics, energy or services, a partnership with India can be of great value to our neighbours. Our challenge is to provide them incentives to step forward. Today, trans-national cooperation is essential if communications within South Asia and beyond are to significantly improve. The inter-dependent nature of security is increasingly evident. India is not just a motor for regional growth; it can equally be the bulwark of regional security. In charting a bolder course, we will inevitably come up against suspicions and scepticism. To allay them, we will have to be prepared to go the extra mile. Our decision to unilaterally liberalise tariffs for the least developed countries of the region is illustrative of this approach and underlines the seriousness of our commitment to a South Asian Customs Union, and eventually, an Economic Union.

In South Asia, we have also stepped up our bilateral engagements while seeking to make SAARC a broader and more open organisation. At its 14th Summit meeting in New Delhi in April 2007, we welcomed Afghanistan as a member and China, Japan, US, the EU and South Korea as associated observers. Iran will also be an associated observer at the next Summit. Combating terrorism, including its financing aspect, was another major focus of the Summit. Our vision of stronger regional cooperation and harmony has led us to boldly address even difficult historical problems with a view to finding long-term solutions.

With the regions immediately east and west of India, our endeavour is to revive historical cultural linkages to add more dimensions to contemporary cooperation. With China, a more broad-based relationship with greater exchanges has allowed us to build bridges to a degree that could not have been

anticipated a decade ago. With the United States, the understanding on civilian nuclear energy cooperation and a new framework of defence cooperation are two examples of the transformation underway. With Russia, a long-standing friend and reliable partner, our mutually beneficial interaction, particularly in energy and technology trade, has received a greater boost. The intensity of our engagement with the European Union, with whom we hold annual partnership summits, has grown across a broad spectrum of issues. With Japan, the convergence of our interests has encouraged us to find new areas of cooperation. India is also a member of a growing number of regional and international structures. These include the ASEAN Dialogue, ARF, more recently the East Asia Summit and Asia Europe Meeting, BIMSTEC, the Indian Ocean Regional Cooperation initiative and the India-Brazil-South Africa initiative. We have an open mind with regard to other cooperative efforts and are willing to examine the merits of participation if it is in consonance with our objectives and values.

As I speak of the changing nature of our engagement with the international community, it is but natural that I should refer to relations between Singapore and India. It was Singapore, after all, which was among the earliest of our partners to realise the implications of the reforms that we began a decade and a half ago. Our partnership has greatly encouraged India's stronger participation in South East Asian and East Asian structures since then. At a bilateral level, the Comprehensive Economic Cooperation Agreement (CECA) that we concluded in 2005 has been a pioneering effort. Its impact on trade and investment flows is already evident – Singapore ranks among our top five partners on both counts. It has also provided a template to address the requirements of a more encompassing relationship, including quality and standards, investment protection, recognition of qualifications, air services, movement of people, science & technology, as well as education and media. Our defence cooperation has also expanded significantly over the years, and in my previous responsibility as Defence Minister, I was glad to contribute to its growth.

The real significance of our ties lies in the role of Singapore as a restorer of connectivity between India and East Asia. While their more obvious manifestations are in trade and movement of people, the cultural underpinnings are equally important. I would like to take this opportunity to recognise the special significance of the Nalanda Initiative that has been proposed by Foreign Minister George Yeo. There can be no better symbol of a universal message, which has promoted interaction among societies over the span of history. We are seeking to fully restore our traditional connectivity through other initiatives as well.

I have had a very productive visit to Singapore, exchanging views with the leadership here and concluding agreements in a number of areas. These include the creation of a Joint Committee led by the Foreign Ministers to regularly assess the totality of our ties, the launch of an India Business Forum that brings together Indian companies in Singapore, the announcement of a bilateral CEO's Forum whose recommendations would be carefully examined by our Governments, the renewal of our cultural cooperation and an understanding to examine the viability of the reconstruction of the INA Memorial in Singapore. These initiatives illustrate well those very priorities for our foreign policy that I have dilated upon earlier.

At the time of the founding of ASEAN in August 1967, the late Mr. Rajaratnam had spoken of the challenge of marrying national thinking with regional thinking. He saw the necessity of not only thinking of national interests but of positing them against regional interests as a new way of thinking. He also accepted that regional existence means adjustments, which may not be easy. Today, the same logic can be taken to the global level. But what he said for ASEAN then holds true for the foreign policy of India – we stand for something, not against anything.

I thank you for your attention and would be glad to take questions.