
A Conversation with Michael Kugelman

THE FLETCHER FORUM: *It's been a big year for South Asia, with the economic crisis in Sri Lanka, the protests in Bangladesh, government changes in Pakistan and Nepal, and India's G20 presidency, among other developments. What do you think the G20 presidency will mean for regional cooperation?*

MICHAEL KUGELMAN: I would say that India's G20 presidency means a lot more for India and for its global aspirations than it does for the region itself. To be quite candid, I think this role is very important for New Delhi. It presents India with a number of opportunities, such as the ability to showcase its diplomatic clout as it guides the most influential economic bloc in the world. But this bloc is riven with strategic competition, given its membership.

For India, a country that is looking to get more respect on the global stage than it currently gets, the G20 presidency is an opportunity to showcase its strategic autonomy and its ability to manage rival relationships—and at a key moment for great power competition. Additionally, India has long seen itself as a champion of developing world rights and interests. What India would like to do as G20 president is to serve as a bridge between the developed world and the developing world. It wants to be working with the most powerful economies in the world to, in part, help address concerns that play out particularly strongly in the developing world. That includes issues such as climate change, poverty, and pandemics. So, in that sense, I don't really see India's G20 presidency as something that could have direct implications on South Asia itself, especially since India is the only country from South Asia that is a member of the G20.

But, it certainly is a huge issue for India. India will take this role very seriously for the next year. The government has already sought to politicize

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its presidency by calling on the country and the different political parties of the country to unite around this role. So, it's going to be a big part of India's story in 2023.

THE FLETCHER FORUM: *With the heat waves and floods in Pakistan, climate change has become more pronounced in South Asia, which makes the region's vulnerability more visible. That being said, where does South Asia figure in the matrix of global climate diplomacy? And what is the possibility for cooperation within the region on climate change specifically?*

KUGELMAN: South Asia occupies a central role for climate change issues, broadly speaking, but certainly in climate change diplomacy and climate change mitigation efforts. The main reason is that there are few regions in the world that are more climate vulnerable than South Asia. Every country is impacted in different ways by climate change and its effects. Regardless of the form that takes, from droughts to destructive weather patterns, every country in the region faces these challenges vividly—and tragically, as we saw with the floods in Pakistan.

One of the big storylines of South Asia, for many years, has been a lack of cooperation or inability to come together to fight common challenges, whether that's terrorism, pandemics, or climate change. That's why we should feel heartened that South Asian countries united in support of the United Nation's loss and damage fund. That cooperation played out multilaterally as well as in a broad sense, in the context of the G77. At any rate, all the South Asian Association for Regional Cooperation (SAARC) countries, led by Pakistan, which was chairing the G77 last year, were on the same page. They were able to get the loss and damages issue on the agenda of the international climate summit last year in Egypt (COP 27). This is a huge achievement alone, but then there was an actual agreement establishing the fund as well. There was no country in South Asia that was against the idea of a loss and damage fund; even the Taliban, quite frankly, had indicated in some public comments that they were behind the idea.

Now, the fact that there is a loss and damage fund doesn't necessarily mean that we should be celebrating too much; there is a long way to go before we can get actual implementation. There will be a lot of push-back and resistance from many capitals in the West and other key donors that won't be comfortable providing funding to countries that are climate vulnerable.

We are at a moment when we are looking for small victories. The fact that the entire region came together to support the loss and damage fund

is a pretty big deal. What would be nice to see is if the main (really only) regional organization, SAARC, could build on that momentum and try to convene the eight member countries and have them discuss how the region can work together on mitigation issues.

I think that's unlikely, because SAARC has been paralyzed for decades due to the India-Pakistan problem. Thus, even though the region came together to support the loss and damage fund, that doesn't mean that we are going to see forward movement on a more regional and bilateral level on other issues.

THE FLETCHER FORUM: *On the issue of India-Pakistan, do you think that there is a place for effective dialogue on revisiting the Indus Water Treaty, or even climate cooperation in Kashmir?*

KUGELMAN: To give an example of how far apart the two countries are on so many things, almost two years ago, in 2021, India and Pakistan signed a truce to bring down violence along the Line of Control, where violence had been increasing. After the truce was concluded, many observers wondered if this could be considered a confidence-building measure, a springboard for some type of new era, where New Delhi and Islamabad agree to start meeting to discuss a variety of issues more frequently. Yet, we have seen almost nothing. They continue to talk about certain things on a routine basis, such as exchanging information about data on water flows for shared rivers, per the stipulations of the Indus Waters Treaty, but I don't see many prospects beyond that.

The current political mood in India, especially with national elections coming in about a year, is not favorable to the idea of reaching out to Pakistan. In Pakistan, the idea of reaching out to India just doesn't make sense either. Although quite frankly, in light of Pakistan's economic stress, the floods, and its impact on food security, the idea of trying to propose more border trade between India and Pakistan, and having talks on that, would make a lot of sense from Pakistan's perspective. The fact that it hasn't happened is quite telling.

THE FLETCHER FORUM: *Speaking of difficult neighbors, there has been no sign of abating for the India-China conflict. It has been ongoing since 2020, with the most recent clash in December 2022. Given the presence and interests of the United States in the region, what does this ongoing conflict mean for the United States' Indo-Pacific policy? And what do you make of the Indian government's lack of communication with its own public about what is happening at the border?*

KUGELMAN: I can take the second part of the question first. India's government likes to project strength and confidence; it's a nationalist government after all. There isn't all that much good news to share about the border crisis with China. We have seen Indian forces in a position to push back Chinese troops after their provocations, but it is quite clear that India does not have a deterrent capacity; it is unable to prevent Chinese border incursions. Anything that the Indian government would say about the current border dispute would invariably bring it back to that reality. And I don't think that is what the Indian government wants to portray publicly, especially in the current political moment. If we were talking about a crisis with Pakistan, it would be a different story.

For the first part of the question about what this India-China question means for the United States, I think it validates for Washington its decision to accord top priority to its competition with China. One of the big motives behind the Indo-Pacific strategy is the need to counter China's power and influence because, among other things, it imperils the interests of key U.S. allies and partners, including India. But I also think it causes a bit of a conundrum for U.S. policy. The United States is looking for ways to signal its support to India when it faces these crises with China. There have been public expressions of solidarity, but at the same time, India continues to be very keen that the United States does not go overboard in signaling its support publicly for India, for fear that it could aggravate tensions by provoking China further. There is a fine balance to be attained between the United States showing India that it's doing what it can to help, but at the same time not doing too much to provoke China, and by extension, upsetting India. So, finding that middle ground is always a challenge.

THE FLETCHER FORUM: *I want to shift the conversation to India's balancing act between Russia and the United States. How do you think India's posture impacts India's strategic cooperation with the United States, especially since it is the largest buyer of U.S. weapons and there isn't much more the United States can do to wean India off from Russian support? Do you think that there is an expiration date for India's balancing act between Russia and the United States?*

KUGELMAN: U.S. policy has evolved in terms of how it confronts the challenge of India continuing to engage with Russia. After the invasion of Ukraine first happened and India's muted position on the invasion became clear, Washington was quite displeased and there were some unhappy public statements and insinuations of threats to India, but I think that cooler

heads and wiser minds eventually prevailed in Washington. If you know anything about India's foreign policy, you know that it has this special relationship with Russia that's not about to change, even with Russia committing this cold-blooded case of aggression. So, U.S. policy has evolved to take more of a long-game approach: U.S. officials are trying to make an argument to Indian interlocutors that over the long term, Russia cannot be counted on to be a security partner. Russia is going to struggle to retain the capacity to produce and supply India with the types of weaponry that it's dependent on.

But, I emphasize the idea of the long term, because for now, India is not going to back away. The key factor here is economic and less military. If the United States or some other like-minded western country was in a position to provide India with the type of energy that it would typically get from Russia at a comparable price, India would be happy to turn away from Russia. It's the same with weaponry: India has diversified its sources of arms in recent years, but there are certain kinds of arms that it is able to get from Russia that it can't get from other countries at a desirable price. So, U.S. officials are also sort of gaming out what can be done, perhaps with other key Indian arm suppliers like France and Israel in order to make these offers from Russia less desirable.

THE FLETCHER FORUM: *I did want to get back to the other question on what do you make of the balancing act, and if it has an expiration date.*

KUGELMAN: Honestly, India has been very effective and successful in its balancing act: more than a year after the Russian invasion, India's relationship with the United States and its other Western partners continues to be quite strong, as does its relationship with Russia. The longstanding success stories of India's ability to manage relationships between rival countries is quite remarkable. Look at Russia and the United States, Saudi Arabia and Iran, and, until relatively recently, Israel and Palestine. Though I would argue that it has moved closer to Israel recently. Certainly, all this said, it is true that as the war rages on, and as India continues to feel pressure, even if more softly than previously, the fence that it is sitting on runs the risk of collapsing, so to speak.

But, I think we have to recognize that only if several nightmare scenarios play out with the Russian war in Ukraine, only then can we assume that India will be prompted to get off the fence. One of those scenarios is if Russia expands the war into Poland or another NATO country. And the other is if it becomes a nuclear conflict. In those scenarios, especially the

latter, I don't see how India could continue to be quiet. But my point is that it will take a lot to make India change its position.

Last point on this: it is not accurate to state that India is supporting the invasion, or that it doesn't care about it, or wants Russia to win. We have seen repeatedly through Indian government messaging in the UN and in the foreign office in India, a repeated focus on the need to end the war, as well as a repeated focus on the need for dialogue and diplomacy to end the war. And it makes sense: India's interests suffer every day that the war continues. It doesn't want to be in this position where it has to walk this fine line, balancing its relations with Russia and the West. The longer the war rages on, the more dependent its friend Russia will become on its rival China. India also doesn't want the world's attention to be directed away from China, when it is facing a daily threat of Chinese border provocations and a deepening Chinese naval presence in the western Indian Ocean region.

THE FLETCHER FORUM: *During Indian Minister of External Affairs Subrahmanyam Jaishankar's visit to Moscow, he suggested that India can be a vehicle for resolving the conflict diplomatically between Russia and Ukraine. Do you think that this is a role that India would take on?*

KUGELMAN: Yes, certainly. A number of analysts, including myself, have proposed the idea of India as a potential mediator. But, I think that New Delhi would be reluctant to play that role for several reasons. First, because of its strategic autonomy policy, it does not want to butt into other conflicts. If both sides were to specifically ask for India to play that role, then it may be more inclined to do so. Certainly, Prime Minister Narendra Modi has in some ways acted like a mediator: he has had nearly back-to-back calls with both Zelensky and Putin and has indicated in some public comments a desire to do whatever is possible to help end the war. Obviously, the big advantage that India has is its special relationship with Russia. And it has a very good relationship with Ukraine. There are only a small number of other countries that can make that claim. But, India does not like any third-party mediation in its own issues and disputes or its domestic politics. For example, it doesn't want another country to get involved in the Kashmir dispute. France, Israel, and Turkey—they've all been mentioned as possible mediators, but none of them has this special relationship with Russia that India does. But, the bottom line is that it is unlikely that India will step into that role unless specifically asked.

THE FLETCHER FORUM: *Let's shift the focus now to the other aspect of the war in Ukraine, which is the impact on energy prices and what that has meant for South Asia as a whole. Can we expect the higher costs of energy, in addition to threats to security, to impact South Asia's development agenda? If so, what would that impact look like going forward?*

KUGELMAN: Many economies in South Asia suffer from deep, long-standing economic challenges, such as debt, corruption, insufficient taxation policies, or lack of liberalization reforms. Whenever you have these types of deep economic challenges, you're going to be especially vulnerable to any type of external shock, including conflict-induced surges in global oil prices. And keep in mind as well that a number of countries in South Asia, especially India, have long been heavily dependent on foreign energy markets. As long as global oil prices are high, these countries are going to see their broader energy security suffer in a big way. Most countries in South Asia have been relying on indigenous energy resources for so long that they are simply running out. That has meant that they have been reliant on importing energy.

We are seeing in recent years a new push for embracing clean energy. There is a shared goal in many countries of South Asia to capitalize on opportunities to scale up indigenous wind and solar power production, particularly because weather conditions are suitable for it. But cost issues, technology constraints, and other factors have limited the growth of renewable energy sectors in South Asia (though it should be noted that India has one of the fastest-growing solar energy sectors in the world). So the region continues to depend heavily on fossil fuel imports, and therefore is going to remain highly vulnerable to the shocks of the global energy markets from the war in Ukraine. The short of it is, the longer the war in Ukraine rages on, the longer these fragile economies in South Asia will continue to suffer, and the longer their energy security will remain tenuous.

THE FLETCHER FORUM: *This leads perfectly to my next question. What do you think the economic upheaval and the political instability in some South Asian countries means for the three countries—Pakistan, Bangladesh, and India—that are going to elections in the coming months? And how are the governments in power that want to retain power playing down the impacts of these various issues within their countries?*

KUGELMAN: Pakistan has been experiencing economic distress for quite some time. Even before the war in Ukraine began, you were starting to

see major macroeconomic troubles in the country including rising prices and so on. The government in power now, which has only been in power since April 2022, is highly vulnerable going into the next election. If they continue to struggle to bring any type of economic relief to the public, that is only going to hamper their electoral prospects even further. This government has faced a number of challenges for reasons that go beyond the economy as well; opposition leader Imran Khan has grown more popular since he was ousted in a no-confidence vote last year, and he is a very effective populist in the sense that he is very good at playing on public grievances. One of the big grievances has been the economic distress in Pakistan. That said, I am not going to say that if the government were to magically get the economy back in order, that it would win the next elections—it's unpopular for various reasons, not just because of the economy. But certainly, the economy plays such a key role in the political sphere right now in Pakistan, and it will be a major factor in the election.

Bangladesh is different in that it has actually experienced robust levels of macroeconomic growth for a number of years, in great part because of the policies of the current government. Only since the invasion of Ukraine has Bangladesh started to experience the plummeting foreign reserves, the rising debt, and the high fuel costs that so many other countries have seen. This is a government that staked its legitimacy on economic success. So, it is vulnerable now in ways that it has not been previously. We saw at the end of 2022 some opposition protests, which we hadn't seen much of over the last few years. The government in Bangladesh, unlike in Pakistan, will be in a better position politically if it can get its economic house back in order quickly. Of course, the other factor in Bangladesh is that the government is not terribly democratic and has shown authoritarian tendencies for a number of years. There is no guarantee that this election in Bangladesh will be free and fair. It is important to note that the ruling party has been in power since 2009, and that each one of the elections since then has been criticized by credible international observers as flawed.

India is a different case. India is one of the few countries in the region that has not experienced traumatic levels of economic stress produced by the war in Ukraine. The ruling party does not face any type of serious opposition. Congress, the main opposition party, is not in good shape. This is, to be sure, a government that has failed on many levels; there have been some policy disasters, including a terribly botched response to a COVID-19 surge in 2021. But, Narendra Modi is a very popular leader, and even if the economy were to take a big tumble tomorrow, I don't really think that would impact the Bhartiya Janata Party's (BJP) prospects in the

national elections. This year will be key because there are a number of state elections happening in India. BJP is likely to win many of them, but if they suffer a few surprising defeats, that will be an interesting data point moving into 2024. But, I think that it really should be a cakewalk for the BJP and they will likely win re-election again.

THE FLETCHER FORUM: *All in all, for South Asia, 2022 was a big year and 2023 will be a bigger year in many respects. What do you think the region has to look forward to this year?*

KUGELMAN: There is certainly not much to look forward to. If you look at the democratic backsliding across the region coupled with the economic distress, it is clear that 2023 will not be a very happy year for the region. But there are some things to be encouraged by. The region has experienced a major infrastructure binge. Despite the economic troubles, and more recently, the momentum losses for China's Belt and Road Initiative, there continues to be a lot of new infrastructure across the region. Bangladesh is a prominent example: in recent months, it launched a new metro service in Dhaka; it inaugurated a large new bridge; and it is coming close to opening the first underwater tunnel in Bangladesh, which will be one of the first structures like that in South Asia on the whole.

We have also seen India linking up with several Eastern neighbors, especially Nepal and Bangladesh, to look into electricity sharing arrangements. Even on the other side of the region, Pakistan and Afghanistan have continued to move forward on a new transnational rail project, so that's something to be encouraged by since infrastructure is one of the biggest needs of the hour.

I also think that cooperation on climate change is something to be encouraged by. Finally, there is a case where the entire region has bonded together on a shared concern, a shared threat, and signaled the desire to move forward on it.

Beyond that, I think that the India-Pakistan relationship is not as tense as it's been over the last few years. It is certainly not in a position to get any better anytime soon, but the border truce has been in place for almost two years. Clearly, India's attention has been focused on China; Pakistan's attention, unfortunately, is focused on Afghanistan, where you have a surge of terrorist attacks in Pakistan perpetrated by militants based in Afghanistan.

There have also been a number of advances and innovations in the digital space across the region. India's tech industry continues to do

impressive things. To a lesser extent, Pakistan and Bangladesh's tech industries have done some big things. Certainly, however, the fact that all three of their governments often use digital security laws and policies to rein in dissent is not a good thing.

THE FLETCHER FORUM: *This is a good note to end on. Thank you, Michael! This has been a very interesting conversation; you have left us with a lot to think about.*

KUGELMAN: It's been a pleasure. And I just wanted to say that I am a big fan of *The Fletcher Forum*. I, myself, was an editor decades ago as a Fletcher student. So, it really is an honor to come back and engage with you through this interview. Thanks! *f*