

## ASIA WILL GAIN FROM INDIA FINALLY TAKING FOREIGN POLICY SERIOUSLY



AT THEIR nearest points, India and Indonesia are barely 160 kilometers (100 miles) apart across the Malacca Strait. Yet almost nobody thinks of these two big countries as neighbours. One reason has been India's historic isolation. Distracted by Pakistan, India long fretted over its western border. Under Nehru, its leader after independence, a principled policy of non-alignment led to moralising that was of little relevance to the rest of Asia. Under his protectionist daughter, Indira Gandhi, India looked to the Soviet Union and closed itself to foreign capital and trade, spurning the policies that made East Asia rich. As long as India's economic and military muscle atrophied at home, it wielded little influence abroad.

There have been steps forward. Back in 1991, a reformist prime minister, Narasimha Rao, started to open the economy and laid down a policy of "looking east". In 2009 India signed a free-trade deal in goods with the Association of South-East Asian Nations, which has helped lift trade with those countries to a handy \$80 billion a year, potentially rising to \$280 billion in a decade. Two-way trade with China is up from \$7 billion ten years ago to \$65 billion. India now hosts regional joint maritime exercises every two years in the Indian Ocean; in February navies from 17 countries took part. And India's ties with Japan have gradually grown, as Asia's two "middle powers" have both watched the rise of China.

So it would be unfair to say that Narendra Modi is starting Indian foreign policy afresh. But the country's new prime minister is making more of a noise than his predecessors. On

August 30th he heads off on a five-day trip to Japan. It is the first salvo in an intense few weeks that will see visits from China's leader, Xi Jinping, and Tony Abbott, Australia's leader. Meanwhile India's foreign minister, Sushma Swaraj, visited Hanoi this week as part of a South-East Asian tour. India's president, Pranab Mukherjee, follows in September—a sign of how India's defense co-operation with South-East Asia is growing.

### **A fresh broom**

Good. Tighter relations with Japan are important for security (see [article](#)). With Australia, India is likely to sign a deal to buy uranium. It is welcome that the world's most populous democracy should make its influence felt in its region. But India will not realize its true promise so long as it is held back by three legacies that still linger from the days of Nehru.

First, it has differences with two of its neighbours, which are at best a distraction and at worst an obstacle. Given how much it has to gain from peace with Pakistan, India should strive to launch talks that were recently put off because it objected to contacts between Pakistani diplomats and Kashmiri separatists. For Mr Modi, a Hindu nationalist who is feared by many Indian Muslims, a settlement with Pakistan should be a special priority. But Mr Modi also has a disputed border with China in the Himalayas. That too is a flashpoint for conflict, which he needs to discuss with Mr Xi—if only because India's relations with China will count for more commercially and strategically than its relations with any other Asian country.

Second, to promote India as a trading nation, Mr Modi should ditch protectionism. He blundered in July when he rescinded India's agreement to a World Trade Organization deal to ease trade, opting instead to protect food and farm subsidies at home. Since India plays no part in many other regional trade forums, such as the Trans Pacific Partnership, it risks falling behind others who will set higher standards.

Last of all, he needs a government service that can support his diplomacy. India's Foreign Service is roughly the size of New Zealand's. The country's defense-procurement system is rotten and dependent on second-rate state-owned firms. Newly eased restrictions on foreigners investing in defense could help. And India's armed forces need skilled employees, modern equipment, more outside scrutiny and better co-operation between commands. For India to become influential abroad, Mr Modi has to do some tightening up at home.