



Source: The Diplomat

In this week, we cover:

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- India expects higher frequency of Chinese troops at the border
- US and Philippines pledge to strengthen defense cooperation
- Communist Party of Vietnam's new approach to accountability

- Resignation of Vietnamese President rings alarm in ASEAN
- Onion: the hottest luxury item
- Sri Lanka thanks India for supporting the IMF loan approval



Source: Financial Times



Source: SCMP

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MESSAGE FROM THE CHAIR



Dear Readers,

In Newsletter #3, our team provides you with the most essential news in the Indo-Pacific Region, covering the latest development of foreign policy, domestic politics and economics in the South/east Asian countries and regional powers including China, India and the US.

Reorganized in 2018 on the FLAME Campus with an international collaboration model with the National Chengchi University of Taiwan, the Center of South and Southeast Asia Studies at FLAME (CSSAS FLAME) aims to promote the research capacity in political, economic, social, and cultural studies of the Indo-Pacific region. A member of an international network of prominent think tanks in the Asia Pacific, CSSAS FLAME is dedicated to the understanding, collaboration, and connection between research communities, educators and students within India and across the region. At the same time, CSSAS FLAME serves as a platform for FLAME community members to better interact with their international counterparts in Indo-Pacific countries.

Since 2018, CSSAS has hosted talks, workshops, and conferences as well as other forms of scholarly and student exchange activities to promote Indo-Pacific studies in the context of India's Act East Policy. With the launch of our routine newsletter, we wish to enhance our readers' understanding of the regional political, social, economic, and strategic developments in South and Southeast Asia.

We hope you enjoy it and look forward to your feedback and suggestions.

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India sends notice to Pakistan, calls for amending Indus Waters Treaty - On 27th January 2023, India sent a notice to Pakistan announcing its plans to revisit the Indus Waters Treaty, a treaty signed in 1960 between the two countries, which governs the sharing of the Indus river and its tributaries. This is the first time India has called for the amendment of the treaty. The move comes in the wake of recent terrorist attacks in the Indian-administered region of Kashmir, which India has blamed on Pakistan-based terrorist groups. India has also accused Pakistan of using the treaty to its advantage and claiming that Pakistan has been using it to undermine India's hydroelectric and irrigation projects in the Western rivers. . This move by India is likely to further escalate tensions between the two countries, which have been at loggerheads over the region of Kashmir for decades. The treaty has generally been seen as a means of resolving disputes between the two nations and it has been able to hold up well for over 60 years. However, this announcement by India could put this treaty in jeopardy and could potentially lead to an increase in the water dispute between the two nations.

India expects higher frequency of clashes with Chinese troops along Ladakh border: A confidential security assessment report revealed on 27 January by Ladakh police, based on intelligence gathered by local border police, stated that India could expect more clashes between Indian troops and the People's Liberation Army along the Indo-China border. This report comes as Beijing has begun ramping up troops and military equipment in the region. It

Preferred to a pattern of "skirmishes and tensions", stating that their intensity has increased since 2013-14. The previous major confrontation in 2020 resulted in the deaths of at least 24 soldiers. The border dispute has also led to a significant deterioration in bilateral relations between the two countries, with both sides engaging in a series of diplomatic and economic measures to assert their position. The report also revealed that due to the formation of buffer zones, India is losing territory to China as the border gets pushed inside Indian territory.

United States and Philippines vow to strengthen defense cooperation to address South China Sea disputes: On 20 January, the United States and the Philippines have pledged to enhance their defence partnership to address security issues of mutual concern, such as the disputes in the South China Sea. During a high-level security meeting in Manila, President Ferdinand Marcos sought to reestablish the long-standing alliance that had been disrupted by his predecessor Rodrigo Duterte. The two countries have agreed to hold discussions in the middle of 2023 to plan for and guarantee more synchronised reactions to potential crisis points and also hasten the completion of projects that allow US forces to keep equipment at certain Philippine military bases and identify extra agreed-upon locations for the same purpose.

India to export a record 50 million eggs amid acute shortages in Malaysia: India is anticipating to export a large number of eggs this month, with a significant portion of sales going to Malaysia. In the past, Middle Eastern countries such as Oman and Qatar have been the primary buyers of eggs from

India. However, in recent months, Indian hatcheries have received large orders from unexpected places as production in other leading suppliers has decreased. The biggest of these unexpected orders came from Malaysia, a country that typically exports eggs to other Asian nations such as Singapore. India had shipped 5 million eggs to Malaysia in December and plans to ship 10 million in January and up to 15 million in February. The outbreak of bird flu has resulted in a shortage of eggs and chicken in many countries, causing food prices to increase and leading to trade restrictions for countries importing poultry.

Politics

The Communist Party of Vietnam's New Approach to Accountability

Vietnamese President Nguyen Xuan Phuc is leaving his position immediately, the ruling Communist Party of Vietnam (CPV) announced on January 17, 2023. This is the first time one of the "four pillars," the highest leadership of the CPV, has quit early. Vietnam's Communist Party is trying to create a "culture of resignation," when party members are found to have made a mistake. The CPV stated its commitment towards eliminating corruption. This shift in policy demonstrates the party's willingness to take a more nuanced approach to addressing corruption within the party. By offering leniency to officials who willingly come forward and take responsibility for their actions, the party is sending a message that it wants to root out corruption. This policy change may be a response to the growing public concern over corruption in Vietnam, but could have unintended consequences if it leads to less accountability to the public.

China's palace politics: Xi Jinping loyalists compete for power.

Xi Jinping will confirm a number of appointments to key positions to China's governing and military positions, during the March lianghui. As he begins his unexpected third term as president, the selections to government positions in March will symbolize the culmination of Xi's power consolidation. It heralds the creation of fresh groups among Xi acolytes and adherents promoted to higher-level party positions during the meeting. Former advisor to former Chinese premier Zhao Ziyang, claimed that a "new age of factional politics is dawning." He even went on to state that while the President's status as leader has a low chance of encountering opposition from high ranking CCP cadres, factional politics could create a divide among his followers. The centralization of decision-making, which has diminished the power of other senior officials, has been a defining feature of Xi's leadership throughout the past ten years. The new factions won't threaten Xi's unshakeable hold on power, but they will vie for control and influence over the party's decisions on who will succeed President Xi Jinping.

Indonesia's Jokowi Registers All-Time High Approval Rating

Indonesian President Joko "Jokowi" Widodo is steaming toward the end of his term in office next year, with his approval rating hitting an all-time high. Figures released by the polling organization Lembaga Survei Indonesia (LSI) on January 22, 2023 showed that public satisfaction with him sat at 76.2 percent at the start of 2023. Of these, 18.7% respondents said they were very satisfied with the president's performance, and 57.5% who said they was quite satisfied. The LSI

survey, which surveyed more than 1,200 people from January 7 to 11, revealed Jokowi's highest support rating from the pollster since he initially assumed office in 2014. According to LSI Executive Director Djayadi Hanan, "If we look at the last three months, the increase is fairly big." Hanan attributed the increase in Jokowi's favorability to the government's relaxation of COVID-19 limitations last month, despite the ongoing economic challenges, in a separate interview with Reuters. The removal of societal restraints and a drop in fuel prices, he claimed, were the main causes of this. Since the start of the year, there has been a narrative that the economy will be very challenging, particularly in 2023.

Controversy surrounds Indonesia's decision to relocate its capital city ahead of the 2024 Presidential poll

On January 10, Presidential candidate Anies Baswedan stated that Indonesia's plans to relocate its capital city lacked public engagement, leading to a political controversy across the country. During the ISEAS-Yusof Ishak Institute of Singapore's panel discussion, Baswedan was asked if he would support Indonesia's plan to relocate the capital city from Jakarta to Borneo, if he was elected as president. To which, Baswedan stated that the plan has "very minimal political process, very minimal public engagement." Moreover, he signalled that any cancellation of the plan would not be an easy task. In 2022, President Jokowi Widodo's administration passed the bill on the new capital and turned it into law. Jokowi's top priority has been the relocation of Indonesia's capital city, which was initially quoted to begin in 2024. With setbacks like Covid-19 and the lack of investors in the megaproject, Indonesia's upcoming elections seems to be grappling with uncertainty and no clear answers.

Sri Lanka Announces Decision to Downsize Military by 2030

Amidst the country's financial crisis, Sri Lanka announced this week, its plans to halve its military by 2030. According to the State Minister of Defence, Premitha Bandara Thennakoon, the proposal is expected to reduce the number of approved military workforce from 200,738 to 135,000 by 2024, and further to 100,000 by 2030. Sri Lanka has been struggling with depleting foreign currency reserves and a staggering debt of US\$37.6 billion. In turn, the country is witnessing skyrocketing food prices and severe shortages of fuel and medicine. Brigadier Ravi Herath stated that the decision to downsize will not be done in a haphazard manner. "It will be done through restrictions in recruitment and through natural retirement, when soldiers and officers reach maximum service length." Experts believe the government's decision would bring about more economic and political stability, and bring Sri Lanka out of its financial crisis quickly.

Resignation of Vietnamese President Nguyen Xuan Phuc Raises Alarm Bells for ASEAN

Vietnam's growing instability and a crackdown on corruption in the country was heightened by the resignation of Vietnamese President Nguyen Xuan Phuc last week. Vietnam holds an important position in the region. It has the third largest economy in terms of GDP in Southeast Asia and has a favourable climate for multiple investors through its lucrative tax incentives and facilities. Moreover, one month ago, Vietnam held bilateral talks with Indonesia to seal the Natuna Waters Exclusive Economic Zone to maintain a peaceful border dispute settlement with ASEAN. Phuc's resignation and his replacement by a younger, female politician, Vo Thi Anh Xuan implies an attempt by the Vietnamese Communist Party elites to accumulate power. Due to

multiple reports on corruptions by 539 members of the Vietnamese Communist Party, there is a growing concern on the peace in the southeast asian region.

Economy

Onion: The Philippines' hottest new luxury item: On 27th January, President Ferdinand Marcos Jr declared it "an emergency situation with the worsening food inflation in the Philippines," A staple ingredient in the local cuisine, onions have become a symbol of the rising cost of living. According to the Philippine Statistics Authority, in December 2022, consumer prices jumped by 8.1 per cent-a fourteen-year high. The cost of onions per kilogram in the Philippines has reached up to \$US 13-more than the national capital region's daily minimum wage of approximately \$US 10. Experts have attributed the crisis to a lack of cold storage, post-pandemic demands, smuggling, and natural disasters. The situation may improve as the government imports more of the vegetable and the February harvest season for locally produced crops arrives.

Sri Lanka thanks India for supporting IMF loan approval: On 25th January, Sri Lanka thanked India for issuing guarantees necessitated by the IMF for a \$US 2.9 billion payout deal. Following his backing of Sri Lanka's US\$2.9 billion loan application to the International Monetary Fund (IMF), Indian External Affairs Minister S Jaishankar landed in Colombo, Sri Lanka on 19th January 2023. Through his visit, Jaishankar looked to strengthen ties and sign several key deals. Sri Lanka requires backing from both its largest

bilateral lenders-India and China to re-emerge from its financial crisis. By the end of last year, Chinese lenders were owed approximately US\$ 7.4 billion-a fifth of the island nation's public external debt. To reduce dependence on China's support, India has committed US\$1.9 billion and is willing to offer Sri Lanka another US\$2 billion in swaps and support.

Pakistan's economy on the verge of collapse: Ahead of its talks with the Pakistani government, the International Monetary Fund (IMF) found a breach of over Rs 2,000 billion in budgetary forecasts for 2022-23 in its preliminary analysis on 28th January, which could cause the budget deficit and primary deficit targets to increase by a significant margin. Pakistan faces a 25 per cent inflation rate and stares at a supply chain breakdown that may lead to hyperinflation in the coming months. Because fuel prices will soar, power rates will increase, and gas prices will soar, inflation is predicted to increase by anywhere between 40 and 50%. The Rupee will also lose value. Pakistan's exports reached a record low of 4.56 billion USD which is only enough to support three months of imports.

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