

Conclave on Positioning India in the new World Order

Monday, 29 November 2021





Conclave on
Positioning India in the new World Order

Speakers

Mr Peter Rimmele

Mr M K Narayanan

Prof Dr Heribert Dieter

Dr Gudrun Wacker

Prof Dr Carlo Masala

Amb P S Raghavan

Dr Stanly Johny

Mr Pankaj Madan

Held on Monday, 29 November 2021

5.30 pm – 8.15 pm



**Conclave on
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TABLE OF CONTENTS

S No	Details	Page No
1	Invitation	1
2	The Context	3
3	Programme Overview	5
4	Profile of the Speakers	6
5	Key Statements	14
6	Key Takeaways from Opening Remarks	15
7	Key Takeaways from Key Note Address	17
8	Key Takeaways from Talks by the Panellists	19
9	Extract of the Discussions	26
10	Q & A	32
11	Concluding Remarks	36
12	Vote of Thanks	37
13	Photos	38
14	Links for Recordings	40
15	About the Partners: MMA – KAS – ORF	41

THE CONTEXT

A new leadership in Germany raises questions about the future of what is acknowledged as 'Merkelism' in domestic and international affairs -- like Reganomics and Thatcherism in the US and the UK respectively before it. The changeover also coincided with the emergence of AUKUS, over which France, an EU power alongside Germany, had a diplomatic spat with USA and Australia as much for political and strategic reasons as commercial. Ahead of both, we have had the EU coming up with an Indian Ocean Doctrine of its own, and Germany announcing its forays into these parts, separately.

What is more apparent is the studied European silence viz-a viz political and strategic developments in the Indo-Pacific, where China's determination to dominate the narrative is becoming both visible and provocative by the day.

What does it mean for the world, starting with the immediate Indian Ocean waters and nations including India, as this is where the geo-centre of future action is predicted to be?

PROGRAMME OVERVIEW

Madras Management Association (MMA) in partnership with the India Office of the **Konrad-Adenauer-Stiftung** (KAS) and **Observer Research Foundation** (ORF) organised a conclave on the theme '**Positioning India in the New World Order**,' on Monday, 29 November 2021 at Hotel Leela Palace, Chennai.

Mr C V Subba Rao, President, MMA delivered the welcome address. **Mr Peter Rimmele**, Resident Representative to India, KAS delivered the opening remarks.

Group Captain R Vijayakumar VSM (Retd), Executive Director, MMA released the December 2021 edition of MMA's state-of-the-art digital magazine 'Business Mandate' and highlighted the features of the magazine including embedded videos and easy-to-read-and- share format.

Mr M K Narayanan, Former National Security Advisor of India (NSA) and former Governor of West Bengal delivered the **Key Note Address**.

Dr Stanly Johny, International Affairs Editor, The Hindu National Newspaper moderated a panel discussion. The distinguished panellists who participated in the discussions were:

- **Prof Dr Heribert Dieter**, Senior Fellow, German Institute for International and Security Affairs
- **Dr. Gudrun Wacker**, Senior Fellow, Asia Division, German Institute for International and Security Affairs
- **Prof Dr Carlo Masala**, Professor at the Universitat at Bunderwehr Munchen
- **Ambassador P S Raghavan**, Former Chairman, National Security Advisory Board and Former Indian Ambassador to Russia

In the Q & A session, the panel members answered a number of questions, which were moderated by **Dr Stanly Johny**.

Mr Pankaj Madan, Deputy Head-India Office & Head Programmes, KAS delivered the concluding remarks. He summed up the entire proceedings of the conclave.

Group Captain R Vijayakumar VSM (Retd), Executive Director, MMA proposed the vote of thanks.

The session which started at 5.30 pm ended at 8.15 pm, followed by a dinner. Over 180 participants attended the event at Hotel Leela Palace and over 11,000 watched the programme live on various social media platforms.

PROFILE OF THE SPEAKERS

Mr Peter Rimmele

Peter Max Rimmele is currently the Resident Representative of Konrad-Adenauer-Stiftung Office, India.

He has a First Law Degree from Freiburg University, as well as a Second Law Degree from the Ministry of Justice Baden Württemberg, Germany and a M.A. in Geography.

After working as a jurist, judge and lecturer, he took public office as Ministerial rat, Head of Division at the State Ministry of the Interior in Saxony, Germany, from November 1991 on until 2000. There he first served in the Police and Security and later in the Local Government Department. On behalf of the German Foreign Ministry he served in East Timor as Registrar General, Head of Civil Registry and Notary Services (UNTAET), and became later the principal Advisor for Governance Reform for GIZ (German International Cooperation) to the Ministry of Administrative Reform and the Anti-Corruption-Commission of the Republic of Indonesia, where he served for 7 years. He then moved to Rwanda, also as Principal Advisor Good Governance/Justice Program. Earlier he was Resident Representative Lebanon, Director of Rule of Law Program Middle East North Africa, Konrad-Adenauer-Stiftung.



Mr M K Narayanan

Mayankote Kelath Narayanan is an Indian diplomat and former IPS officer.

M. K. Narayanan joined the Indian Police Service in 1955 and passed out as the best all-round officer of his batch. After a brief stint as Sub-Divisional Police Officer in the erstwhile State of Madras, he went on deputation to the Intelligence Bureau in February 1959. The rest of his service career was spent under the Government of India, mainly in the Intelligence Bureau, in which he dealt with a whole range of issues concerning internal and national security.



He headed the Intelligence Bureau (IB) from 1987 to 1990, before heading the Joint Intelligence Committee for a year.

He was National Security Adviser of India from 2005 to 2010. Subsequently he served as Governor of West Bengal from 2010 to 2014.

The Government of India awarded him the civilian honour of Padma Shri in 1992.

Prof Dr Heribert Dieter

Prof. Dr. Heribert Dieter is Senior Fellow at the German Institute for International and Security Affairs, Visiting Professor of International Political Economy, Zeppelin University, Lake Constance (since 2013) and Adjunct Professor at the University of Potsdam (since 2017). He studied Political Science and Economics at the Free University of Berlin. After his position as a Senior Fellow at the University of



Duisburg researching global economy and regional integration he joined the Central European University, Budapest as a visiting Professor in 2004. From 2005 to 2010 he worked as a Coordinator, a Member and Principal Writer of the Warwick Commission on the Future of the Multilateral Trading System and a Member and Co-Director of the “Warwick Commission on International Financial Reform” at the University of Warwick.

During that time, he also was a visiting Researcher and Professor at the University of Sydney and submitted his habilitation in political science. Besides his current positions he has been Professor and Chair of International Relations at Ruhr University Bochum and Visiting Professor at the Australian National University, Canberra; Murdoch University, Perth. His current research focused on the future of globalization, the consequences of rise of China for the world, Bilateralism and Plurilateralism in trade governance and Germany’s position in the 21th century’s global economy.

Dr Gudrun Wacker

Dr. Gudrun Wacker is at present Senior Fellow in the Asia Division at the German Institute for International and Security Affairs (Stiftung Wissenschaft und Politik, SWP) in Berlin, a think tank providing political advice to the German government and parliament. Her research focuses on Chinese foreign and security policy, especially EU-China relations, China and the Asia-Pacific region, security cooperation in the Asia-Pacific and the Indo-Pacific. She is currently an EU delegate to the Experts and Eminent Persons Group of the ASEAN Regional Forum.



Prof Dr Carlo Masala

Prof. Dr. Carlo Masala is Professor at the Universität der BundeswehrMünchen since June 2007. He studied Political Science, German and Romanic Philology at Universities of Cologne and Bonn. From 1992 to 1998, Professor Masala was a research associate at the Department of Political Science at the University of Cologne, where he received a doctorate degree, writing a dissertation about the German-Italian relations between 1963 and 1969. 1998 he was appointed to Akademischer Rat for life at the Department of Political Science at University of Cologne.



In December 2002, he was granted *venialegendi* in Political Science. After a substitute professorship in summer semester 2002 at Geschwister-Scholl-Department at Ludwig Maximilian University Munich, he changed to NATO Defence College in the beginning of 2004, where he acted as Research Advisor and, from 2006 on, as Deputy Director of the research department. Visiting professorships and research stays led him to the USA (Ann Arbor, Chicago, Washington), to Great Britain (Shrivenham), Slovakia (Matja Belt University), Italy (Rome and Florence) as well as the Eastern Mediterranean University of Cyprus.

Today his main research focuses on Theories of International Politics, Security Policy, Transatlantic Relations and Developments in the Mediterranean.

Amb P S Raghavan

P.S. Raghavan is Convenor of India's National Security Advisory Board, an independent advisory body on security and strategic issues. He is the former Indian Ambassador to Russia, Ireland and Czech Republic.



Dr Stanly Johny

Dr. Stanly Johny is the International Affairs Editor of The Hindu. In this capacity, he runs the international news pages of the newspaper and writes opinions and editorials on geopolitics, Middle East and Indian foreign policy, besides doing special reports. He earned a PhD in international studies from Jawaharlal Nehru University, New Delhi. He has reported for The Hindu group from Brussels,



Luxembourg City, Moscow, Singapore, Amman, Ramallah and Tel Aviv. He has written research papers as well as commentaries for various publications, including Economic and Political Weekly, The Hindu, The Hindu Business Line, Frontline and Business Standard. Dr. Johny is also an adjunct faculty member at the Asian College of Journalism, Chennai. His first book, Baghdad's World is forthcoming from Penguin Random House.

Mr. Pankaj Madan

Mr. Pankaj Madan is Advisor and Team Leader- Programmes at the New Delhi Office of the Konrad Adenauer Foundation. He has been with the Foundation for 30 years in various capacities and is responsible for conceptualization of development and dialogue programmes, research and editing, budgetary evaluations and monitoring and liaising with Ministries at state and centre levels both, Members of Parliament and State Legislatures, Government Departments, Political Parties, Media and Apex bodies. Prior to that, he was with Indo-German Export Promotion (IGEP) project of the GIZ.



Conclave on “Positioning India in the new World Order”

KEY STATEMENTS



• Henry Ford once said: “Coming together is a beginning. Staying together is progress. Working together is success.” The whole of the EU and India have already passed these first two stages. There still remains some room for progress towards the third- **Mr Peter Rimmele, KAS**



• India must not flinch from biting the bullet and finding an effective way to manage its problems with China and Pakistan- **Mr M K Narayanan**



• China is no longer an attractive destination due to the decrease in its work force and productivity, increase in wages and the increasing role of the communist party - **Prof Dr Heribert Dieter**



• Under the leadership of Xi Jinping, China has become aggressive in its approach with a toolbox full of sticks and also, some carrots - **Dr Gudrun Wacker**



• There are two major revisionist powers today which worry the world -Russia and China. While Russia is a ruthless power, China is cleverer and rising- **Prof Dr Carlo Masala**



• For India, taking sides between US and China is a no-brainer. The problem arises when India is asked to take a side between US and Russia. A Russia-China nexus against India is something that India definitely does not need- **Amb P S Raghavan**

KEY TAKEAWAYS

From Mr Peter Rimmele's Opening Remarks:



- Our world today faces a much more challenging and uncertain scenario than we have ever experienced in recent decades.
- This is partly a consequence of the pandemic but mostly due to the resurgence of isolationism and the strategic dispute between the United States and China in an increasingly bipolar world.
- The possibility of international organisations becoming a mere arena where great powers try to marginalise each other, with the others also being affected collaterally, is a major threat.
- These trends have put the liberal world order characterised by globalisation, a rules-based world order and liberal constituencies, under severe stress.
- Like-minded democratic countries like India and Germany must deliver viable responses to uphold our values of democracy, rule of law and human rights, and to ensure effective multilateralism in the evolving world order.
- International cooperation has a pretty good track record in recent years, despite all the criticism directed towards multilateralism. Both the 2016 Paris Agreement to combat climate change and the Sustainable Development Goals promoted by the United Nations are good examples of this.
- States like China and Russia blocking decisions in key international cooperation bodies can be overcome by further strengthening the regional and ideological alliances such as the QUAD.
- India should undertake multilateral efforts and assert its rightful place in the emerging world order. The ongoing efforts of India already bear testimony to this idea.

- India and the EU have defied the global trends by enhancing cooperation to promote security, prosperity and stability in the Indo-Pacific region. However, this strategic relationship, whose importance and progress was highlighted by this year's EU-India Summit, needs to be further consolidated in the months and years ahead.
- The resumption of negotiations on a comprehensive free trade agreement after an eight-year hiatus offers a promising avenue for developing closer ties and friendships. This is an important sign of mutual solidarity between the world's two largest democracies, at a time of great economic hardship.
- To quote from Henry Ford, who once said: “Coming together is a beginning. Staying together is progress. Working together is success.” The whole of the EU and India have already passed these first two stages.
- There still remains some room for progress towards the third, which is working together. This is a crucial stage which, if achieved on a sustainable basis, will ensure the saliency of India and the EU, regardless of what kind of new world order emerges.

From Mr M K Narayanan's Key Note Address:



- There is nothing taking place like a new world order. Compared to the final years of the 20th century, the world of the 21st century appears adrift. Today, there is neither a bipolar nor a multipolar world. Many new power centres have emerged. The focus of geopolitics has shifted to the East, with Asia at its epicentre.
- The only constant in today's shifting milieu is impermanence. Within the context of this universe, the rise of China is the only constant.
- The Indo-Pacific region has turned highly volatile following heightened tensions between US and China. There have been some breakthroughs, such as the Abraham accords but these have not had any serious impact.
- The foremost challenge to the world order is China. It has emerged as a major disruptor of existing rules based governance. With its economy at 15Bn\$, its net worth is estimated to be higher than United States. Militarily, it is second only to the US.
- China is openly challenging the US in the state-of-the-art weaponry and has already achieved a breakthrough in hypersonic technology.
- In the Indo-Pacific, the Chinese navy appears well-positioned to checkmate the US. Even more threatening is China establishing a stranglehold on items that are critical to today's digital world. It is in a position to hold the world to ransom in the days to come.
- Due to the China-US proxy war for influence, the situation in Asia has become unpredictable. One such fallout of this proxy war is the Sino-Indian border issue in the Himalayas. This had remained quietened for the better part of four decades. China perceives India to be part of a grand alliance led by the US, aimed at containing China.
- The US, Japan, Australia and India are part of an alliance for a quadrilateral dialogue which encompasses the Pacific region. Also, the US, UK and Australia have entered into an alliance to police the Pacific.

- Even the West Asia seems to have become a quagmire of intense rivalry and a manoeuvring ground for gaining influence for China, Russia and the rest of the region. India has unwittingly entered into this quagmire by entering into a Quad alliance between the US, Israel, UAE and India.
- The Taliban's control of Afghanistan has emboldened a host of existing and new terror groups.

Way Forward

- India must try and retrieve its moral leadership in international affairs. The world is looking for a sense of direction. India should revive its leadership of the non-aligned movement. India still has got traction among member countries of NAM.
- India must not flinch from biting the bullet and finding an effective way to manage its problems with China and Pakistan.
- The so called enemy is at the gates and therefore, India must devise a structured approach and a climate for negotiation, while firmly resisting any Chinese advance.
- Given its long border with China, India should not merge its strategy with the grand strategy adopted by the US and other nations in dealing with China.
- India needs to enforce the adherence of agreements on border issues with China and reopen lines of communication with Pakistan, in spite of its perfidious behaviour in the past.
- India also should work harder to revitalize relations with Russia; and South as well as West Asian countries.
- India - US relations had never been as vibrant as they are today. The US has become a key factor in determining India's foreign policy priorities. However, US must not undermine India's strategic autonomy.
- India-Europe relations have always been warm but never intense. India and Europe have a natural congruence of purpose, not limited to trade. What is needed is a vision with regard to future cooperation.
- Dr. Angela Merkel has been India's mainstay for the past 15 years. Her leadership has been a defining factor of the world order and her absence is deeply felt by India. India must now find new anchors in Germany and the EU.
- While politics and power generally drive geo-politics, **leaders do matter**. India is fortunate to have a stable democracy and an established leadership. It is well positioned to beat the odds and achieve the desired results as and when a new world order emerges.

From Prof Dr Heribert Dieter's Speech:



The Economic Iron Curtain

- In Trade and Finance, there are quite a few emerging issues. Former US Treasury Secretary Henry Paulson referred to the emergence of a new “Economic Iron Curtain” between the U.S. and China.
- In old cold war, technology depended on where you were and we see that situation today. Like in the old COMECON (Council for Mutual Economic Cooperation), today, some products cannot be exported to certain countries like China.
- In spite of the range of troubles that US and OECD countries face, these economies tend to be leaders in a range of key industries like semiconductors and aircraft.
- A Dutch firm makes sophisticated chip manufacturing tool. The US government managed to convince this firm through the Dutch government, not to export it to China. This is a recent development.
- China is developing aircraft but it is dependent on the US for the aircraft engine and aviation electronics. The US is not ready to supply these to China. The economic relations today have a significant political component.

Future of Institutions and Global Economic Governance

- The 12th WTO Biannual Ministerial Meeting scheduled on 29 Nov 2021 in Geneva has been cancelled, citing Covid concerns. Covid was not the only reason for the cancellation. The US is not interested in supporting a multilateral trade regime that China has been abusing. It has learnt a lesson that supporting China's entry to WTO in 2000 was a mistake.
- Chinese companies that get government subsidy, compete with other global companies that do not get any subsidy. This is a political problem.

- According to Ngozi Okonjo-Iweala, Director General of WTO, the WTO suffers from design problems. Countries like China self-classify themselves as developing countries. There is no mechanism to check if they are developing countries or not.
- South Korea is no longer a developing country. They have reclassified themselves as an industrialized country. They did not do this on their own. It was because of the pressure put by the then US President Donald Trump on South Korea not to avail the benefits available to a developing country.
- Plurilateral solutions are not the best solutions to organising, governing and regulating international trade. But the best solutions have been blocked due to the conflict between the US and China.
- The GATT was never a global trade regime. It was a club of the west.

Restructuring of globalisation

- President Trump won in 2016 partly due to campaign on the negative effect of globalisation on white-collar workers in the US.
- The current reorganization of supply chain is not just because of Covid. China is increasingly becoming an unattractive location for production.
- In China, labour costs are now high and productivity is too low. The workforce has shrunk by 25% in 4 years. The influence of Communist Party's interference is increasing. This has become a deterrent for investments in new supply chains in China.
- Jack Welch once said, "The ideal factory is mounted on a barge." As things change, we can move the factory around. We see today that factories are moved from one place to the other.

Golden opportunity for India

- India has a golden opportunity in the emerging scheme of things. It has a young work force.
- Being nearer to EU, relocating supply chains to India will not only reduce the logistics cost for EU but also help in its efforts to manage climate change as the shipping duration gets reduced substantially, leading to big savings in fuel consumption.

From Dr Gudrun Wacker's Speech:



- For China, things changed after the financial crisis of 2008. They thought that their time of waiting was over.
- Xi Jinping was criticized for taking on US too early.
- China was emboldened by the 2008 US financial crisis, its hosting the Olympics and the Expo. These made them to articulate their intentions in a clearer way.
- In the last few years, China has not undermined the rules-based order. Rather, they are changing the rules-based order. They choose the rules that are compatible and convenient to them and which promote their interests.
- Whatever institutions Donald Trump undermined or vacated in his four-year period, China quickly moved into them and occupied the number 1 or 2 slot in them. This was possible because, the US did not care for institutions.
- China does not aim for soft power anymore. They believe in a tool box approach. Joseph Nye calls them 'sharp power.' Under the leadership of Xi Jinping, it has become aggressive in its approach with a toolbox full of sticks and also, some carrots.
- The instruments in the tool kit are deployed in different ways in different countries. The tools are sometimes militaristic and sometimes diplomatic. Their wolf warrior diplomacy has caused a geo-economic and geopolitical shift.
- The objective of China's piecemeal approach is to win in the end, without fighting.

EU and Asia

- Until a few years ago, whenever there was talk of Asia in the EU forum, they only referred to China. EU only looked at the bilateral relations with China and some global issues like climate change and non-proliferation, where China has to be on boarded as a partner.

- EU did not look at China's behaviour in the region. This was different from the way US approached China.
- The way China behaved in Europe, changed EU's perspective of China in the last couple of years. China started taking over companies and was gaining control of critical infrastructure in Europe.
- For EU, China is a partner, a competitor and a systemic rival.
- EU normally does not move very fast. EU is now developing its toolbox to make it more resilient.
- Due to initiative of France, Germany and Netherland, the EU has developed an Indo-Pacific strategy.
- EU now acknowledges the significance of and the shift that has taken place in the region.
- EU and India partnership should be developed.

From Prof Dr Carlo Masala's Speech:



- For the last one decade, what we have seen is a world of disorders. Multilateralism is beyond repairs. A polycentric world order is highly unlikely. The world is in transition and it will be shifting from a unipolar to a bipolar structure.
- There are two major revisionist powers today which worry the world - Russia and China. While Russia is a ruthless power, China is cleverer and rising. It is like a spider web, closing in on its preys slowly. Russia and China are in a partnership of convenience.
- Many of the global institutions that were created between 1945 and 1990 are today dysfunctional and beyond repair. New forms of cooperation are advisable.
- Asia is the new epicentre, where the new world order will be decided.
- How the US and the rest of the nations in the region, more so, India, react to Chinese pressure and its handling of the Taiwan situation, will become a decisive factor and send a critical message to the rest of the world.
- Another worrying factor in the short term is that the US is putting out a new nuclear strategy. What we know from Washington is that '**sole purpose**' is going to be the new formula for the use of nuclear power. In Europe and Asia, there is a lot of nervousness about this 'sole purpose' as defined by the US. The US strategy could trigger some sort of nuclear proliferation in the region.
- There are two litmus tests for the US – its 'sole purpose' nuclear strategy and how it deals with China handling Taiwan.
- India cannot remain neutral for long and it needs to align itself to one side. Europe and India must be on the side of the US for their own interests.
- The Non-Aligned Movement (NAM) was never neutral and historically it was closer to one epicentre of the cold war period than the other epicentre.

- Massive military build-up in the Asian region could easily escalate into a major conflict and with five nuclear powers in the region, the need for confidence building measures, discussions and debates, is of paramount importance.
- While we talk of rules-based world order, we need to ask the question: Whose rules do we refer to?
- India has a pivotal role to play in the emerging landscape.

From Ambassador P S Raghavan's Speech:



- We are moving towards bipolarity with multi polar characteristics, unlike the older template.
- The relations in the neighbourhood must be recalibrated. The management of relations with China is critical.
- Taking sides between US and China is a no-brainer, as the relationship with US on all levels has been great. The problem arises when India is asked to take a side between US and Russia.
- The fact remains that India has a physical border with China and the 2005 agreement between India and China is an innovative as well as important one in many senses.
- Russia-China nexus against India is something that India definitely does not need.
- A template has to be created wherein the challenges to Indian interests in the extended neighbourhood need to be addressed.
- Any talk of a rules-based order becomes complicated for any country which is not a part of the process of framing rules.
- Indo-Pacific is a geography defined differently by different countries and Asia- Pacific, of which India is not a part, is more a political concept.
- India must see the world from its own vantage point and define its role in the new world order.

EXTRACT OF THE DISCUSSIONS

Introductory Remarks

Mr Peter Rimmele, Resident Representative to India of Konrad-Adenauer-Stiftung (KAS)



Mr Peter Rimmele, Resident Representative of KAS to India in his opening remarks traced the challenges to multilateralism as emanating from countries like China and Russia. Due to the continuing conflict between US and China, despite the change of government in the US, liberal world order is under strain, he said.

He stressed the need for like-minded and democratic nations to come together to present a united front and tackle the challenges that the world is facing.

Mr Peter Rimmele also batted for cooperation between EU and India to uphold democratic values, strengthen the rule of law and human rights and to ensure effective federalism in the emerging world order.

He strongly advocated that only through multilateralism and cooperation, India can address the challenges posed by the geo-political landscape.

Key Note Address

Mr M K Narayanan, Former Governor of West Bengal and Former National Security Advisor of India (NSA)



In Mr Narayanan's opinion, the rules-based world order hardly existed. He asserted that in the 21st century, the order appeared adrift, in deep contrast to the last decade of 20th century. He compared the various respective attributes and said that today there is neither a bipolar nor a multipolar world, with the geopolitics centre of gravity having shifted to Asia.

He noted that the foremost challenge to the world order is the Chinese quest for global hegemony on all fronts- geo-economic, geographic and geopolitical. Even the West Asia seems to have become a manoeuvring ground for gaining influence by China, Russia and the nations of the region- the Abraham accords being the only positive, though ineffective development.

He advised India to seize the moral leadership and to revive its leadership of its non-aligned group of nations while not shying away from taking hard decisions regarding China and Pakistan to address the underlying tensions.

The enemy is at the gates and India needed to enforce adherence of the agreements on border issues with China and reopen lines of communication with Pakistan, in spite of its perfidious behaviour. India also should work harder to revitalize relations with Russia; and South as well as West Asian countries, he added.

Mr Narayanan pointed out that India - US relations were never as vibrant as they are today. However, he cautioned that the US must not undermine India's strategic autonomy.

India and Europe have a natural congruence of purpose, not limited to trade. The relations have so far been warm, though not intense. What is needed is a vision with regard to future cooperation. Dr. Angela Merkel's leadership has been a defining factor of the world order. Many more such leaders are needed in the current context and India must find new anchors in Europe, he said.

Address by the Panellists

Prof Dr Heribert Dieter, Senior Fellow, German Institute for International and Security Affairs



Prof Dr Heribert Dieter focused on the economic dimension. He expressed his thought that the global economic governance has returned to a new economic iron curtain, quoting Henry Paulson. China is deprived of sensitive technology like the semi-conductor manufacturing equipment's and aircraft engine and aviation electronics; and that politics of economics has assumed a new importance, he argued.

Agreeing with the views expressed by the current Director General of WTO, he said, WTO had design problems. Countries can self-classify themselves as developing countries to avail various benefits and there is no mechanism to check if they are developing or already developed.

He pointed out that in China, labour costs are now high, the work force has shrunk by 25%, productivity is decreasing and Communist Party's interference is increasing. This has become a deterrent for investments in new supply chains in China, while in India, the situation is quite to the contrary. India has a golden opportunity, he said, due to its proximity to the EU than China and which can lead to significant reduction in logistics costs for the EU.

Dr Gudrun Wacker, Senior Fellow, Asia Division, German Institute for International and Security Affairs



Dr. Gudrun Wacker said that for China, things changed after the financial crisis of 2008. “They thought that their time of waiting was over and under the leadership of Xi Jinping, it has become aggressive in its approach with a toolbox full of sticks and also, some carrots. Their wolf warrior diplomacy has caused a geo-economic and geopolitical shift and the world is looking to lower its dependency on China,” she observed.

According to Wacker, China has not undermined the rules-based order. Rather, they are changing the rules-based order. They choose the rules that are compatible and convenient to them and which promote their interests.

She argued that whatever institutions Donald Trump undermined or vacated in his four-year period, China quickly moved into them and occupied the number 1 or 2 slot in them. This was possible because, the US did not care for institutions.

The objective of China's piecemeal approach is to win in the end, without fighting, she observed.

She was critical of EU’s handling of China. “Until a few years ago, whenever there was talk of Asia in the EU forum, they only referred to China. EU only looked at the bilateral relations with China and some global issues like climate change and non-proliferation, where China has to be onboarded as a partner. EU did not look at China's behaviour in the region. This was different from the way US approached China,” she said. She however acknowledged that EU is now developing its toolbox to make it more resilient and has also developed an Indo-Pacific strategy.

She also argued that the EU and India partnership should be developed.

Prof Dr Carlo Masala, Professor at the Universität at Bundeswehr München



Prof Dr Carlo Masala said that multilateralism is beyond repairs. He agreed with Ms Wacker that the world was in transition and was shifting from a unipolar to a bipolar structure but this transition phase was the phase of world disorder, characterized by revisionist powers- Russia and China. While Russia is ruthless, China is cleverer and rising. They are in a partnership of convenience. Multilateral institutions have become dysfunctional and new forms of cooperation are advisable, he suggested.

He further enunciated that Asia is the new epicentre where the new world order will be decided. He remarked that how the US deals with the Taiwan situation will send a critical message to the rest of the world. He argued that India cannot remain neutral for long and it needs to align itself to one side. According to him, Germany and India must be on the side of the US.

He observed that the Non-Aligned Movement (NAM) was never neutral and historically it was closer to one pole than the other. Massive military build-up here could easily spiral into a conflict and with 5 nuclear powers in the region, the need for confidence building measures is paramount.

While we talk of rules-based world order, we need to ask the question: Whose rules do we refer to? "Countries having like-interests coming together is more important than like- minded countries coming together," he said.

Amb P S Raghavan, Former Chairman, National Security Advisory Board and Former Indian Ambassador to Russia



Ambassador P S Raghavan opined that we are moving towards bipolarity with multipolar characteristics, unlike the older template. He agreed with Mr M K Narayanan on the pressing need to recalibrate the relations in the neighbourhood, but noted that the management of relations with China is critical.

According to him, taking sides between US and China is a no-brainer, as the relationship with US on all levels has been great but the fact remains that India has a physical border with China and the 2005 agreement between India and China is an innovative as well as important one in many senses.

The problem arises when India is asked to take a side between US and Russia. Also a Russia-China nexus against India is something that India definitely does not need, he said.

Ambassador Raghavan also said that a template has to be created wherein the challenges to Indian interests in the extended neighbourhood need to be addressed. Any talk of a rules-based order becomes complicated for any country which is not a part of the process of framing rules.

He remarked that Indo-Pacific is a geography defined differently by different countries and Asia- pacific, of which India is not a part, is more a political concept. India must see the world from its own vantage point and define its role in the new world order, he remarked.

Q&A



Dr Stanly Johny, International Affairs Editor, The Hindu moderated the Q&A Session.

Q: Will globalisation come to an end?

Prof. Dieter: I continue to believe that the international division of labour, as broadly defined, is a useful concept. The reduction of poverty from 1980s to today is significantly because of the global trade and the international division of labour. I don't see mankind abandoning a concept that has been so useful, although I am aware of the risks of globalisation.

Globalisation benefitted the world including China and Germany. So such a concept would evolve to suit the current circumstances. We will see adjustments happening but globalisation will stay, according to me.

The GFC (Global Financial Crisis) led to people losing faith in capitalism but GFC happened purely because of US and its economic policies. I also feel that an Asian financial crisis may be round the corner. The way China handles its finance is not encouraging. Its real estate sector has been outrageously over-valued. It is not sustainable and is due for a correction.

Q: What corrections are required to restore global harmony, without serious conflicts?

Prof. Dieter: Harmony is not a concept that is common in international economic relations. I do not believe in it. Though competition is not the opposite of harmony, competition is what is preferred in economics. It drives innovation. If we have too much harmony, we may neglect innovation. The economic debate today is more about competition than harmony.

Q: Will China succeed in its attempt to change the rules-based world order?

Ms Wacker: China has already started doing that. It has started changing the language at the UN level. For instance, in the UN Human Rights Commission, they are bringing in the Chinese formulations like Xi Jinping's concept of 'shared destiny of humankind.'

With the US walking away from some of these institutions, China has been quickly occupying that space and succeeding. When US neglected UNESCO, China organised a major UNESCO conference. China is even reviving some semi-dead organisations.

It has captured the north-south narrative quite effectively. Also the Belt and Road Initiative is, in my opinion, the most effective and successful narrative that was ever rolled out. You might have noticed that India has been absent in rolling out an effective narrative.

China has been leading in the internet and cyberspace too. Unlike Russia, China plays its game in an incremental way by the time it is noticed, it becomes already too late.

Q: There is clash between democracy and communism as practised by China. What are the critical issues that China is facing and which can help democratic nations?

Ms Wacker: In a democracy, the legitimacy comes from the people electing a government. In the Chinese system, the legitimacy comes from the output delivered by the government. In China, the leadership- the Communist Party- delivers.

We have neglected our own political systems for too long. The democracies rested on the laurels of the victory of democracy in WWII and since then, they did not feel that they had to educate the public about the efficiency and achievements of democracy.

Our democracies are not standing out like bright models either. In China, the narrative has been controlled by the state. Especially after the reign of Donald Trump in US, China has been quick to ask their people, "Is this the kind of system that you want us to adopt?"

Q: Are we facing a new cold war?

Prof Masala: In the academia, we have a distinction between the cold war and the East-West conflict. In the East-West conflict, both sides could go for power competition and the ideological conflict as well. Cold war was more focussed on the power competition.

If power is the primary deciding factor, then yes, this is a new cold war on all fronts. The tensions are as high now as they were in the two phases of the old cold war – the Cuban crisis before 1963 and then between 1979 and 1983 when Russia-US relations were highly strained.

Q: How would India orient its policies with the challenges posed by China in the Asia-Pacific region, on the one hand and the EU expecting India to step up its role, on the other hand with the US retreating and leaving India to face the challenges?

Ambassador Raghavan: We have to work with US and at the same time, draw China to a more cooperative order. Everybody has a high level of economic cooperation with China. At the same, India must build its capacity. Protecting India's continental flank is important and it must find its own solutions. India's dominance in the region is important to the USA too.

Q: Has the decline of global capitalism led to the rise of China? Will the Chinese system sustain?

Ms Wacker: In 1949, experts said that only socialism could save China. In 1979, they said only Capitalism could save China. In 1989, they said only China can save socialism. In 2009, they said only China can save Capitalism. The Chinese system is not Socialism. It is State-Capitalism. We have to be clear about the attributes of the Chinese system. We cannot be arrogant and say that innovation is not possible in a Communist-controlled China.

The West had been complacent. How often have we predicted the collapse of China? The Communist Party has always found a way to adopt. I am not suggesting that the Chinese system cannot collapse but it has been predicted too often. So far, the Chinese system has proved to be very resilient.

Q: What is the real intention of China's recent aggression with India?

Ms Wacker: China's real intention has always been to win, without fighting. The clashes in the border happened because China's considers those territories as the core interests of China. They are not willing to compromise

in this. I don't think that China will compromise on territorial issues any more.

However, the main problem, according to me is that China sees everything from the lens of the US-China competition. This may lead to wrong conclusions and therefore, wrong actions from China.

CONCLUDING REMARKS



Mr Pankaj Madan, Deputy Head-India Office & Head Programmes, Konrad-Adenauer-Stiftung delivered the concluding remarks.

He summed up the entire proceedings of the conclave. He noted that the ‘China factor’ had indeed dominated the discussions. On a concluding note, he remarked in a lighter vein that such a lively democratic debate and discussion would not have been possible in China.

VOTE OF THANKS

Group Captain R Vijayakumar VSM (Retd), Executive Director, MMA



Group Captain R Vijayakumar VSM (Retd) proposed the vote of thanks. He thanked **Mr Peter Rimmele**, Resident Representative to India of the Konrad-Adenauer-Stiftung for travelling from Germany and delivering the introductory remarks and for his great support to MMA.

He thanked **Mr M K Narayanan**, Former National Security Advisor of India (NSA) for delivering the Key Note Address. He thanked **Dr Stanly Johny**, International Affairs Editor, The Hindu for moderating the panel discussion and the Q&A session very effectively.

He thanked the distinguished panellists **Prof Dr Heribert Dieter**, **Dr. Gudrun Wacker** and **Prof Dr Carlo Masala** for travelling all the way from Germany to participate in the discussions.

He also thanked **Ambassador P S Raghavan** for his address and his enlightened views shared in the Q&A session. He thanked **Mr Pankaj Madan** of KAS, India office for his close coordination with MMA in organising the webinar and for summing up the entire proceedings of the conclave in his concluding remarks.

He thanked **Mr N Sathiya Moorthy**, Director, ORF, Chennai for his support in organising the conclave. He thanked the members of MMA, ORF, C3S (Chennai Centre for China Studies), IIT-Madras Alumni Association and all the participants who had attended the programme both offline at the venue and online.

PHOTOS

Photographs taken during the Conclave on “Positioning India in the new World Order”





LINKS FOR THE RECORDING

Positioning India in the new World Order

We are pleased to share that the recording of the event is available for viewing through the links indicated below:

Website:

www.liveibc.com/mma/

YouTube:

[https://www.youtube.com/watch?v=cxmHXr7h
dbg](https://www.youtube.com/watch?v=cxmHXr7hdbg)

Facebook:

<https://fb.watch/9GOwXuLB4x/>



The response to the event was excellent and a larger number of viewers logged in live through Zoom, MMA Live webinar, YouTube and Facebook.

Total Number of Participants:

YouTube: 8,700

Facebook: 114

MMA Webinar: 1470

Total number of participants at the event – 10284



THE PARTNERS

About Madras Management Association (MMA)

Madras Management Association (MMA) was established in 1956 with the prime objective of promoting management education, training and development activities in this part of the country. The vision of MMA is “To be the Fountainhead of World class Management Excellence in India”.

Over the past six decades, MMA has striven for development and nurturing management expertise, combining Indian ethos with International Management thoughts and practices. MMA has contributed immensely to the enhancement of management capability in this part of the country, and in particular Tamil Nadu and Puducherry. MMA has over 7000 corporate houses, industries, professionals, academics and executives on its rolls as members. MMA annually organizes about 725 executive development activities, including seminars for top management with a total participation of fifty nine thousand executives and entrepreneurs.

MMA is the largest affiliate association of All India Management Association (AIMA) in the country and has been adjudged as the Best Management Association in India by AIMA for Twelve times in a row including the “National Excellence Award” for the year 2017-18.

The activities of MMA are planned to achieve managerial excellence in the functioning of industries and professional managers in Tamil Nadu and Puducherry. In this direction, MMA chapters have been established at various towns in Tamil Nadu mainly to cater to the needs of SMEs. Nine such MMA Local Chapters at Ambur, Attur, Erode, Hosur, Namakkal, Salem, Sri City, Trichy and Puducherry are functioning effectively.

Apart from corporate leaders, MMA has, in its Managing Committee, the Vice Chancellors of Madras University & Anna University, the Directors of IIT Madras and IFMR and the Chief Secretary, Government of Tamil Nadu, as members.

OUR VISION

To be the Fountainhead of World Class Management Excellence in India

OUR MISSION

- Synthesise Indian Ethos with international management thought
- Be a reservoir of expertise in management
- Inspire individuals to actualise their potential
- Nurture creativity and originality

About Konrad-Adenauer-Stiftung (KAS)

The Konrad-Adenauer-Stiftung (KAS) is a political foundation. Established in 1955 as “Society for Christian-Democratic Civic Education”, in 1964 the Foundation proudly took on the name of Konrad Adenauer, the first Chancellor of the Federal Republic of Germany.

With 16 regional offices in Germany and over 120 offices abroad, the Konrad Adenauer Foundation is committed to achieving and maintaining peace, freedom and justice through political education. We promote and preserve free democracy, social market economy, and the development and consolidation of the value consensus. We focus on consolidating democracy, the unification of Europe and the strengthening of transatlantic relations, as well as on development cooperation.

The leitmotif of the Konrad Adenauer Foundation Germany. The next chapter" is supported by a thematic focus. With the three main topics Innovation, Security and Representation and Participation, it is quite clear which topics the Konrad Adenauer Foundation will focus on in the coming years.

We cooperate with governmental institutions, political parties and civil society organizations, building strong partnerships along the way. In particular, we seek to intensify political cooperation in the area of development cooperation on the foundations of our objectives and values. Together with our partners, we make a significant contribution to the creation of a global order that empowers every country to determine its own developmental priorities and destiny in an internationally responsible manner.

The Konrad-Adenauer-Stiftung has organized its program priorities in India into five working areas:

1. Foreign and Security Policy
2. Economic, Climate and Energy Policy
3. Rule of Law
4. Political and Societal Dialogues focussed on multilateralism and Indo-German relations
5. Media and Youth

The India Office of the Konrad Adenauer Foundation takes great pride in its cooperation with Indian partner institutions who implement jointly curated projects and programmes.

About Observer Research Foundation (ORF)

The Beginning

ORF began its journey in 1990 at the juncture of ideation tempered by pragmatism. During the period of India's transition to a new engagement with the international economic order, several challenges emerged, evoking a need for an independent forum that could critically examine the problems facing the country and help develop coherent policy responses. ORF was thus formed, and brought together, for the first time, leading Indian economists and policymakers to present the agenda for India's economic reforms.

What We Are Today

Propelled by the process of reforms initiated in the 1990s, ORF, over the past 30 years of its existence, has effectively narrated and participated in India's story as the country has acquired an unmistakable global footprint. From primarily looking inward and engaging with domestic reforms, to gradually forging global partnerships, ORF today plays a seminal role in building political and policy consensus that enables India to interact with the world.

As new powers re-emerge onto the global stage, existing systems face challenges of agreeing on a new set of rules to control and regulate the new frontiers of space, the oceans, the internet and the human mind. The world continues, also, to navigate persisting concerns related to security and strategy, economy and development, energy and resources. As India begins to play a larger role in the 21st century, ORF continues to push normative boundaries, bring new ideas into the policy discourse and provide a platform to a new generation of thinkers. It is supported in its mission by leading intellectuals, academicians, policymakers, business leaders, institutions and civil society actors.

ORF's aim is to encourage voices from all quarters, geographies and gender, both those that fall in and those that question dominant narratives. It is this plurality of thought and voice — in a country of over a billion individuals — that ORF seeks to carry abroad, while simultaneously bringing contemporary global debates to India.

The Mandate

ORF seeks to lead and aid policy thinking towards building a strong and prosperous India in a fair and equitable world. It sees India as a country poised to play a leading role in the knowledge age — a role in which it shall be increasingly called upon to proactively ideate in order to shape global conversations, even as it sets course along its own trajectory of long-term sustainable growth.

ORF helps discover and inform India's choices. It carries Indian voices and ideas to forums shaping global debates. It provides non-partisan,

independent, well-researched analyses and inputs to diverse decision-makers in governments, business communities, and academia and to civil society around the world.

Our mandate is to conduct in-depth research, provide inclusive platforms and invest in tomorrow's thought leaders today.
