

# INDIA AND THE GEOECONOMICS OF CLIMATE CHANGE

GLOBAL RESPONSIBILITY AS STRATEGIC INTEREST

**Emma Hakala**

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## GLOBAL RESPONSIBILITY AS STRATEGIC INTEREST

As climate change progresses, it will have impacts on global politics, creating both new vulnerabilities and opportunities. Geoeconomics provides a useful analytical framework for the political implications of climate change as it shifts the focus from military force to economic means of exerting power.

This working paper looks at the geoeconomics of climate change in the case of India. It examines the ways in which India has used climate policies to gain leverage and contain threats regionally and globally. Due to its emerging power status and high vulnerability to climate impacts, India holds a key position in the global fight against climate change.

The paper argues that India has incorporated geostrategic uses of climate change into a wider shift in its foreign policy. Globally, it has chosen a cooperative strategy to emphasise its responsibility through diplomacy and sustainable energy investments, contributing to its role as a global power and to its influence in partner countries. Yet a similar geoeconomic climate policy has not been applied in its regional relations. The Indian case shows how climate change can lead to both competitive and cooperative geostrategies.



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## TABLE OF CONTENTS

INTRODUCTION	4
THE GEOECONOMICS OF CLIMATE CHANGE – AN EMERGING FIELD	5
INDIA – A GLOBAL CLIMATE LEADER?	6
REPERCUSSIONS FROM THE REST OF THE WORLD	9
CLIMATE CHANGE IN THE NEIGHBOURHOOD	10
CONCLUSIONS	11

# INDIA AND THE GEOECONOMICS OF CLIMATE CHANGE

## GLOBAL RESPONSIBILITY AS STRATEGIC INTEREST

### INTRODUCTION

Speaking at the World Economic Forum in Davos in February 2018, India's Prime Minister Narendra Modi forcefully called for action to prevent climate change, highlighting it as one of the biggest global threats. According to Modi, India is assuming its role in climate change prevention as it has recently launched an ambitious programme to transition to greener energy production. Modi's choice to pay such attention to climate change at a forum traditionally focused on economics and foreign policy was no coincidence, but rather an opportunity to highlight a new leading role for India as a global climate actor. As such, it is also an example of how climate change is being recognised as a development of such proportions that its consequences extend to global politics and economics.

To this end, this working paper will look at the geoeconomic implications of climate change in the case of India. It will examine the ways in which India has used climate-related policies to both gain leverage and to contain threats regionally and globally. The aim is to analyse India's potential to promote its strategic interests through climate governance, also taking into account reactions that this has elicited from its counterparts. The paper will look at the ways in which these strategic choices are realised at the global and regional levels, showing how such a discussion can give rise to more general observations concerning the roles that climate change plays in geostrategic choices.

Geoeconomics offers a useful approach to exploring strategic interests associated with economic goals,<sup>1</sup> shifting the focus from a traditional geopolitical emphasis on military power to less strict but increasingly important economic means. Rather than the use of force, it analyses globalised resource flows, growing interdependence and asymmetric trade relations, which create new vulnerabilities and opportunities for countries to pursue their strategic goals. The coherence of geoeconomics as an analytical framework

is sometimes seen to be eroded by the fact that it is also used to refer to the actual foreign policy practice of states. However, this is mainly an issue if the two are used interchangeably, whereas this paper makes a distinction between geoeconomic analysis and cases where Indian policy is described as geoeconomic.

With regard to climate change, the geoeconomic approach is particularly pertinent as it integrates questions of resource use and geographic context into strategic choices, taking into account a wide range of factors that shape climate policy. It also enables linking together economic and security discourses, which have been the usual frames for climate change in global politics. Between these, there is a vast terrain of governance and power relations that appear to be neglected to some extent in current policy-making as well as research.

Meanwhile, India is a highly relevant case study for the geoeconomics of climate change. Geographically and ecologically, it is exposed to various security risks such as flooding, drought and extreme heat, and is among the countries most vulnerable to climate impact.<sup>2</sup> Yet as this paper will argue, it also has the potential to gain economically and politically from certain climate-change prevention measures, such as increased solar power production. Moreover, climate issues have become integrated into a wider shift in Indian foreign policy as its traditional line of self-reliance and strategic autonomy has started to inch towards more openness. Although it got underway as early as the 1990s, the change has been accelerated under Prime Minister Modi, who has also made climate change an increasingly visible part of his foreign policy.<sup>3</sup> Hence, India is a globally significant climate actor that has strategic interests in the topic in its own right.

To begin with, the paper will proceed by briefly outlining relevant insights from theory concerning the linkages between geoeconomics, strategic choices

1 Wigell, M. (2016). "Conceptualizing 'regional powers' geoeconomic strategies: neo-imperialism, neo-mercantilism, hegemony, and liberal institutionalism". *Asia Europe Journal*, 14(2), 135-151.

2 Germanwatch (2016). *Global Climate Risk Index 2017*. Briefing paper. Bonn: Germanwatch, <https://germanwatch.org/fr/download/16411.pdf> (accessed 23 May 2018).

3 Mohan, A. (2017). *From Rio to Paris: India in global climate politics*. ORF Occasional Paper. Observer Research Foundation, [https://www.orfonline.org/wp-content/uploads/2017/12/ORF\\_Occasional\\_Paper\\_130\\_Climate\\_Mohan.pdf](https://www.orfonline.org/wp-content/uploads/2017/12/ORF_Occasional_Paper_130_Climate_Mohan.pdf) (accessed 23 May 2018).

and climate change. It will then consider the Indian case from three different perspectives, all based on an examination of key documents, discussions with Indian and EU policy experts, and current policy analyses. First, the paper will discuss India's engagement in large-scale climate-related initiatives at the global level, including its role in climate negotiations and the International Solar Alliance. Second, it will look at the way in which such actions have been received internationally, especially in relations with the EU. Third, it will reflect upon the role of climate change in India's regional relations. Finally, the paper will draw these discussions together to suggest more general conclusions regarding climate change as a geostrategic issue.

## THE GEOECONOMICS OF CLIMATE CHANGE – AN EMERGING FIELD

A great deal has been written in recent years about the return of geopolitics, usually referring to the escalation of superpower rivalries and questions of territory. Some scholars, however, have suggested that a number of these developments should be more accurately described as geoeconomics,<sup>4</sup> arguing that there has been an underlying tendency in global politics to prioritise economic and non-military means of exerting power, such as sanctions or tariffs.

Growing global interdependence may have reduced traditional security concerns, but it has not led to the kind of universally beneficial trade and cooperation that was envisioned at the end of the Cold War.<sup>5</sup> International relations are still fraught with tensions, but countries are less inclined to counter these through military power, which might have excessive and unexpected consequences. At the same time, economic means are increasingly effective, as the interdependencies between countries are often asymmetric and can be used for persuasion and coercion.<sup>6</sup>

Geoeconomics does not undermine the role of geopolitics, but offers an additional course of analysis. Yet

it has been impeded to some extent by the lack of a coherent and commonly shared definition setting it apart from geopolitics. Scholvin and Wigell point out that the conceptual confusion about geoeconomics is emphasised by its twofold use as both an analytical frame and a policy practice, sometimes rendering it a mere catchphrase. They define geoeconomics as the geostrategic use of economic power, such as coercion through sanctions or incentives like financial assistance.<sup>7</sup>

According to Luttwak, the practice of geoeconomic policy is essentially based on a realist perspective that is defined by inter-state rivalry, even if not carried out by military means.<sup>8</sup> Others, however, suggest that it can also be conceptualised as a liberal pursuit whereby countries cooperate to attain common goals rather than engaging in a zero-sum game. The realist or liberal conceptualisations of geoeconomic policy do not have to be mutually exclusive. Instead, countries choose between competitive or cooperative policies depending on their objectives and prevailing conditions.<sup>9</sup>

Wigell offers a useful taxonomy for analysing geoeconomic policy choices along the competitive and cooperative (or realist and liberal) strategic frames. He points out that economic uses of power also differ between those that have purely economic goals and those that are used as a means of ultimately attaining political objectives. When combined, these two dichotomies produce four possible geoeconomic strategies. A competitive strategic frame produces *neo-mercantilism* when economic power is a goal in itself and *neo-imperialism* when it is a means of achieving objectives. Meanwhile, a cooperative frame leads to *liberal-institutionalism* when economic power is the goal and *hegemony* when it is the means.<sup>10</sup>

The strategies are ideal types in that they do not necessarily exist in reality in their 'pure' form or as distinct from one another. Countries may also switch between strategies in different contexts. However, they provide a framework for examining the policy options for countries and the potential consequences of their strategies. Such analyses appear to be particularly relevant for new kinds of developments that enter into global politics.

4 E.g. Wigell, M., & Vihma, A. (2016). "Geopolitics versus geoeconomics: the case of Russia's geostrategy and its effects on the EU". *International Affairs*, 92(3), 605-627; Sparke, M. (2007). "Geopolitical fears, geoeconomic hopes, and the responsibilities of geography". *Annals of the Association of American Geographers*, 97(2), 338-349; Cowen, D., & Smith, N. (2009). "After geopolitics? From the geopolitical social to geoeconomics". *Antipode*, 41(1), 22-48.

5 E.g. Leonard, M. (2016). "Introduction: Connectivity Wars". In Leonard, M. (Ed), *Connectivity Wars: Why Migration, Finance and Trade Are the Geo-Economic Battlegrounds of the Future*. London: European Council on Foreign Relations.

6 Scholvin, S., & Wigell, M. (2018). "Power politics by economic means: Geoeconomics as an analytical approach and foreign policy practice". *Comparative Strategy*, 37(1), 73-84.

7 Wigell 2016.

8 Luttwak, E. N. (1990). "From geopolitics to geo-economics: Logic of conflict, grammar of commerce". *The National Interest*, (20), 17-23.

9 Wigell 2016.

10 Wigell 2016.

Climate change is clearly an issue that has become increasingly significant in global politics, obliging countries to take it into account in their strategic choices. In the literature, climate change has previously been considered a geopolitical question, particularly regarding its security implications. It is expected to increase insecurity directly through extreme weather events and indirectly as a contributing factor to issues like migration, food production and conflicts.<sup>11</sup>

However, climate-security discourse tends to ignore global inequalities and the disproportionate incidence of risks in peripheral regions, offering ineffective solutions as a consequence. Dalby argues that climate change requires a comprehensive change in geopolitical thinking, increasingly shifting the focus from military power to strategies on energy, infrastructure and production.<sup>12</sup> Although it is not explicitly stated in the literature, this clearly highlights the need for a geo-economic analysis of climate change.

Apart from the security implications, measures to adapt to and mitigate climate change will also have consequences for trade or power relations. As the major geopolitical response to climate change, the United Nations Framework Convention on Climate Change (UNFCCC) obliges countries to commit to cutting their CO<sub>2</sub> emissions and therefore involves considerable economic and political interests. It also reveals global disparities and inequalities and creates groupings of countries with similar interests.<sup>13</sup> The implications of the agreement regime consequently extend beyond climate-change prevention. Among other things, President Donald Trump's decision in 2016 to pull the United States out of the Paris Agreement attracted global disapproval but also generated widespread speculation about which country could benefit by taking a leading role in climate-change prevention.<sup>14</sup>

As a result, climate change also gives rise to incentives and vulnerabilities that yield opportunities to pursue geo-economic interests. Scholarly analysis from this point of view is scarce, however. Analyses that do incorporate it tend to focus on energy, be it in terms

of material flows, competition or regional relations.<sup>15</sup> Chaturvedi and Doyle, for instance, have contrasted geo-economics with climate security, while Youngs has looked at climate geo-economics from the perspective of EU policymaking.<sup>16</sup> Yet an overarching examination of the linkages is still missing.

The geo-economics of climate change therefore provides largely unexplored potential for analysing the dynamics of international relations. In particular, the taxonomy of geo-economic strategies presented above can help in examining the potential of climate policies to lead to either cooperative or competitive outcomes. In other words, by shifting the focus from the use of force to economic power, the geo-economic framework allows for a more detailed discussion of the interests arising from the power politics of climate change.

## INDIA – A GLOBAL CLIMATE LEADER?

India is an important actor when it comes to climate, not least because of the size of its population and position as an emerging economic power. While its historical greenhouse gas (GHG) emissions and therefore responsibility for climate change have been low, its current and future emissions are on a steep rise.<sup>17</sup> India faces a challenge as it struggles to eradicate poverty and ensure future economic development, while being increasingly obliged to restrict its emissions at the same time.

Traditionally, India has prioritised economic development over climate policy. In global climate negotiations, it has held onto its position as a developing country and for a long time strongly argued for the principles of equity and Common but Differentiated Responsibilities regarding cuts in GHG emissions. Often seen as the leader of the developing world in this context, India's position has ramifications beyond its own policies. This has also earned it a reputation as a difficult and reluctant party in the negotiations.<sup>18</sup>

Yet there have been important shifts in India's recalcitrant position in recent years. Even prior to the

11 Mabey, N. (2008). *Delivering Climate Security: International Security Responses to a Climate Changed World*. Whitehall paper no. 69. London: Royal United Services Institute.

12 Dalby, S. (2014). "Rethinking geopolitics: Climate security in the Anthropocene". *Global Policy*, 5(1), 1–9.

13 Barnett, J. (2007). "The geopolitics of climate change". *Geography Compass*, 1(6), 1361–1375.

14 E.g. Jayaram, D. (2018). "The International Solar Alliance gives India a place at the global high table". *Climate Diplomacy* 2 April 2018, <https://www.climate-diplomacy.org/news/international-solar-alliance-gives-india-place-global-high-table> (accessed 23 May 2018); Mohan 2017.

15 Sattich, T. (2016). "Energy Imports, Geo-economics, and Regional Coordination: The Case of Germany and Poland in the Baltic Energy System – Close Neighbours, Close(r) Cooperation?" *International Journal of Energy Economics and Policy*, 6(4); Chaturvedi, S. (2015). "India's quest for energy security: The geopolitics and geo-economics of pipelines". In Rumley, D., & Chaturvedi, S. (Eds.). *Energy Security and the Indian Ocean Region*. New York: Routledge.

16 Chaturvedi S., Doyle T. (2015). "Climate Security and Militarization: Geo-Economics and Geo-Security of Climate Change". In *Climate Terror. New Security Challenges Series*. London: Palgrave Macmillan; Youngs, R. (2014). *Climate change and EU security policy. An unmet challenge*. Washington: Carnegie Endowment for International Peace.

17 Mohan 2017.

18 Vihma, A. (2011). "India and the global climate governance: between principles and pragmatism". *The Journal of Environment & Development*, 20(1), 69–94.

COP15 summit in Copenhagen in 2009, India came up with a National Action Plan on Climate Change and agreed to limit its per capita GHG emissions. In COP21 in Paris in 2015, India accepted 1.5 degrees Celsius as a target limit for the increase in the global average temperature and launched the global renewable energy initiative International Solar Alliance (ISA). It has since announced an ambitious domestic renewable energy programme. Such actions, combined with Prime Minister Modi's strong statements on the topic, have prompted some to describe India as the new global leader in climate.<sup>19</sup>

The proposed leadership position also has to be viewed in the context of domestic politics, however. As Dubash argues, the presumed shift in policy is caused less by a fundamental change of perspective on climate change than by the increasing variety of voices participating in discourse in India. The prevailing argument for climate action in the policy community is based on energy poverty and the so-called co-benefits that can be reached when climate policy is linked to improving energy provision.<sup>20</sup> The change, on the other hand, has primarily taken place in India's foreign policy. The expansive declarations about climate action have been directed at a global audience and, given the relatively low expectations for India's participation in climate agreements, can be seen as a clear signal of new ambition.

Although India is perceived as an emerging power, the country's foreign policy as a whole has been described as primarily concerned with legitimising the country's national interest rather than seeking an active role in global governance. It has a historical tradition of national self-reliance and non-alignment, which is still reflected in its international presence. Accordingly, the liberalisation and increased international orientation that India has experienced from the 1990s onwards was primarily motivated by the need to secure resources and economic growth.<sup>21</sup> India came to see openness and competitiveness as a precondition for its further development, which prompted it to seek closer relations especially with the countries in its neighbourhood through the Look East policy. At the

same time, however, it began to strengthen its global status by building up its nuclear arsenal.<sup>22</sup>

Both domestic and international analysts have criticised Indian foreign policy for incoherence and a lack of clear objectives. It has not been efficient in following up on initiatives like Look East or the aim to improve ties with the United States. In addition, efforts to better engage within its neighbourhood have been hampered by a conflicted relationship with Pakistan, competition with China, and a lack of leadership among regional countries.<sup>23</sup>

Under Modi's term as Prime Minister, however, India has considerably activated its foreign policy. Through high-level meetings and closer integration into multilateral trade agreements, India has aimed to deepen ties with global partners like the United States and the EU, while also engaging within the regional neighbourhood, for example by re-launching the 'Look East' policy as 'Act East'. India's foreign policy has edged towards pragmatism, with the country increasingly presenting itself as a global agenda-setter and rule-maker rather than a rule-taker. While not all initiatives have been successful and clearly articulated strategic goals are for the most part lacking, India's previously reactive foreign policy is characterised by a new forward-looking tendency.<sup>24</sup>

The change of position on climate change needs to be set in the context of this wider shift in Indian foreign policy. The emerging activism on climate policy is also strongly associated with Prime Minister Modi. It is in his meetings and conferences with other world leaders that the Indian stances have been articulated, and he has to some extent come to personify the idea of Indian climate leadership. The close engagement of the Prime Minister suggests that climate policy is seen as a strategic interest for India. It is a sector where Modi has personally engaged to establish global normative power for India.<sup>25</sup>

At the global level, climate negotiations have offered an important forum for India to use diplomatic leverage to pursue its interests. The negotiations have already brought climate policy under international influence by default, so it is a convenient area to work on for geo-economic goals as well. At the same time, India

19 Mohan 2017.

20 Dubash, N. K. (2013). "The politics of climate change in India: narratives of equity and cobenefits". *Wiley Interdisciplinary Reviews: Climate Change*, 4(3), 191–201.

21 Chacko, P. (2015). "The new geo-economics of a 'rising' India: state transformation and the recasting of foreign policy". *Journal of Contemporary Asia*, 45(2), 326–344.

22 Hall, I. (2017). "Narendra Modi and India's normative power". *International Affairs*, 93(1), 113–131.

23 Hall 2017; Chacko 2015.

24 Interview with a professor of international relations and fellow at an Indian think tank 8 May 2018.

25 Hall 2017.

has received a good diplomatic response to its flexible approach ahead of the negotiations in both Copenhagen and Paris. This suggests that it could use progressive climate policy to foster its ties with key actors like the US and EU and gain support for its strategic goals.<sup>26</sup>

In terms of concrete actions, the International Solar Alliance is something of a flagship for India's enhanced climate engagement. Launched at the Paris negotiations in 2015 by India and France, the ISA aims to function as a large-scale platform for cooperation on solar energy, promoting new technologies and financing. While it targets sun-rich countries between the Tropic of Cancer and the Tropic of Capricorn, it has a global reach as it engages international organisations, companies and other stakeholders to facilitate the transformation to sustainable energy.<sup>27</sup> Initially drafted as a part of India's National Action Plan on Climate Change, the alliance also aims to respond to the Indian energy challenge by creating economies of scale and mobilising investment.<sup>28</sup>

The ISA provides a way for India to establish its economic and political power at a global level. It consolidates India's position in the fields of sustainable energy and climate policy, enabling it to form new beneficial partnerships with other countries. Cooperation with France as another founding member of the ISA shows how India can use its climate engagement to shape and strengthen bilateral ties with developed countries. Overall, the ISA helps to cultivate India's image as a responsible global actor, on a par with others like the EU.<sup>29</sup>

Potentially, an even more important means of exerting power may be opened up as the ISA reinforces India's leadership role among developing countries. In particular, it allows increased Indian involvement in renewable energy projects in Africa, where solar energy has vast growth potential. India is already an important trading partner for African countries and stands to strengthen its influence through the ISA, for example by earmarking a credit line of up to 2 billion USD with 15–20% for solar-related projects in Africa.<sup>30</sup>

Through such partnerships and investments, India is able to increase its political influence over African countries. This may create a dependence on India, obliging African counterparts to comply with its political goals at the risk of losing financing and other kinds of support. India therefore has the chance to use sustainable energy policy as part of a so-called binding strategy that will promote its interests in Africa. Here, its actions are similar to those used by China in South America, for instance.<sup>31</sup>

With regard to emerging powers as well as developing countries, the ISA is often seen as India's answer to China in the competition for climate leadership. However, some policy experts question whether it is beneficial for India to present itself as a direct challenger.<sup>32</sup> China has the upper hand as an economic and regional power, but also in terms of sustainable energy. Therefore, it may be more useful for Indian interests to go ahead with plans to involve China in the ISA, duly mobilising some of its leverage in the field to support the initiative. While relations between the two countries are complicated by various disagreements, they tend to take a pragmatic approach to climate policy and may be able to use it for their mutual benefit. At the same time, Chinese participation would strengthen the ISA, thereby increasing India's credibility as a climate actor.<sup>33</sup>

The new wave of Indian foreign policy is characterised by the use of geoeconomic tools to promote strategic interests.<sup>34</sup> Energy and climate policy form an important part of the new thinking because they offer concrete opportunities through which to pursue these goals. Overall, climate policy allows India to reinforce its image as a key actor in global governance. It is a field in which it can implement its pragmatic approach and establish itself in a leadership position.<sup>35</sup> In other words, India also uses economic means to achieve its political goals in the field of climate policy.

At the global level, Indian climate engagement appears to mainly provide incentives for cooperation rather than competition. It is not, for instance, directed as an open challenge to other actors like China. The

26 E.g. Vihma 2011; Mohan 2017.

27 United Nations: *Framework Agreement on the establishment of the International Solar Alliance (ISA)*. Marrakesh 15 Nov 2016, <https://treaties.un.org/doc/Publication/UNTS/No%20Volume/54949/Part/1-54949-08000002804ed824.pdf> (accessed 23 May 2018).

28 Saran, S. (2018). "Powering India's growth story". *Business Standard*, 16 March 2018.

29 Jayaram 2018.

30 International Solar Alliance: *Report of the 5th Meeting of the International Steering Committee (ISC) of the International Solar Alliance (ISA)*. New Delhi, 25 Sep 2017, [http://isolaralliance.org/docs/Report%20of%20the%205th%20meeting%20of%20the%20International%20Steering%20Committee%20\(ISC\)%20of%20the%20ISA.pdf](http://isolaralliance.org/docs/Report%20of%20the%205th%20meeting%20of%20the%20International%20Steering%20Committee%20(ISC)%20of%20the%20ISA.pdf) (accessed 23 May 2018).

31 Wigell, M. & Landivar, A. S. (forthcoming). "China's Economic Statecraft in Latin America: Geostrategic Implications for the United States". In Wigell, M., Scholvin, S. & Aaltola, M. (eds.), *Geo-Economics and Power Politics in the 21st Century: The Revival of Economic Statecraft*. London: Routledge.

32 Interview with a researcher at an Indian think tank 19.3.2018; interview with an official at the European External Action Service 27.3.2018.

33 Jayaram 2018.

34 E.g. Chacko 2015; Sahasrabudde & Mallapur 2017.

35 Interview with a professor of international relations and fellow at an Indian think tank 8 May 2018.



partnership with France and other countries within the ISA shows – at least currently – that cooperation is a more fruitful approach for India. The approach that emphasises common gains and reciprocal benefits suggests that India applies a cooperative geostrategic frame to its global climate policy, which it can use geostrategically.

Referring back to Wigell’s taxonomy of geo-economic policy choices, India’s cooperative approach with political aims produces a hegemonic strategy. This is particularly compatible with the goal of global leadership and increased responsibility in global governance. As previously stated, however, the lines between the strategies are not always clear-cut. In India’s case, its actions can also often be seen as primarily motivated by economic goals, suggesting that it also incorporates elements of a liberal-institutionalist strategy. To better understand the consequences of either of these approaches, it is necessary to consider the responses of other countries as they will partly determine how well the policies fare.

## REPERCUSSIONS FROM THE REST OF THE WORLD

In a relatively short space of time, the global perspective on Indian climate policy has changed significantly. While it was previously seen mainly as a hurdle to climate negotiations, its subsequent position at the Paris negotiations in 2015 was welcomed with enthusiasm. This has also raised expectations concerning India’s commitment, prompting some commentators to see it as a guardian of the global fight against climate change after the US pulled out of the Paris agreement.<sup>36</sup>

When considering India, it is particularly interesting to examine the response from the EU, which has its own claim to global climate leadership and can be argued to have used it for geo-economic interests as well. Historically, the relationship between India and the EU on climate policy embodies the division between developing and industrialised countries in the global process. While the EU has supported the development of Indian climate policy, it has failed to overcome the way the government still frames the issue as one for

which it bears no responsibility itself.<sup>37</sup> Hence, the recent shift in India’s policy is significant as it allows cooperation of a more equal nature between the two partners.

A strong indication of mutual commitment is the Joint Statement on Clean Energy and Climate Change Partnership between the EU and India, issued in March 2016. On the basis of ‘equality, reciprocity, mutual benefit and equity’, it set out to support the cooperation between the parties on energy and climate action. In addition, it aimed to strengthen the ‘respective capabilities’ of the EU and India for meeting the objectives of the Paris Agreement while ensuring sustainable energy.<sup>38</sup> The statement also emphasised the mutually beneficial opportunities of cooperation and recognised initiatives like the ISA as one of the concrete measures where the two could work together.

Moreover, the partnership pointed to the need for a facilitated dialogue on climate between the EU and India. This has given rise to a concrete process that aims to support the exchange of knowledge, competencies and technologies between the parties. Although the initiative is funded by the EU Commission, it is also strictly described as equal, with the objective ‘to gain and sustain an understanding of each other’s needs’.<sup>39</sup> Finally, in 2017, the EU and India issued a Joint Statement on clean energy and climate change which said that the parties would ‘lead and work together to combat climate change’.<sup>40</sup>

In other words, the partnership presents the EU and India as equal partners with a joint responsibility for preventing climate change. The cooperation is expected to benefit both parties rather than being directed as a support mechanism from one to the other. The EU thus acknowledges India’s claim to global significance as a climate actor and sees an opportunity to work together to further develop this position. This response is crucial because it has, in normative terms, brought India’s climate engagement to a level on a par with that of the EU itself. Equally importantly, however, the cooperation has still not progressed from the

36 Ayres, A. (2017). *Turnabout on Climate Change: India and the United States*. Asia Unbound blog, Council of Foreign Relations, 1 June 2017, <https://www.cfr.org/blog/turnabout-climate-change-india-and-united-states> (accessed 23 May 2018).

37 Youngs 2014; Torney, D. (2015). *European climate leadership in question: policies toward China and India*. Cambridge-London: MIT Press.

38 European Commission. (2016). *Joint Declaration on a Clean Energy and Climate Partnership*. Brussels 31 Mar 2016, <https://www.consilium.europa.eu/media/23673/20160330-joint-declaration-energy-climate.pdf> (accessed 23 May 2018).

39 Adelphi. (2016). *Advancing the EU-India Climate Change Dialogue*. Project Profile, <https://www.adelphi.de/en/project/advancing-eu-india-climate-change-dialogue> (accessed 23 May 2018).

40 European Commission (2017). *EU-India Joint Statement on Clean Energy and Climate Change*. New Delhi 6 Oct 2017, [https://ec.europa.eu/clima/sites/clima/files/news/20171006\\_statement\\_en.pdf](https://ec.europa.eu/clima/sites/clima/files/news/20171006_statement_en.pdf) (accessed 23 May 2018).

normative to the operational level, meaning that the discourse remains dominated by abstract ideas rather than concrete actions.<sup>41</sup> On the other hand, the dialogue with the EU can help to facilitate the gradual move towards operational steps as well.

The Joint Statement from 2017 was careful to present all actions as joint efforts between the EU and India but made an exception with the target for industrialised countries to mobilise financing for climate action, to which only the EU was committed. In other words, India has not given up its assertion about the division between developing and industrialised countries. Yet its position does not prevent cooperation on equal terms across that divide. For the EU then, India's involvement in climate policy is strategically important enough to make it willing to accept concessions on certain issues. India's strengthened climate engagement inevitably increases the effectiveness of the prevention measures and therefore also benefits the EU. On the other hand, close cooperation with India on the issue enables the EU to retain command over global climate policy.

In addition, climate change is a suitable foreign policy field for the EU to further strengthen and deepen its overall foreign policy relations with India. On the EU side, the implementation of climate cooperation is said to work well as the two parties have similar objectives and can see the benefit in putting them into practice. As if to underline this, the biggest obstacles in the cooperation tend not to be political disagreements, but rather bottlenecks caused by the lack of administrative capacity in Indian foreign policy institutions.<sup>42</sup> The EU can therefore use climate policy as a strategic means of strengthening its relationship with India even if cooperation in other areas dwindles.

While mutual benefits have prompted the EU to utilise and encourage India's climate engagement, other global actors have been less forthcoming. This is partly due to the more general global change in climate politics caused by the withdrawal of the US from the Paris Agreement. In particular, the US itself has previously been an important actor, but is currently unlikely to provide either support or a challenge to India's climate leadership.

As previously discussed, when it comes to climate engagement India could end up in competition with China, which has also increasingly integrated its climate policy into geostrategic goals. Some of China's actions have also been considered aggressively competitive, as it has used export controls and economic subsidies to manage natural resource flows for its own benefit. Sustainable energy is also tightly linked to its 'Belt and Road' initiative, which has been the main avenue for China to consolidate its geoeconomic power. However, its global position in the field is solid and – thus far at least – it has not reacted to India's actions in a way that would acknowledge them as a challenge.

India's climate policy has not been actively challenged at the global level. Its actions are either not seen as a threat or – as in the case of the EU – they are seen as an opportunity. This is favourable for the hegemonic strategy that India has opted for in its global climate policy. However, the shift in India's climate policy is still quite recent and has mainly been normative to date. If it is further operationalised into action, it may still elicit more competitive reactions.

## CLIMATE CHANGE IN THE NEIGHBOURHOOD

In addition to its role as an emerging global power, India also has geostrategic interests in its regional neighbourhood. While its climate policy has primarily been directed at the global level, it will also have regional implications, whether intended or not.

India's role as a regional power has been limited by its tense relations with most neighbouring countries. Combined with a lack of foreign policy capacity in general, India has tended to focus on containing security threats domestically or in its immediate neighbourhood rather than taking a wider regional approach.<sup>43</sup> Although this has also changed during Prime Minister Modi's administration, the shift is less significant than the one in global policy.

Modi's 'Look East – Act East' policy aims to create economic opportunities while taking into account security considerations. To a great extent, it is a response to China's assertive behaviour in India's neighbourhood as well as the wider region. Instead of contestation, India attempts to cultivate partnerships for

41 Interview with a professor of international relations and fellow at an Indian think tank 8 May 2018.

42 Interview with an official at the European External Action Service 27.3.2018.

43 Tarapore, A. (2017). 'India's Slow Emergence as a Regional Security Actor'. *The Washington Quarterly*, 40(2), 163–178.

investments in sectors like energy and transport, as well as for cooperation on security. However, climate considerations have not been high on the agenda. Instead, the cooperation plans tend to focus on infrastructure based on fossil fuels.<sup>44</sup>

Modi's administration has also implemented a so-called 'Neighbourhood First' approach, which essentially aims to increase connectivity and integration among its immediate neighbours and the Indian Ocean states. The initiative has resulted in increased Indian support and several bilateral investments, sometimes also in sectors like water and energy grids.<sup>45</sup> These projects, however, are not explicitly linked to climate change. For example, the International Solar Alliance is conspicuously absent from the regional plans.

In other words, the climate engagement that is so visible in India's global policy is almost non-existent in its regional relations. Yet the topic is an increasingly pressing issue for the neighbourhood and enhanced cooperation has been seen as a regional necessity.<sup>46</sup>

However, climate change is not a high-priority topic in regional politics and therefore does not have comparable potential to inspire a sense of strategic political leadership. Although climate action does take place through sustainable energy projects, these tend to be individual cases that are not tied to a wider strategic goal or discourse. Climate change has not come to be regarded as a big enough threat to motivate cooperation across antagonistic relations. In the regional context, it remains undermined by traditional security issues and bilateral skirmishes between the countries.<sup>47</sup> Hence, it does not have comparable potential to establish India in a leadership position and promote its geostrategic interests as in the global case.

On the other hand, India has not opted for a competitive approach either. This may be for the same reasons as the lack of cooperation, as conflicted relations increase risks and discourage assertive energy investments, for instance. As a consequence, at the regional level, India has not found a geostrategic use for climate policy up to now.

The differences in Indian geostrategy between the regional and global levels also show that expectations for the geoeconomic policy can vary considerably depending on the context. Actions that work well in global politics are ineffective in the region. Although India's initiatives on climate action are significant, the most important shift at the global level is the one that has taken place in the normative discourse. Regionally, normative statements do not have the same effect, as climate change is not considered a priority on the political agenda.

Increased regional engagement on climate may still become a necessity for India. The lack of action in its own neighbourhood may weaken the credibility of its global leadership, and an inactive India may also lose ground regionally if it faces competition from others. The physical impacts of climate change and adaptation to it are also likely to change regional resource flows and infrastructure. Chinese actions on sustainable energy production and the Belt and Road initiative already show how the situation can be utilised for geoeconomic objectives.

## CONCLUSIONS

India's foreign policy has shifted in decisive ways, especially during the Modi administration. In the effort to reinforce the global role of the country, it has tended to opt for geoeconomic choices rather than merely building up military power. Climate actions have become integrated as a part of the geoeconomic approach. Climate policy has not only been incorporated into the geostrategic discourse but has provided one way for India to reinforce its role as a globally responsible actor and to promote its international influence.

In the Indian case, climate policy has primarily resulted in a cooperative geoeconomic strategy. The new cooperative attitude in climate negotiations and the establishment of the International Solar Alliance have provided a route to enhanced partnerships and a rising global profile, which also enables India to strengthen its influence in developing countries through climate financing and other kinds of support for development. The cooperative approach makes sense from the point of view of India's wider foreign policy objective of establishing itself as a globally responsible actor. A more competitive strategy might turn against itself by prompting opposing reactions from counterparts.

44 Gaens, B. & Ruohomäki, O. (2017). *India's 'Look East' – 'Act East' Policy*. FIIA Briefing Paper 222, <https://www.fiaa.fi/julkaisu/indias-look-east-act-east-policy?read> (accessed 23 May 2018).

45 Jaishankar, D. (2016). "India's Five Foreign Policy Goals: Great Strides, Steep Challenges". *The Wire* 26 May 2016, Brookings Institute, <https://www.brookings.edu/opinions/indias-five-foreign-policy-goals-great-strides-steep-challenges/> (accessed 23 May 2018).

46 E.g. Roy, A. (2017). *BIMSTEC and climate change: Setting a common agenda*. ORF Issue Brief 203, <https://www.orfonline.org/wp-content/uploads/2017/10/IB-203.pdf> (accessed 23 May 2018).

47 Interview with a researcher at Indian think tank 19.3.2018.

Out of the four options in Wigell's framework of geoeconomic strategies, it is the hegemonic one that best corresponds to India's combination of cooperation and political goals. However, it also incorporates purely economic goals. Sometimes these may be more important than the political aims, suggesting India's strategy also contains elements of liberal-institutionalism. In other words, the strategies are not mutually exclusive.

Yet it is significant as such that both strategies are based on a cooperative frame. This complies with the sometimes challenged notion that geoeconomic policies can emerge from a liberal conceptualisation as well as a realist one.<sup>48</sup> In other words, geoeconomics as a policy practice can generate connections and cooperation between countries, not only competition and confrontation.

Meanwhile, India has not used the cooperative strategy regionally. In the prevailing political discourse, climate change is not a sufficiently urgent issue in regional politics, and is likely to be ineffective in overcoming bilateral antagonisms to the extent that it would reinforce geoeconomic power through cooperation, as it appears to be of secondary importance on the regional agenda. Relations among the countries remain burdened by antagonism that tends to prevail over any shared interests towards climate cooperation. Thus far at least, India has also refrained from using climate action in a competitive way that might spur such controversies. Climate policy appears to be ill suited to its geoeconomic objectives in the region overall.

Indeed, the Indian case also supports the view that geoeconomic strategies are highly dependent on their context. The prevailing approach is not set in stone but based on the circumstances in which it is to be used. It is possible for a country to choose a competitive strategy in its regional relations and a cooperative one at the global level, for instance, without necessarily appearing inconsistent. Likewise, a strategy may be altered as circumstances change. Therefore, it is less useful to attempt sweeping categorisations about the overall geoeconomic strategy of a country than it is to look at the geostrategic choices they make in specific contexts.

The Indian case also gives rise to reactions from other global actors, shedding light on the ways in which climate policy is used for geoeconomic goals in general. China, for instance, has been more assertive than India and appears to have a tendency for competitive

strategies. This is likely to be due to its powerful global and regional position, which allows it to push its own interests even at the risk of confrontation. The EU, on the other hand, has been seen as a progressive actor on the climate policy stage, but this is rarely linked to a geostrategic point of view. Yet its quick cooperative reaction to India suggests it can also see potential benefits and opportunities in such policies.

In comparison to others, India is interesting as a case where climate change has become a geoeconomic policy area in its own right. Instead of merely including climate-related initiatives in its geoeconomic actions, India has essentially used the topic to form a part of its strategy. The approach has worked at the global level and in high-level political discourse. However, it is absent from the regional context, where the same global discourse would not be effective. Climate change is not an overarching feature of geoeconomic choices for India, but has thus far at least been reserved specifically for the context of its global policy.

With regard to the geoeconomic analysis of climate change, the Indian case shows that climate change and its prevention can generate cooperation between countries and global actors. This is relevant especially with regard to climate security literature, where the focus is usually on the potential for conflict. A geoeconomic analysis does not exclude the conflict scenario but goes beyond it to reveal a range of economic and security impacts that have various consequences for international relations, including cooperation.

The geoeconomic approach thus widens the scope for analysing the implications of climate change and its prevention for global politics. Moreover, it provides tools with which to examine the contexts and choices that lead to certain policy outcomes. These should be of geostrategic interest to all countries, not only in order to avert potential threats but also to take advantage of new opportunities. Through such emerging interactions, climate change may contribute to shifts in global power relations. There is a clear need, therefore, for further research on both the concept as well as concrete cases of the geoeconomics of climate change.

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