

Background

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India's Expanding Role in Asia: Adapting to Rising Power Status

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As the world increasingly acknowledges India's rising power status, India is adapting its foreign policy to meet the international challenges of the 21st century and to increase its global influence and status. For many years, India took pride in its role as leader of the Non-Aligned Movement and viewed itself as the primary defender of the rights of the less developed countries. In the past few years, New Delhi has expanded its strategic vision, most noticeably in Asia, and has broadened the definition of its security interests.

While India has focused special attention on cultivating ties to the United States since 2000, the overall thrust of its foreign policy has been to seek geopolitical partnerships in multiple directions to serve its national interests. It has pursued special relationships with the U.S., Russia, China, and key European countries.¹

In June 2006, Indian Defense Minister Pranab Mukherjee (the current foreign minister) described India's foreign policy: "Premised on the twin policies of no extra-territorial ambition and no export of ideology, India seeks the peaceful resolution of all disputes." He went on to say that "[s]imultaneous improvement in ties with the U.S., EU, and Russia and Southeast Asia, Japan, Korea, and China demonstrates that for the first time in its diplomatic history, India is forging significant strategic ties with both West and East Asia."²

Broadening Indian engagement across the globe, especially in Asia, is in the U.S. interest and should be further encouraged. Washington's and New Delhi's strategic perceptions are increasingly converging, and

Talking Points

- The U.S. should support an increasingly assertive and robust Indian role in Asia in both the political and economic spheres while noting Washington's objections to strengthening a China-India-Russia axis that seeks to limit U.S. influence in Asia.
- The U.S. should foster strong military-to-military ties and healthy levels of defense trade with India and it should highlight India's responsible role on nuclear nonproliferation and regional security concerns as an example to other states in the region.
- Missile defense cooperation with India will continue to be important in light of recent provocations by North Korea and China. India could also play a prominent role in a U.S.-led Asia counterterrorism forum.
- Washington should concentrate on common interests with India in Asia such as trade, democratic development, and energy security while working to understand the reasoning behind policy differences between the two democracies.

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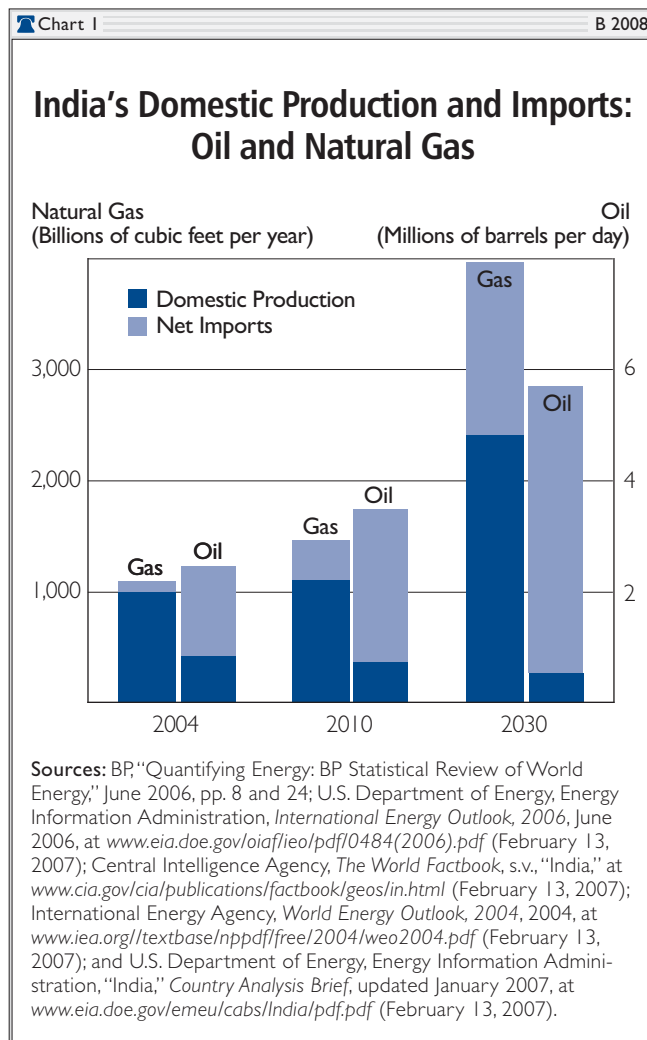
1. Horimoto Takenori, "The World As India Sees It," *Gaiko Forum: Japanese Perspectives on Foreign Affairs*, Vol. 6, No. 3 (Fall 2006), pp. 5 and 6.
2. Pranab Mukherjee, "Defense Minister's Address at the 5th IISS Asia Security Program," June 3, 2006.

there is tremendous opportunity to cooperate and coordinate in this dynamic region. Because India is a fellow democracy without hegemonic interests and with a propensity to seek peaceful resolution of conflicts, its increased economic and political involvement in Asia will help to further overall U.S. goals in the region. India's involvement in Asia will help both to ensure that one country does not dominate the area and to encourage stability in a region that will take center stage in the 21st century.

The Expanding U.S.–India Relationship

The extent to which India will associate itself with U.S. power and global policies is still a subject of debate within the Indian strategic community. A majority within India's policy elites envision India becoming a major pole in a multipolar world.³ They are skeptical of perceived American unilateralism and therefore believe that India must maintain its strategic autonomy through an extended strategic neighborhood, including East and Southeast Asia and, to some extent, the Middle East. The leftist parties on which the current Congress-led government relies to stay in power are particularly skeptical of close U.S.–India ties and believe that India should prioritize relationships with Third World countries, in part to create solidarity against perceived U.S. unilateralism.

At the same time, an emerging generation of Indian foreign policy thinkers view a strong relationship with the U.S. as essential for India to achieve major power status and want to develop a new framework for cooperation with the U.S.⁴ The U.S. should support the new generation of Indian foreign policy thinkers by nodding to India's multidirectional diplomacy; but it should also make clear that Washington views the trilateral China–India–Russia arrangement as a potential irritant to relations. Such a tripartite axis could undermine U.S. objectives in Asia to support democracy, free trade, economic prosperity, and nuclear nonproliferation, given China's and



Russia's uneven records on promoting these key principles in their foreign relations.

India's rapidly growing energy requirements have become one of the primary drivers of its foreign policy in Asia. India is the world's 11th largest energy producer and sixth largest energy consumer, importing more than 65 percent of its oil needs.⁵ India's efforts to fulfill its energy needs—which are growing at about 4 percent annually—and to diversify energy suppliers will likely lead to some divergences between the U.S. and India over policies in

- Rajiv Sikri, "The Limits of Indo–US Strategic Partnership," *South Asia Analysis Group Paper No. 2086*, January 6, 2007, at www.saaq.org/%5Cpapers21%5Cpaper2086.html (February 12, 2007).
- Anit Mukherjee, "Curzon's Ghost," *Armed Forces Journal*, May 3, 2006.
- Vibhuti Hate, "India's Energy Dilemma," *Center for Strategic and International Studies South Asia Monitor*, No. 98 (September 7, 2006), at www.csis.org/media/csis/pubs/sam98.pdf (February 12, 2007).

Asia. In the Middle East, for example, India is trying to balance its need for Iranian natural gas and oil with pressure from the U.S. to adopt stronger policies toward Tehran that will discourage its pursuit of nuclear weapons.

Civilian Nuclear Cooperation. The recent passage of U.S. legislation allowing civilian nuclear cooperation with India represents a significant milestone for the relationship. Both the Bush Administration and the government of Prime Minister Manmohan Singh expended a tremendous amount of political capital to overcome skepticism from their nuclear establishments, which continue to harbor distrust toward each other. Expectations are high in Washington that the civil nuclear agreement—which must still pass several key hurdles, such as the completion of a bilateral agreement on the terms for civil nuclear trade—will deepen military cooperation, trade links, and geopolitical engagement with New Delhi.

One of the Bush Administration's key rationales for extending civil nuclear cooperation to India was that bringing New Delhi into the nonproliferation mainstream would encourage it to play a more active role in promoting and participating in international efforts to limit nuclear proliferation. New Delhi is increasingly supportive of Washington's efforts to halt proliferation, including the Proliferation Security Initiative (PSI) and the Container Security Initiative (CSI).⁶ The PSI was established by 11 countries and now has over 65 cooperating countries that have agreed to follow PSI guidelines to interdict cargo related to weapons of mass destruction. The CSI is an effort to upgrade safeguards to improve security and verification of international cargo.

New Delhi has also been increasingly cooperative in strengthening multilateral export control regimes. It is improving its own domestic export control legislation and harmonizing its nuclear and missile control lists with the lists of the Nuclear Suppliers Group and the Missile Technology Control Regime.

Security Cooperation. In June 2005, India and the U.S. signed a 10-year defense framework agreement that calls for expanded joint military exercises, increased defense-related trade, and establishing a defense and procurement production group. India has long relied on Russia for arms supplies, but to modernize its military, it is increasingly looking to purchase advanced weapons systems from the United States. In January, the Pentagon transferred the *USS Trenton* amphibious transport ship to New Delhi. Indian naval officials said that the transfer of the ship has opened a new era in Indo-U.S. naval cooperation. The U.S. and India have conducted over 20 military exercises since 2002, demonstrating how far the military partnership has progressed in a relatively short period.⁷

The U.S. views India as a close partner in enhancing security in the Indian Ocean and has prioritized the improvement of maritime cooperation. In January 2002, the two countries signed the Generalized Security of Military Information Agreement (GSOMIA), which guarantees the protection of classified information and technology shared between them and facilitates cooperation in anti-piracy, drug interdiction, search and rescue, and joint patrolling efforts.

Missile Defense. India was among the first countries to support U.S. moves away from the Anti-Ballistic Missile Treaty and toward the National Missile Defense program, which was unveiled by the Bush Administration in May 2001. The U.S. and India have engaged on the issue of missile defense since it became the fourth plank of the Next Steps in Strategic Partnership in early 2004. India has sought access to the Israeli Arrow anti-missile technology, although Washington has not authorized transfer of this sensitive technology. (The presence of U.S. technology in the Arrow system allows the U.S. to veto any technology transfer to third countries.) The U.S. also reportedly gave India a classified briefing on the Patriot Advanced Capability (PAC-3) theater missile defense system in September 2005.⁸

6. *Ibid.*, p. 23.

7. Anupam Srivastava, "India: Toward True Partnership," *The Journal of International Security Affairs*, No. 11 (Fall 2006), p. 26, at www.securityaffairs.org/issues/2006/11/srivastava.php (February 12, 2007).

8. Vivek Raghuvanshi, "India Gets Classified PAC-3 Briefing," *Space News*, September 26, 2005.

Pakistani reaction to potential U.S.–India cooperation on missile defense has been varied. The Pakistanis have used the occasion to request their own missile defense cooperation from the U.S. At the same time, Pakistani defense experts have downplayed a potential Indian program, arguing that it would not be economically feasible for New Delhi to develop an effective missile defense system.

While the Indian and American worldviews are increasingly intersecting, New Delhi and Washington will occasionally disagree on how to advance shared objectives regarding counterterrorism, nuclear nonproliferation, global trade, and development policies. As C. Raja Mohan and Parag Khanna noted early in 2006 in *Policy Review*, “Building a strategic partnership with India will test America’s ability to engage an independent democracy that has had no record of security or economic dependence on the United States.”⁹

The most recent manifestation of this challenge is the Indian public reaction to the recently passed civil nuclear legislation. Some of the legislation’s wording, particularly regarding India’s relations with Iran, has rankled Indians and strengthened the leftist parties’ concern that the civil nuclear deal will constrain Indian foreign policy options. From U.S. lawmakers’ perspective, countering the Iranian nuclear threat is a top priority on which they expect Indian support.

Pakistan. Perhaps the most persistent challenge to cementing U.S.–India relations has been the U.S. relationship with Pakistan.¹⁰ New Delhi believes that Washington tilted toward Islamabad in the 1970s–1980s and is concerned about new U.S. willingness to transfer military hardware to Pakistan, including F-16 fighter jets.

U.S. and Indian views of the fundamental threat posed by terrorist groups based in Pakistan began to

converge following the 9/11 terrorist attacks. However, there continue to be differences between New Delhi and Washington over the extent to which Islamabad should be expected to control these groups. New Delhi rightly believes that Washington avoids pressing Pakistan sufficiently on domestic violent extremists because it fears that doing so could jeopardize cooperation from Islamabad against al-Qaeda.

A number of recent reports revealing links between al-Qaeda terrorists and groups based in Pakistan could lead Washington to press Pakistan to crack down more forcefully on terrorist groups based on its territory. Such an approach from Washington could help to pave the way for more substantive counterterrorism cooperation between Washington and New Delhi. At the very least, the U.S. and India could mutually benefit through increased cooperation in research, development, and production of homeland security technologies.¹¹

Trade. The two countries also will face friction on the trade front. The current Congress-led government came to power in large part because of the frustration of Indian farmers, who make up 60 percent of India’s labor force and are becoming increasingly resentful that they are not benefiting from globalization. In fact, India’s plans to implement several hundred special economic zones were recently set back because of the farmers’ objections. In May 2006, Agriculture Minister Sharad Pawar announced that between 1998 and 2003, more than 100,000 farmers had committed suicide due to overwhelming debt burdens.

This is likely contributing to India’s lackluster performance in promoting the World Trade Organization development agenda. The *2007 Index of Economic Freedom*, published by The Heritage Foundation and *The Wall Street Journal*, rates India’s

9. C. Raja Mohan and Parag Khanna, “Getting India Right,” *Policy Review*, No. 135 (February and March 2006), p. 45, at www.hoover.org/publications/policyreview/2913806.html (February 16, 2007).

10. This paper explores India’s relationships with the U.S., China, Japan, Southeast Asia, Russia, and Central Asia. It does not address India’s relations with its own South Asian neighbors, which will be the subject of a future Heritage study. For additional information on India–Pakistan relations, see Lisa Curtis, “India and Pakistan Poised to Make Progress on Kashmir,” Heritage Foundation *Background* No. 1997, January 12, 2007.

11. B. Raman, “Indo–US Counterterrorism Cooperation,” in Sumit Ganguly, Brian Shoup, and Andrew Scobell, eds., *US–Indian Strategic Cooperation into the 21st Century* (London and New York: Routledge, 2006), p. 171.

level of economic freedom in trade at about 50 percent because of India's high average tariff rate and serious non-tariff barriers, including restrictive licensing requirements, export subsidies, import taxes, and problematic enforcement of intellectual property rights.¹²

Looking East with a Clear Vision

India established a "Look East" policy in the early 1990s following its adoption of economic reforms and the end of the Cold War, but this policy has gained steam only in the past five years. India's role in East and Southeast Asia is becoming more pronounced as it builds strengthened relations and trade links with China, seeks closer economic and political ties with Southeast Asian nations, and places special emphasis on building strategic ties with Japan.

China. After decades of frosty relations, India and China are in the midst of a rapprochement based on both countries' desire to have peaceful borders and to avoid hostile relations that would limit either country's foreign policy options. China and India have been strategic adversaries since the Sino-Indian border war of 1962, which cemented India's alignment with the Soviet Union and China's strategic partnership with Pakistan. More recently, India has become interested in establishing cordial ties with its increasingly powerful neighbor, but it remains wary of China's intentions in South Asia and its slow pace in resolving China-India border disputes.

Increasing U.S. attention to India over the past five years—especially Washington's decision to extend civil nuclear cooperation to New Delhi—appears to have surprised Chinese policymakers and caused them to reassess Chinese policies toward India. Chinese officials have developed a

more serious policy toward India and now acknowledge that India is becoming a major Asian power.¹³

The countries' efforts to settle their border disputes have been slow. India's National Security Adviser and China's Vice-Foreign Minister have held talks since June 2003. The Chinese Foreign Ministry stopped listing Sikkim as an independent country on its Web site in 2003, implicitly recognizing it as part of India, but China has been unwilling to move toward a final settlement of the borders.

The diplomatic dynamics that preceded President Hu Jintao's visit to India in November 2006 were a reminder that New Delhi and Beijing face serious obstacles to establishing a genuine partnership. Days before Hu's arrival in New Delhi, the Chinese ambassador to India proclaimed the Chinese government's position that the Indian state of Arunachal Pradesh is Chinese territory. Indian officials downplayed the remarks, but commentators noted that the hard-line comments threatened to cast a pall over the visit.

One major impediment to closer India-China ties is Beijing's historically close security relationship with Islamabad. China transferred equipment and technology to Pakistan's nuclear weapons and ballistic missile programs in the 1980s and 1990s, enhancing Pakistan's strength in the South Asian strategic balance. In 1998, India-China relations were set back when the Indian government officially cited the Chinese threat as a rationale for its nuclear tests. The tide of suspicion began to turn, however, after the Chinese adopted a position favorable to India on the Indo-Pakistani Kargil conflict in 1999, spurring the current thaw.

New Delhi is seeking Chinese support in the Nuclear Suppliers Group, which must develop a consensus on extending civilian nuclear coopera-

12. Tim Kane, Kim R. Holmes, and Mary Anastasia O'Grady, *2007 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones and Company, Inc., 2007), pp. 211 and 212. The *Index* score is a simple average of 10 individual freedoms, each of which is vital to the development of personal and national property. For example, the fundamental right of property has been recognized for centuries by the great philosophers of liberty, such as Locke and Montesquieu, as a bulwark of free people. Over time, scholars and practitioners have recognized many other freedoms as essential to economic liberty, including free trade, investment rights, and labor freedom. The trade freedom factor is a composite measure of the absence of tariff and non-tariff barriers that affect imports and exports of goods and services.

13. Stephen J. Blank, *Natural Allies? Regional Security in Asia and Prospects for Indo-American Strategic Cooperation* (Carlisle, Pa.: Strategic Studies Institute, U.S. Army War College, 2005), p. 66.

tion to India before the agreement can take effect. So far, Beijing has remained neutral on civil nuclear cooperation with India, stating that it wants to ensure that such cooperation will not undermine the nonproliferation regime.

China hopes that increased trade and investment ties with India will counter strategic U.S.–India cooperation, which Beijing perceives as an attempt to contain Chinese influence. In just four years, China and India have quadrupled the volume of their annual bilateral trade to almost \$20 billion. China is expected to replace the U.S. as India's top trade partner in another three years. During President Hu's visit in November, the two countries pledged to double trade to \$40 billion by 2010.

Energy has been a source of cooperation and competition between China and India in recent years. They are two of the world's fastest-growing energy consumers, with China importing about 40 percent of its energy needs and India importing 70 percent. China has consistently outbid India in the competition for energy sources, and these bidding wars have inflated prices for energy assets, prompting them to agree to joint bidding in third countries.

Their energy competition is also reflected in their assertions of naval power. As India reaches into the Malacca Straits, Beijing is creating a "string of pearls" surrounding India by developing strategic port facilities in Sittwe, Burma; Chittagong, Bangladesh; and Gwadar, Pakistan to protect sea lanes and ensure uninterrupted energy supplies. India is wary of China's efforts to engage its South Asian neighbors in military and economic matters. Some Indian analysts believe that China is pursuing a two-pronged strategy of lulling India into complacency with greater economic interaction while taking steps to encircle India and undermine its security.¹⁴

China's concern that the deepening U.S.–India relationship is aimed at containing China's power is

driving it to embrace the idea of a China–India–Russia trilateral axis supporting "multipolarity" (i.e., countering U.S. "hegemony"). Both China and India were initially cool to the idea of China–India–Russia trilateral cooperation when Russian Prime Minister Primakov began pushing the idea in the late 1990s. However, as Indian strategists see the economic balance of power shifting to Asia, they have increased their support for China–India–Russia cooperation.¹⁵ Following the July 2006 meeting of Indian Prime Minister Singh and the Russian and Chinese presidents, Indian Foreign Secretary Shyam Saran (currently Indian envoy to the civil nuclear negotiations) said that all three countries had a strong interest in the emergence of a multipolar world and the promotion of multilateralism.

Furthermore, India last week hosted a trilateral meeting of the foreign ministers, marking the first time that it has hosted such a high-level China–India–Russia meeting. This meeting will be welcomed by Indian leftists, who have expressed wariness over India's increasingly cozy relations with the United States. In the February 14 joint communiqué, the ministers said that "trilateral cooperation was not directed against the interests of any other country."¹⁶

U.S. policymakers should nevertheless caution India that such a tripartite axis has the potential to undermine the shared U.S. and Indian objectives of supporting democracy, free trade, economic prosperity, and nuclear nonproliferation in Asia, given China's and Russia's uneven records with respect to promoting these key principles in their foreign relations. The trilateral axis idea could also raise suspicions among the Southeast Asian states about New Delhi's ultimate objectives in the region.

Japan. Forging closer relations with Japan is a key plank of India's campaign to broaden its foreign policy options. Tokyo's strong condemnation of

14. Venu Rajamony, "India–China–U.S. Triangle: A 'Soft' Balance of Power System in the Making," Center for Strategic and International Studies, March 15, 2002.

15. Subash Kapila, "Russia–India–China Strategic Triangle Contours Emerge," South Asia Analysis Group Paper No. 1424, June 21, 2005.

16. Alistair Scrutton, "Energy Ties to Fuel India, China, Russia Summit," Reuters, February 14, 2007, at www.in.today.reuters.com/news/NewsArticle.aspx?type=topNews&storyID=2007-02-14T081853Z_01_NOOTR_RTRJONC_0_India-287599-1.xml (February 15, 2007).

India's 1998 nuclear tests and temporary halt of overseas development assistance to India because of the tests were a setback to relations.

Nine years later, however, India is the largest recipient of development loans from Japan, and the two countries are seeking to create a geopolitical partnership.¹⁷ Both sides share an interest in highlighting their democratic forms of government, securing energy resources by protecting sea lanes, and fighting international terrorism. India has reorganized its naval command to create an Andaman and Nicobar Island command at Port Blair to exert influence over the Indian Ocean sea lanes, combat piracy, and guarantee the smooth entry of ships into the Malacca Straits.¹⁸ Approximately 60 percent of China's oil supply and 80 percent of Japan's oil supply passes through the Straits of Malacca.

Although many Indian and Japanese security experts have long advocated development of a strategic relationship, Japan-India ties are taking time to bear fruit.¹⁹ Growth in India's economic relationships has been slower with Japan than it has been with China. Overall trade is only about \$4.35 billion compared to \$20 billion with China.

India has reportedly been receptive to Prime Minister Shinzo Abe's recent proposal for a four-sided strategic dialogue among Japan, India, Australia, and the U.S. The joint India-Japan statement on December 15, 2006, indirectly references such a dialogue: "The two leaders share the view on the usefulness of having dialogue among Japan, India and other like-minded countries in the Asia-Pacific region on themes of mutual interest."²⁰ In a recent article on Japan-India relations, Indian foreign policy analyst Brahma Chellaney noted that a close strategic relationship with Japan fits India's vision of a "dynamic, multi-polar Asia."²¹

During Prime Minister Singh's visit to Japan in December, the Indian and Japanese leaders agreed to start talks on a bilateral free trade agreement within two years and to increase cooperation between their navies and coast guards. Another key Indian goal was to secure Japanese support for lifting international restrictions on civil nuclear trade with India. Japan is part of the 45-member Nuclear Suppliers Group, which must develop a consensus approving civil nuclear transfers to India.

Southeast Asia. Another important part of India's effort to expand its influence in Asia is building political and economic ties with the states of Southeast Asia. India's involvement in Southeast Asia can help to check the inroads that China is making in the region. Most countries in the region that are wary of China do not have the same apprehensions toward India.²² For example, leaders in Singapore and Thailand have lamented their growing dependence on the Chinese market and have expressed an interest in developing closer economic ties to India. India's success in engaging the region is due in large part to the absence of any border or territorial disputes with these countries and to the widely held perception that it poses no security threat to the region.

India and the Association of Southeast Asian Nations (ASEAN) signed a Partnership for Peace, Progress and Shared Prosperity agreement on November 11, 2004, marking a significant step in the development of relations between India and the countries of Southeast Asia. India became a full dialogue partner of ASEAN in 1995; joined the ASEAN Regional Forum (ARF) in 1996; became a summit partner of ASEAN (called ASEAN plus One) in 2002; and became a member of the East Asia Summit in December 2005.

- India's trade with ASEAN countries has risen from \$2.4 billion in 1990 to \$23 billion in 2005.

17. Teresita Schaffer and Vibhuti Hate, "India, China, and Japan," Center for Strategic and International Studies *South Asia Monitor*, No. 102 (January 3, 2007), at www.csis.org/media/csis/pubs/january2007_india-china-japan.pdf (February 12, 2007).

18. Blank, *Natural Allies?* p. 77.

19. Subhash Kapila, "Japan-India Strategic Cooperation: Differing Nuances?" South Asia Analysis Group *Paper No. 2099*, January 18, 2007, at www.saag.org/%5Cpapers21%5Cpaper2099.html (February 12, 2007).

20. Amit Baruah, "India Likely to Take Part in Four-Nation Talks," *The Hindu*, January 17, 2007.

21. Brahma Chellaney, "Japan-India Partnership Key to Bolstering Stability in Asia," *The Japan Times*, December 14, 2006.

22. Takenori, "The World As India Sees It," p. 6.

- India and ASEAN are working to complete a free trade agreement by July of this year.
- India has enhanced its naval profile in Southeast Asia to strengthen its Look East policy and to disrupt the flow of arms across the Bay of Bengal to insurgents in India's northeast and to the Tamil Tigers in Sri Lanka.²³
- In June 1997, the littoral states of the Bay of Bengal (Bangladesh, Burma, India, Sri Lanka, and Thailand) established the Bay of Bengal Initiative for Multi Sector Technical Cooperation (BIMSTEC) to enhance economic cooperation.

In addition to integrating with the multilateral institutional structures of Southeast Asia, India has focused on building stronger bilateral relationships in the region, especially with Malaysia, Singapore, Vietnam, Thailand, Burma, and Indonesia.²⁴

India holds periodic naval exercises with these countries and participates in a biannual gathering of regional navies, called the Milan.

India has also entered into bilateral defense cooperation agreements with Malaysia, Vietnam, Singapore, Laos, and Indonesia and has assisted the armed forces of Burma and Thailand. India is concerned about growing links between China and Burma, with which it shares land and maritime borders, and has in recent years deemphasized its support for democracy there in order to build ties to the military junta, a policy that causes friction between New Delhi and Washington.

Reaffirming the Russian Partnership

In addition to building new relationships in Asia, India is reaffirming its long-held ties to Russia. Russian President Vladimir Putin's and Defense Minister Sergei Ivanov's visit to India in late January

23. Blank, *Natural Allies?* p. 69.

24. G. V. C. Naidu, "Whither the Look East Policy: India and Southeast Asia," *Strategic Analysis*, Vol. 28, No. 2 (April–June 2004).



demonstrates that India and Russia continue to share a special relationship that was solidified during the Cold War, especially during the 1970s and 1980s. Putin was feted during his stay in India, which included serving as the chief guest at India's Republic Day function, a rare honor symbolizing the continuing importance that India attaches to its relationship with Moscow.

The Singh–Putin meetings resulted in substantive agreements on civilian nuclear energy, space, defense, science, advanced technology, energy, trade, and culture. Singh and Putin signed nine bilateral documents, including a memorandum of intent on construction of four nuclear power plants in the Indian state of Tamil Nadu. In light of the U.S.–India civil nuclear agreement, Moscow is positioning itself to be a primary supplier of new Indian nuclear power stations. U.S., French, and even some Japanese companies also hope to win nuclear power

deals from India over the next few years. Despite the strength of their strategic relationship, India–Russia trade remains low at around \$2.7 billion.

A primary goal of Putin's trip was to reestablish Moscow's position as India's principal arms supplier.²⁵ About 80 percent of India's existing military equipment is of Russian origin, and Russian arms sales to India total about \$1.5 billion annually.²⁶

During the January visit, the two countries signed agreements for licensed production of Russian aircraft engines in India, joint development of a new transport plane, and co-development of the fifth-generation jet fighter, a major step in expanding their aerospace cooperation.²⁷ Russia offered its MiG-35 combat jets for an Indian tender for 126 fighter jets, a deal potentially worth about \$10 billion. The U.S. has also offered F/A-18 and F-16 fighters to fill this tender. Ivanov told journalists in Moscow on January 22 that since Russia's military ties to India have stood the test of time, Russia should continue to receive special treatment in meeting India's defense requirements.

India's military market is one of the fastest-growing in the world and has become a key leverage point for New Delhi in cultivating relations with the major powers. According to a U.S. Congressional Research Service report, India was the largest arms purchaser in the developing world from 1998 to 2005, striking agreements worth \$20.7 billion.²⁸ The U.S. is hoping to break into the Indian market this year and start selling as much as \$5 billion of conventional military equipment.

Sergei Ivanov, one of the two favorites to succeed Putin, also promised to allow Indian companies access to development of Russian oil fields—an unprecedented step at a time when Western companies are squeezed out of Russia's hydrocarbon projects.

Central Asia. India's interest in Central Asia revolves around its desire both to ensure that these countries do not fall sway to Islamic radicalism and to diversify its energy sources. India has set up a joint working group to combat international terrorism with Tajikistan, its closest neighbor in Central Asia. New Delhi negotiated basing rights with Dushanbe in 2002 at the height of the Indo–Pakistani military crisis, and the two countries have conducted joint military exercises. India has also built a security relationship with Uzbekistan based on countering Islamic extremism. India's decision to join the Turkmenistan–Afghanistan–Pakistan pipeline project in 2006 reflects New Delhi's concern that the proposed Iran–Pakistan–India pipeline is becoming too controversial as Iran continues to ignore international demands to halt its nuclear weapons program.

Indian strategic planners are wary about China's gaining a greater foothold in Central Asia. The Shanghai Cooperation Organization (SCO)—which includes Russia, China, and the Central Asian states—is a Chinese-inspired organization to counter terrorism and expand economic cooperation, but Beijing is also trying to use the SCO to counter American influence in the region.²⁹ India gained observer status in the SCO in July 2005 but avoided sending its prime minister to the SCO summit in Shanghai in June 2006.

Strengthening U.S.–India Partnership Throughout Asia

The convergence of interests between Washington and New Delhi on issues such as fostering democracy and countering terrorism and increasing levels of trust on nuclear issues opens many avenues of cooperation to further both countries' national interests in Asia. It is in the U.S. interest for India to become more actively involved in shaping the polit-

25. Nabi Abdullaev and Vivek Raghuvanshi, "Russia Works to Remain India's Top Supplier," *Defense News*, January 29, 2007, p. 6.

26. K. Alan Kronstadt, "U.S.–India Relations," Congressional Research Service *Report for Congress*, updated November 9, 2006, at www.fpc.state.gov/documents/organization/76317.pdf (February 12, 2007).

27. "India–Russia Ties in Fifth Gear," *The Economic Times*, January 25, 2007, at www.economictimes.indiatimes.com/News/PoliticsNation/India-Russia_ties_in_fifth_gear/articleshow/1439197.cms (February 12, 2007).

28. Richard F. Grimmett, "Conventional Arms Transfers to Developing Nations, 1998–2005," Congressional Research Service *Report for Congress*, October 23, 2006, at www.fas.org/sgp/crs/weapons/RL33696.pdf (February 16, 2007).

29. Blank, *Natural Allies?* p. 53.

ical and security environment in Asia. However, U.S. officials will likely be disappointed if they expect New Delhi to see eye-to-eye with Washington on all Asian security issues.

The U.S. should increasingly factor India into its broader Asia policies and seek multiple forms of engagement in the region that include India's participation. More specifically, the U.S. should:

- **Strengthen trilateral cooperation among India, Japan, and the U.S., especially on issues related to fostering democracy in Asia.** Although there are informal efforts to promote such trilateral interaction, Washington should establish an official forum to bring U.S., Indian, and Japanese officials together to develop common policies that promote their mutual interests in economic development, democracy, energy security, and the science and technology sectors. Such trilateral meetings could begin with working-level officials and gradually progress to the ministerial level. The U.S. should also support Prime Minister Abe's recent proposal for a four-sided strategic dialogue among Japan, India, Australia, and the U.S.
- **Highlight defense trade as a cornerstone of the U.S.–India strategic partnership.** Strong military-to-military ties and healthy levels of defense trade that lead to interoperability of forces and co-production arrangements are critical to developing the strategic relationship. In March 2005, the Bush Administration laid out a new framework for South Asia that included supporting India's emerging power status and an unprecedented offer of F-16 and F/A-18 fighters with the potential for co-production arrangements. Indian defense industrialists and officials have long complained that questions about U.S. reliability as a supplier (due to past nuclear sanctions) have dissuaded them from buying American military hardware. Recent passage of U.S. legislation allowing civil nuclear cooperation with India should assuage Indian misgivings and open the door for a major boost in defense trade.
- **Highlight India's responsible role on second-tier nuclear nonproliferation and regional security concerns as an example to other states in the region.** One of the Bush Administration's key rationales for extending civil nuclear cooperation to India was that bringing New Delhi into the nonproliferation mainstream would strengthen overall global nonproliferation efforts. The U.S. will continue to face the issue of how to handle de facto nuclear weapons states. The development of a criteria-based approach, which can guide U.S. relations with these powers based on their internal political structures, regional security posture, record on second-tier proliferation, and general foreign policies, could help to address the issue of nuclear nonproliferation more broadly.
- **Continue to pursue missile defense cooperation with India,** especially in light of recent provocations in the region including North Korea's missile tests on July 4, 2006, and China's anti-satellite (ASAT) ballistic missile test on January 11. After the Chinese test, a senior Indian defense official said that New Delhi would take the necessary steps to counter Chinese ASAT capabilities.³⁰ The U.S. and India have engaged on the issue of missile defense since it became the fourth plank of the Next Steps in Strategic Partnership in early 2004. In November 2006, India successfully tested an anti-ballistic missile system that used a hit-to-kill vehicle.
- **Institute an Asia counterterrorism forum** that brings together terrorism officials from across the region to develop policies to counter extremist movements and to improve technical cooperation to disrupt international terrorist travel. A U.S.-led formalized effort to build counterterrorism cooperation in Asia would help to leverage U.S. influence in the region and to create institutional anti-terrorism linkages among the countries of Asia. Such a forum could focus on practical cooperation to prevent future attacks and on engaging in the ideologi-

30. Tribune News Service, "India to Counter China's Anti-Satellite Test, says DRDO," *The Tribune* (Chandigarh, India), January 20, 2007, at www.tribuneindia.com/2007/20070121/nation.htm#15 (February 16, 2007).

cal battle between moderate and radical forces within Islam.

- **Concentrate on common interests with India in Asia** such as trade, democratic development, and energy security while engaging on policy differences to improve understanding of the reasoning behind each side's decisions. The leftist parties tend to hold pro-Chinese views and are leery of closer ties to the U.S. At the same time, the leftists understand that rapid economic growth and cooperation with the West are contributing to India's rise on the world stage. Washington should use public diplomacy to convince the Indian mainstream that economic freedom and close U.S. ties are in India's national interest.
- **Support an increasingly assertive and robust Indian role in Asia in both the political and economic spheres** while noting Washington's objections to strengthening a China-India-Russia axis that seeks to limit U.S. influence in Asia. Washington should support stable rela-

tions between India and China to avoid an arms race that would involve Pakistan and could destabilize the region. However, Washington should carefully watch any efforts to build a China-India-Russia axis to counter U.S. power. While nodding to India's multilateral diplomacy, the U.S. should also be clear that it views the China-India-Russia arrangement as a potential irritant to U.S.-India relations.

Conclusion

The future U.S.-India security partnership will need to involve close engagement on developments in Asia and greater coordination of policies, both bilaterally and through regional multilateral arrangements. As the world's largest democracy with a propensity to seek peaceful resolution of conflicts, India's increased political and economic involvement throughout Asia will help to stabilize a region that accounts for one-fourth of U.S. trade and investment and nearly half of the world's population.

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