



U.S.-India Security Relations: Strategic Issues

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Summary

In today's fluid geopolitical environment, the relationship between the United States, the world's oldest democracy and an established global power, and India, its most populous democracy and an aspiring global power, is seen as a key variable in the unfolding international dynamics of the 21st century. As U.S. foreign policy attention shifts toward the Asia-Pacific (or Indo-Pacific) region, and as India's economic and military capabilities grow, Washington's pursuit of a strategic partnership with New Delhi demonstrates that the mutual wariness of the Cold War era has rapidly faded. A vital and in some ways leading aspect of this partnership has been security relations, and today the two countries are engaging in unprecedented levels of military-to-military ties, defense trade, and counterterrorism and intelligence cooperation. Still, although considerable enthusiasm for deepened security engagement is found in both capitals—and not least in the U.S. Congress—there is also a persistent sense that this aspect of the bilateral relationship lacks purpose and focus. Some observers argue that the potential of the relationship has been oversold, and that the benefits either hoped for or expected may not materialize in the near future. While Obama Administration officials variously contend that India is now or will be a net provider of security in its region, many independent analysts are skeptical that this aspiration can be realized, at least in the near-term.

Nongovernmental analyses of the course and pace of U.S.-India security relations are oftentimes incompatible or even conflicting in their assumptions and recommendations. Such incompatibility is frequently the result of the differing conclusions rooted in short-term versus long-term perspectives. The Obama Administration—along with numerous pro-India analysts in Washington—has tended to emphasize the anticipated benefits of long-term engagement as opposed to a short-term approach that seeks gains derived through more narrow transactions. This latter tack can have the effect of raising and then thwarting expectations in Washington, as was the case with the ultimate failure of U.S. defense firms to secure the multi-billion-dollar contracts to supply new combat aircraft to India. At the same time, frustrations among many in the United States have arisen from the sense that India's enthusiasm for further deepening bilateral security cooperation is limited, and that New Delhi's reciprocity has been insufficient.

Looking ahead, there is widespread concurrence among many officials and analysts that the security relationship would benefit from undergirding ambitious rhetoric with more concrete action in areas of mutual agreement. In their view, defining which actions will provide meaningful gains, even on a modest scale, appears to be the central task facing U.S. and Indian policy makers in coming years.

To assist Members of Congress and their staffs in clarifying the status of and outlook for bilateral security cooperation, this report—a companion to CRS Report R42823, *India-U.S. Security Relations: Current Engagement*, by (name redacted) and (name redacted)—takes a systematic approach to the major strategic perspectives held by policy makers in both countries and the ways in which these perspectives are variously harmonious, discordant, or, in some cases, both. The report opens with a brief review of the pre-2005 history of U.S.-India security relations. This is followed by discussion of key U.S. security interests related to India. Next is a focus on India's defense posture writ large. With this context set, the report reviews key areas of convergent and divergent security interests and perspectives. A brief discussion of the outlook for future security cooperation closes. For information on U.S.-India relations more broadly, see CRS Report RL33529, *India: Domestic Issues, Strategic Dynamics, and U.S. Relations*, coordinated by (name redacted).

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Overview

For nearly five decades following Indian independence in 1947, the United States and India struggled to find common ground for a fruitful relationship. Prevailing geopolitical conditions during the Cold War undermined the potential for sustained bilateral engagement. Dramatic geopolitical changes after the fall of the Soviet Union opened diplomatic space for major new collaborative initiatives between the United States and India. Symbolic of these changes, the two countries have since 2004 been pursuing a “strategic partnership” that incorporates numerous economic, security, and global initiatives. The United States views security cooperation with India in the context of common principles and shared national interests and strategic objectives such as defeating terrorism, preventing weapons proliferation, and maintaining regional stability. After initial uncertainty under President Barack Obama, senior Pentagon officials assured New Delhi that the current administration is fully committed to strengthening ties through the enhancement of the defense relationship made substantive under President George W. Bush.

U.S.-India engagement on shared security interests is a topic of interest to the U.S. Congress, where there is considerable support for a deepened U.S. partnership with the world’s largest democracy. Congressional advocacy of closer relations with India is generally bipartisan and widespread; House and Senate caucuses on India and Indian-Americans are the largest of their kind. Caucus leaders have encouraged the Obama Administration to work toward improving the compatibility of the U.S. and Indian defense acquisitions systems, as well as to seek potential opportunities for co-development or co-production of military weapons systems with India.

This report includes a brief outline of American security interests in relation to India, followed by an in-depth discussion of India’s strategic interests and defense posture. These sections provide context for a review of the variously convergent and divergent strategic interests of both countries. It also discusses non-geopolitical obstacles to more substantive cooperation across the partnership, including mutual mistrust and bureaucratic misunderstanding. It concludes with a brief discussion of the outlook for future security bilateral cooperation. A companion piece to this report—CRS Report R42823, *India-U.S. Security Relations: Current Engagement*, by (name redacted) and (name redacted)—discusses the details of current U.S.-India security engagement.

Review of US-India Security Relations, 1947-2005

In the early decades following Indian independence, the potential for positive security relations between Washington and New Delhi was hindered by three largely intertwined disagreements: The first was rooted in the all-consuming Cold War calculus and ostensibly nonaligned India’s Soviet tilt (the latter being a function of India’s strongly-held anti-colonialist sentiments following nearly a century under London’s direct rule as the “crown jewel” of the British Empire). Added to these were Washington’s close ties with Pakistan, India’s most contentious rival, and the discomfort these elicited in New Delhi. Finally, New Delhi’s abstention from the 1970 Non-Proliferation Treaty (NPT) and subsequent pursuit of nuclear weapons capability fueled American fears of further proliferation and the emergence of a destabilizing nuclear arms race on the Asian subcontinent. It was through this nuclear nonproliferation prism that the United States regarded India for decades to follow.

The 1989-1991 collapse of the Soviet Union nominally eliminated a major geostrategic obstacle to closer U.S.-India relations. Nonetheless, the end of the Cold War initially set the United States

and India on largely incompatible paths. Western democratic and free market ideals no longer faced any major ideological challenger with the demise of the Soviet Bloc. As the world's sole superpower, the United States acted to define and consolidate its Cold War victory. For Washington, this meant promoting liberal political and economic systems abroad with an eye toward winning dividends for U.S. prosperity and security at home. In the early 1990s, India emerged from the losing side of the Cold War. Cash-strapped and on the verge of economic collapse without its Soviet benefactors, New Delhi turned away from its traditionally statist economy and began to gradually incorporate itself into the liberal order, a move that no longer allowed New Delhi to distance itself from Washington. While India had begun normalizing relations with the United States in the 1980s, the precipitous Soviet collapse meant a sudden end to Moscow's financial support for India, compelling New Delhi's leaders to engage the West despite long-running fears of jeopardizing India's strategic autonomy.

In the new geopolitical environment, the U.S.-India defense ties that began in the mid-1980s grew slowly. The impetus for sustained relations notably emerged from the U.S. Pacific Command (PACCOM). In 1991, PACCOM's Army commander, General Claude Kicklighter, visited India to initiate the first set of concrete proposals establishing cooperation between the U.S. and Indian militaries.¹ The continuation of these threadbare defense ties was significant given the unevenness of the broader bilateral relationship of the period. Around the same time, confrontation between Washington and New Delhi on the NPT and Comprehensive Nuclear-Test-Ban Treaty (CTBT) escalated. In 1995, the Clinton Administration pushed for the indefinite extension of the existing NPT at the United Nations. For India, this meant seemingly permanent nuclear weapons pariah status. From the American perspective, India's continued noncooperation on nuclear proliferation only served to destabilize the South Asia region.

Nonetheless, the 21st century opened with relatively hopeful prospects for U.S.-India relations. To New Delhi's surprise, the Clinton Administration pressured Pakistan into withdrawing its forces following the 1999 Kargil war in the disputed Kashmir region.² Then, in 2000, President Bill Clinton made a landmark visit to India, becoming the first U.S. President to visit the country in 22 years. Immediately prior to the visit, the Administration had eased U.S. sanctions on India related to its 1998 nuclear tests. In his speech to the Indian Parliament, President Clinton referred to India as a "natural ally" and identified numerous shared values and potential areas for cooperation between the two countries.³ That same year, the U.S.-India Joint Counterterrorism Working Group was established, formalizing an area of cooperation that long existed.⁴ While President Clinton's visit was generally considered successful, it did not have a transformational effect. His Administration's policies toward India remained mired in balancing the Indo-Pakistani rivalry and addressing concerns about the region's nuclear arsenals, despite Washington's optimistic intentions and increasing realization of shared interests with India.⁵

¹ "New Era of U.S.-India Ties in Defense Matters," *India—West*, January 10, 2009.

² See Dennis Kux, "India's Fine Balance," *Foreign Affairs*, May-June, 2002

³ Remarks by President William J. Clinton to the Indian Joint Session of Parliament, March 22, 2000.

⁴ See the State Department's "Patterns of Global Terrorism 2000," April 30, 2001, at <http://www.state.gov/j/ct/rls/crt/2000>.

⁵ The Clinton Administration's December 1999 *A National Security Strategy for a New Century* made no unique reference to India; each of the six times India is mentioned in the document it was paired with Pakistan (see <http://clinton4.nara.gov/media/pdf/nssr-1299.pdf>).

Prior to the terrorist attacks of September 2001, the wheels of the U.S.-India relationship were thus steadily, albeit gradually, in motion. The incoming Bush Administration further energized Clinton's pro-India policies. When Indian External Affairs Minister Jaswant Singh met with National Security Advisor Condoleezza Rice in April 2001, President George W. Bush met informally with Singh in the Oval Office, a gesture most welcome by New Delhi.⁶ The next month, Deputy Secretary of State Richard Armitage made a stop in India to garner approval for the Bush Administration's controversial missile defense plans. Instead of seizing upon an opportunity to publicly criticize Washington for its perceived hypocrisy with regard to relevant international agreements, Singh welcomed the policy and contended that the two countries were "endeavoring to work out together a totally new security regime which is for the entire globe," a notion heretofore unimaginable in the context of the U.S.-India relationship.⁷ While many U.S. allies criticized America's missile defense policy, India conspicuously, if only rhetorically, stood by Washington's side. Nevertheless, the catastrophic events of 9/11 posed a major test of the budding friendship. On one hand, the attacks brought into clear relief a growing realization of common strategic interests and vulnerabilities related to Islamist terrorism. On the other hand, Pakistan reemerged as a key geopolitical facilitator of U.S.-led military efforts in Afghanistan. Thus, a key question in New Delhi was, "With whom will the Americans align themselves?"

Just days after 9/11, Washington waived proliferation-related sanctions for both India and Pakistan (the latter country also benefitted from the waiver of democracy- and debt arrearage-related sanctions). Despite this sudden readjustment in bilateral ties, Indian leaders felt resentment and became concerned that the United States was appeasing Pakistan and ignoring New Delhi's concerns about what they saw as Pakistan-supported terrorism in India. For its part, Washington was consumed with responding to the 9/11 attacks, in part by securing Pakistan's cooperation in Afghanistan. The crux of the challenge for Washington "was to avoid either leaning on Pakistan too hard, which could hurt [operations] in Afghanistan, or not leaning on Pakistan hard enough, which would alienate New Delhi."⁸ It was a tall order considering the extent to which the situation had deteriorated after Pakistan-based terrorists attacked India's Parliament complex in December 2001. Yet, by the opening month of 2002, the United States had managed to secure India's restraint while also eliciting a pledge to tackle terrorism from Pakistan's military ruler. Throughout much of the Bush Administration's first term, the balancing act between India and Pakistan continued to be evident in U.S. policy toward South Asia.

A major breakthrough in the U.S.-India relationship came soon after President Bush's re-election. In July 2005, President Bush and Prime Minister Manmohan Singh issued a Joint Statement resolving to establish a "global partnership" between the United States and India, through increased cooperation on numerous issues, including "full civilian nuclear energy cooperation" (such cooperation would require changes in both U.S. law and international guidelines). The "Next Steps in Strategic Partnership" (NSSP) initiative involved progress through a series of reciprocal steps in which both countries took action designed to expand engagement on nuclear regulatory and safety issues, enhanced cooperation in missile defense, peaceful uses of space technology, and creation of an appropriate environment for increased high-technology commerce.⁹ Sanctions that remained after the 2001 easing were rolled back further.¹⁰ Only weeks

⁶ Dennis Kux, "India's Fine Balance," *Foreign Affairs*, May/June 2002: p. 94.

⁷ "Bush Accepts Invitation To Visit India," *Times of India* (New Delhi), May 18, 2001.

⁸ Polly Nayak and Michael Krepon, "U.S. Crisis Management in South Asia's Twin Peaks Crisis," Stimson Center, September 1, 2006.

⁹ See the January 2004 White House Statement by President George W. Bush on Strategic Partnership with India at (continued...)

earlier, the United States and India had signed a 10-year defense framework agreement that called for collaboration in multilateral operations, expanded two-way defense trade, increased opportunities for technology transfers and co-production, expanded collaboration related to missile defense, and establishment of a bilateral Defense Procurement and Production Group.¹¹ These agreements set the stage for unprecedented new levels of interaction and cooperation between the two countries.

Current U.S. Security Interests Related to India

Throughout the Cold War, U.S security interests with relation to India were largely confined to mitigating nuclear proliferation and the potential for nuclear conflict in South Asia. Geopolitical realignments after 1991 dramatically increased India's visibility and potential utility in U.S. security calculations, eventually upgrading the country from a "growing global power with common interests" (as described in President Bush's 2002 National Security Strategy¹²) to a "linchpin" of U.S. strategy extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia (as described in a June 2012 speech by Defense Secretary Leon Panetta¹³). This transformation in Washington's perception of India as a key strategic partner was undergirded by four major U.S. security interests:

- Establishing a stable a balance of power in Asia;
- reducing the threat posed by terrorism and religious extremism;
- curtailing nuclear proliferation in Asia; and
- protecting U.S. economic and political interests in the Asia-Pacific region.

Establishing a Stable Balance of Power in Asia

Perhaps the primary concern for Washington in Asia has been China's growing military capabilities and assertiveness, especially in the South China Sea and potentially into the Indian Ocean region (IOR). Beijing's influence is also expanding in Central Asia and the Middle East. The Obama Administration's 2009 initiative to establish closer cooperation with China through a purported "G2" structure was shelved owing to subsequent developments in Asia, particularly in the South China Sea. China's newly assertive sovereignty claims in that contested region have resulted in heightened tensions between Beijing and its Southeast Asian neighbors, particularly Vietnam and the Philippines. In 2010, tensions escalated to a point where Secretary of State

(...continued)

<http://georgewbush-whitehouse.archives.gov/news/releases/2004/01/20040112-1.html>.

¹⁰ The United States modified export licensing policies and removed the Indian Space Research Organization headquarters from the Entity List. Further adjustments came in August 2005 when six more subordinate entities were removed; another nine were removed by the Obama Administration in January 2011. Indian entities remaining on the list to date are three Department of Atomic Energy entities, and all but two of India's nuclear reactors not under IAEA safeguards.

¹¹ See CRS Report RL33072, *U.S.-India Bilateral Agreements and "Global Partnership,"* by (name redacted).

¹² White House, *The National Security Strategy of the United States of America*, September 2002, at <http://www.state.gov/documents/organization/63562.pdf>.

¹³ "Panetta Says U.S.-India Relations Must Deepen, Grow for Peace," *American Forces Press Service*, June 6, 2012.

Hillary Clinton issued the unprecedented claim that freedom of navigation in the South China Sea is a U.S. “national interest.”¹⁴ Major U.S. allies Japan and South Korea continue to be wary of Beijing even as their trade relations with China increase. September 2012 saw tensions between China and Japan sharply heightened due to a resurgence of competing territorial claims in the East China Sea.¹⁵ Taiwan remains a sensitive issue for Washington and Beijing, even as the latter’s rhetoric has softened in recent years.

An increasingly assertive China can potentially leverage its military clout in a highly fractured geopolitical neighborhood to pose obstacles to the American presence and to the realization of U.S. goals in the region. Any U.S. military withdrawal from the Asia-Pacific would drastically curtail Washington’s economic and political influence. At the same time, steep cuts in the U.S. defense budget preclude any dramatic expansion of the U.S. military presence in the region. The resulting strategy for Washington has been to “pivot” or “rebalance” toward the Asia-Pacific, while strengthening existing alliances and partnerships with countries across Asia. During his mid-2012 trip to Southeast Asia, Defense Secretary Panetta reassured U.S. allies and friends in the region by clarifying the U.S. “rebalance” strategy in order dispel any concerns about a potential American drawdown in the region.¹⁶

Reducing the Threat Posed by Terrorism and Religious Extremism

Islamist terrorism has been a growing threat to the United States in recent decades, peaking with Al Qaeda’s attacks of September 2001. South Asia in particular has been the focus of America’s global counterterrorism efforts. The 2010 White House National Security Strategy identified Afghanistan and Pakistan as the “epicenter of the violent extremism practiced by Al Qaeda”¹⁷ Over the past decade, the United States has deployed combat troops to Afghanistan, peaking at a total of some 100,000 in 2011.¹⁸ It has also spent almost half a trillion dollars on the military and development efforts in that country. The resources focused on combating terrorism in the South Asia region clearly reflect the critical importance the issue holds on the U.S. foreign policy agenda. Even as the United States draws down militarily in Afghanistan, combating terrorism will likely remain a key U.S. policy interest in the region for some time. In the 2011 U.S. National Security Strategy on Counterterrorism, President Obama reiterated the continuing significance of the issue:

¹⁴ At a speech in Hanoi Vietnam, Secretary of State Hillary Clinton remarked that “The United States has a national interest in freedom of navigation, open access to Asia’s maritime commons and respect for international law in the South China Sea.” See July 23, 2010, Statement on the State Department website at <http://www.state.gov/secretary/rm/2010/07/145095.htm>

¹⁵ See CRS Report R42930, *Maritime Territorial Disputes in East Asia: Issues for Congress*, by (name redacted), (name redacted), and (name redacted).

¹⁶ In a June 2, 2012, speech at the Shangri La Security Dialogue, Defense Secretary Leon Panetta remarked that America’s “rebalance” strategy to involve “over the next few years an increase in the number and the size of [U.S.] exercises in the Pacific. [The U.S.] will also increase and more widely distribute port visits, including in the important Indian Ocean region. And by 2020 the Navy will reposture its forces from today’s roughly 50/50 percent split between the Pacific and the Atlantic to about a 60/40 split between those oceans. That will include six aircraft carriers in this region, a majority of our cruisers, destroyers, Littoral Combat Ships, and submarines.” See transcript at <http://www.defense.gov/speeches/speech.aspx?speechid=1681>.

¹⁷ White House, “National Security Strategy,” May 2010, at http://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf.

¹⁸ See also CRS Report RL30588, *Afghanistan: Post-Taliban Governance, Security, and U.S. Policy*, by (name redacted).

Despite our successes, we continue to face a significant terrorist threat from al-Qaida, its affiliates, and its adherents. Our terrorist adversaries have shown themselves to be agile and adaptive; defeating them requires that we develop and pursue a strategy that is even more agile and adaptive.... With an unrelenting focus on the task at hand, and mindful of the challenges still ahead, we will not rest until that job is done.¹⁹

As the largest, most populous and most economically successful country in the region, India is an avid champion of counterterrorism efforts in the region. Cooperation in combating terrorism has been an important pillar of the U.S.-India relationship since 2001. The United States and India share the objective of stabilizing Afghanistan, in order to deny sanctuary for terrorist networks targeting American and Indian citizens and interests. India is currently a key partner of the United States in shoring up support for Afghanistan through foreign aid and long-term strategic agreements with Kabul. Bilateral counterterrorism cooperation has also been strengthened in issue-areas beyond those directly related to Afghanistan, especially in the wake of the 2008 terrorist attack in Mumbai. The targeting of establishments frequented by Westerners in addition to busy local hubs during that attack illustrated the shared interests involved. One U.S. State Department official described Indian commercial centers with a large presence of Americans as “big, squishy targets” for anti-American terrorist groups.²⁰ While there appears to be tremendous potential for collaboration on counterterrorism, contrasting policies toward Pakistan and fundamental differences in bureaucratic systems serve to constrict the depth of cooperation between the United States and India, as discussed in the “Divergent Perspectives on Pakistan Policy” section below.

Curtailing Nuclear Proliferation in Asia

A continuing top-tier U.S. interest lies in halting, or at least slowing, the proliferation of nuclear weapons in South Asia, and in mitigating the potential for nuclear war between India and Pakistan. Proliferation-related U.S. sanctions on both countries were permanently waived in 2001, and the United States implicitly recognized India’s status as a nuclear weapons state through its later endorsement of excepting India from International Atomic Energy Agency (IAEA) and Nuclear Suppliers Group (NSG) guidelines. Still, Washington has a long history of encouraging regional restraint in the proliferation of nuclear arms and systems for their delivery, given the high security risks such proliferation is seen to entail. More broadly, the United States continues to strongly endorse the India-Pakistan peace initiative most recently revived in 2004 as means of normalizing relations between the two countries and so perhaps reducing the destabilizing potential of their nuclear arsenals.

Protecting U.S. Economic and Political Interests in the Asia-Pacific Region

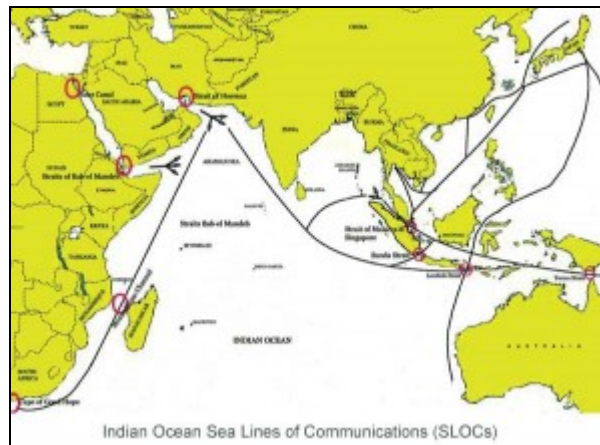
The rise of Asia lies at the heart of Washington’s revaluation vis-à-vis India. Booming Asian economies—and the accompanying spike in demand for energy resources—have prioritized freedom of navigation in the Asia-Pacific region as a key concern for the United States. Asian countries depend heavily on the Sea Lanes of Communication (SLOCs), importing energy from

¹⁹ United States National Security Strategy for Counterterrorism, White House, June 2011.

²⁰ Interview with State Department officials, Washington, DC, June 2012.

the Middle East and trading goods within Asia and across the globe (see **Figure 1**).²¹ The United States is in turn increasingly dependent on Asian markets for trade and investment to sustain and grow its own economy. In the near term, the United States views the Indian Navy as an important partner in maritime policing and disaster relief management in the IOR, which lies at the western gate of the Asia-Pacific arc. The Defense Department's 2010 Quadrennial Defense Review stated that as India's "military capabilities grow, [the country] will contribute to Asia as a net provider of security in the Indian Ocean and beyond."²² India's role in the interdiction of WMD-related transfers, counterterrorism, counter-piracy, and humanitarian relief help to further safeguard U.S. interests in the region. Recent cuts to the U.S. defense budget provide another motive for Washington to share the burden by encouraging collective security measures across the region.

Figure 1. Map of Indian Ocean Sea Lines of Communication



Source: G.M. Hiranandadi, "External Naval Presence in Indian Ocean," *Indian Defense Review*, February 2012.

From a global perspective, India is considered an important global example of successful, large-scale democracy, as well as a potential partner in encouraging the spread of representative political systems. Washington also hopes to enlist New Delhi's voice in support of international human rights norms, particularly in the Asian region. India is also projected to play an important role in the New Silk Road initiative being launched by the current U.S. administration. Linking East and Southwest Asia, India's economic potential and geographic setting are considered key to opening a booming new trade corridor, which the U.S. State Department envisions will have a stabilizing effect on the entire region.²³

²¹ More than 80% of the world's seaborne trade in oil transits the IOR. See David Michel and Russell Sticklor, eds., *Indian Ocean Rising: Maritime Security and Policy Challenges* (Stimson Center, July 2012), at http://www.stimson.org/books-reports/indian_ocean_rising.

²² "US Gives India Policing Power in the Indian Ocean," *Times of India* (Delhi), February 3, 2010.

²³ "The Role of Central Asia in Afghanistan," speech by Assistant Secretary for South and Central Asia Robert Blake, Carnegie Endowment for International Peace, Washington, DC, July 12, 2012.

Current Indian Security Objectives and Defense Posture

India's Defense Posture

Defense Strategy

In the absence of any overarching official security doctrine, information on defense budgeting, military deployments, procurement patterns and government statements and reports are employed here to broadly portray India's defense posture, aspirations, and the reforms being undertaken to achieve these goals.

In recent years, China has increasingly been the central focus of Indian defense planners, a shift from their decades-long Pakistan focus. In May 2012, Defense Minister A.K. Antony informed the Indian Parliament that the government would seek an increase in the slated FY2012/13 defense budget to respond to the "new ground realities and the changing security scenario."²⁴ Many South Asia observers suggest that, in contrast to previous decades, India is now sufficiently confident in its military capabilities vis-à-vis Pakistan. In Washington, a consensus view has emerged that New Delhi is increasingly able to more substantively address other regional security issues beyond the traditional concerns about its rival to the west.²⁵ Foremost among these are posing a credible military deterrent to China; preparing for the possibility of a multi-front confrontation along both the disputed India-Pakistan "Line of Control" (LOC) and sectors of the disputed India-China "Line of Actual Control" (LOAC); and expanding India's naval presence in the IOR. Trends in military planning and procurement reflect recalibrations in New Delhi's calculation of the key threats to its now more expansively defined national interests. However, some say the absence of clear national security objectives combines with largely ad-hoc, wish-list-based planning to continue undercutting the armed forces' ability to effectively coordinate around broader defense aims.

Until recently, India perceived Pakistani military adventurism and state support of terrorism inside India as a top security priority, and for decades has focused on military preparedness for potential conflict with Pakistan. A much-discussed "Cold Start" doctrine, informally aired in 2004, apparently represents an Indian effort to address the escalatory problems posed by Pakistan's nuclear arsenal and the perceived inability of the Indian military to respond effectively to Pakistani provocations in 2002. It calls for the establishment of smooth interservices coordination and forward deployments that would allow for rapid, but limited retaliatory strikes by "integrated battle groups." Some reports indicate that the doctrine has come under criticism from top American military commanders and Administration officials who view it as a source of further India-Pakistan tension and thus as a hindrance to the U.S. military effort in Afghanistan.²⁶ The current status of the "Cold Start" approach in India's military strategy is unclear, particularly

²⁴ "Antony to Seek Hike in Defense Outlay to Counter Twin Threats from Pakistan, China," *Times of India* (Mumbai), May 9, 2012.

²⁵ Interviews with current and former U.S. government officials, Washington, DC, June-August 2012.

²⁶ "Indian Contingency Against Pakistan Worries U.S.," *New York Times*, November 6, 2010.

as discussions on New Delhi's dual-front strategy, as discussed above, have predominated, and also due to changes in the broader geopolitical dynamics.

All three main military services are currently instituting reforms in order to meet India's expanding strategic horizons. The military is moving toward intra- and inter-service network-centric organization aimed at increasing interoperability.²⁷ India also continues to improve its nuclear weapons delivery systems and aims to acquire a triad of land, air, and sea-based nuclear strike options by 2014. The attention of India's army and air force leaders has been shifting steadily to the east; in 2010, the army was given an explicit directive from Defense Minister Antony to prepare for a two-front war.²⁸ According to the 2011-2012 MOD Annual Report, the Indian Army

is fully seized of the security needs of the country as well as the requirement of development of infrastructure in the border areas. Strategically important infrastructure requirements along the Line of Actual Control have been identified and are being developed in a phased manner.²⁹

With its 12th and 13th five-year defense plans (covering the period 2012-2022), India reportedly aims to raise a corps headquarters, two additional offensive mountain divisions, an artillery division, and two armored brigades in the north and east of the country: "These ambitious plans aim to transform the army from a threat-based force to a capability-based force able to conduct the entire spectrum of war including counter-insurgency operations (COIN) and nuclear conflict by 2020."³⁰

The Indian government has authorized the construction of new airbases and "Advance Landing Grounds" in the country's northeast close to China. It is also undertaking significant air force modernization in order to meet its force projection goals. According to the MOD report:

As the [Indian air force or IAF] enters the twelfth Five Year Plan period, [it] is poised to acquire capabilities that would allow it to conduct network centric enabled operations across the spectrum of conflict. Military technological growth poses new challenges and provides unique opportunities to leverage new and current military capabilities in pursuit of national interests. In pursuance of this strategy, IAF in the current year has put in place a blueprint for the entire overhaul of the Air Defense network, acquisition of frontline combat aircraft with state of the art precision weapons and other enabling technologies. It has also bolstered its transport and helicopter fleets....³¹

The other major realignment in India's defense posture is taking place along India's maritime Exclusive Economic Zone of more than two million square kilometers, the greater IOR, and potentially beyond.³² Favorable budgeting signals the growing importance of naval capabilities in New Delhi's security calculus. According to the MOD report, the Indian Navy has been "playing a maritime leadership role in the IOR" and expects to increase its capabilities with the

²⁷ "Navy, Air Force Stage Network-Centric Exercise," *Hindu* (Chennai), February 9, 2012.

²⁸ "Briefing: Defending Delhi, Running the Budgetary Obstacle Course," *Jane's Defense Weekly*, March 9, 2012.

²⁹ See Indian Ministry of Defense Annual Report 2011-2012 at <http://mod.nic.in/reports/AR-eng-2012.pdf>.

³⁰ "Briefing: Defending Delhi, Running the Budgetary Obstacle Course," *Jane's Defense Weekly*, March 9, 2012.

³¹ Indian Ministry of Defense, *Annual Report 2011-2012*, at <http://mod.nic.in/reports/AR-eng-2012.pdf>.

³² In recent years, India's naval presence has been seen in the Mediterranean Sea (e.g., evacuating Indian nationals from Libya) and East of the Malacca Straits (along with energy exploration off Vietnam's eastern coast).

“enforcement of international laws, humanitarian assistance and disaster relief in the [IOR] ... [at] the forefront of our international commitments.” New Delhi’s classified five-year defense plan (covering the period 2012-2017) also reportedly emphasizes the induction of network-centric naval platforms and the building of capabilities to undertake expeditionary operations and achieve force levels needed for “power projection” far from Indian territory.³³ Achieving such capabilities would ideally involve the ability to “dominate” maritime choke points and vital Indian Ocean SLOCs.³⁴ The induction of the nuclear powered submarines is seen as a step toward realizing these ambitious defense goals (in 2012, India became only the sixth country to operate a nuclear-powered submarine).³⁵ India also plans to have a three aircraft-carrier capability in the foreseeable future, with two carriers on order for domestic production.³⁶ In recent years, the IN has increased its presence on Indian Ocean islands such as Lakshadweep and Andaman and Nicobar; the latter strategically located archipelago extends to within 150 miles of Indonesia’s Sumatra Island and is not much farther from the Malacca Straits (see **Figure 2**).³⁷

In addition to realignments in the army, navy, and air force, domestic security forces are also undergoing significant reform after the 2008 terrorist attacks in Mumbai. India’s Coast Guard (ICG) is being thoroughly revamped and reinforced. It is now responsible for policing India’s 7,517 km-long coastline, 1,197 island territories and 2 million km² Exclusive Economic Zone against pirates and militant intrusion, among other threats.³⁸ A recently launched National Maritime Domain Awareness Project includes boosting infrastructure, introducing a networked coastal surveillance system; acquiring platforms for the ICG, IN, coastal police forces and other maritime agencies; and developing the National Command Control Communication and Intelligence infrastructure, which will link some 51 navy and Coast Guard nodes.³⁹ The ICG has begun instituting reforms but continues to face obstacles with procurement. The central government has also attempted to reform land-based security forces, including state-controlled police forces, and intelligence agencies. Efforts to establish a National Counter Terrorism Center to coordinate various intelligence agencies have been strongly resisted by various national intelligence agencies, as well as state governments, which hold primary jurisdiction over local law enforcement.⁴⁰ State governments have also resisted reforms prescribed by the central government and state police forces continue to be poorly equipped and trained.⁴¹

³³ “12th Defence Plan: Focus on Navy’s ‘Expeditionary’ Ops,” *Indian Express* (Delhi), May 4, 2012.

³⁴ “Rising Tide—India’s Naval Expansion Strategy,” *Jane’s Intelligence Review*, July 5, 2012.

³⁵ *Ibid.*

³⁶ See Amer Latif, U.S. India Defense Trade: Opportunities for Deepening the Partnership, Center for Strategic and International Studies, June 2012.

³⁷ “Rising Tide—India’s Naval Expansion Strategy,” *Jane’s Intelligence Review*, July 5, 2012.

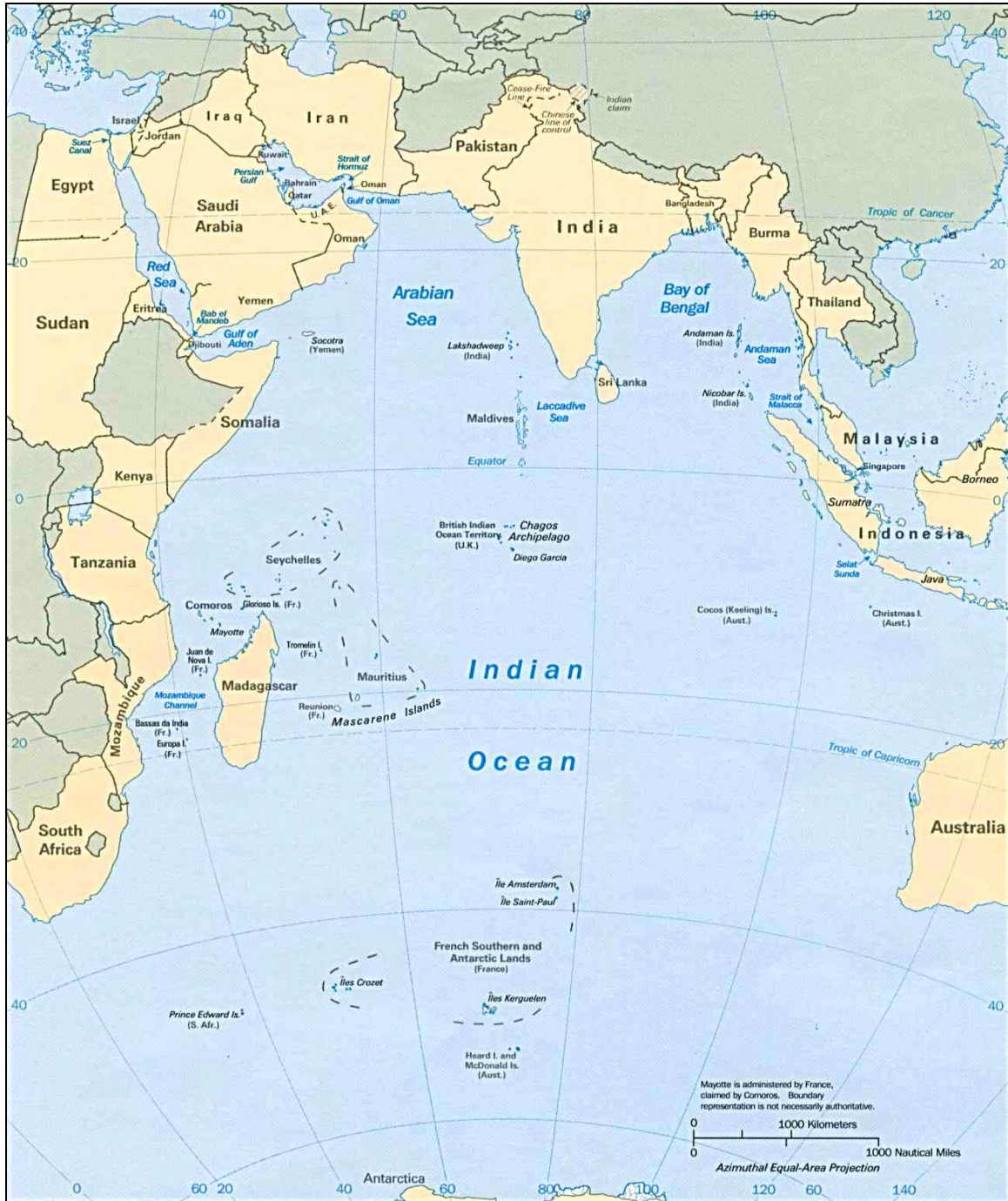
³⁸ *Ibid.*

³⁹ “India’s 20/20 Vision: Coastguard Joins the Premier League,” *Jane’s Navy International*, April 26, 2012.

⁴⁰ See C. Christine Fair, “Prospects for Effective Internal Security Reform in India,” *Commonwealth and Comparative Politics*, Vol. 50, No. 2, April 2012.

⁴¹ *Ibid.*

Figure 2. Map of the Indian Ocean



Source: Adopted by CRS from open-sources.

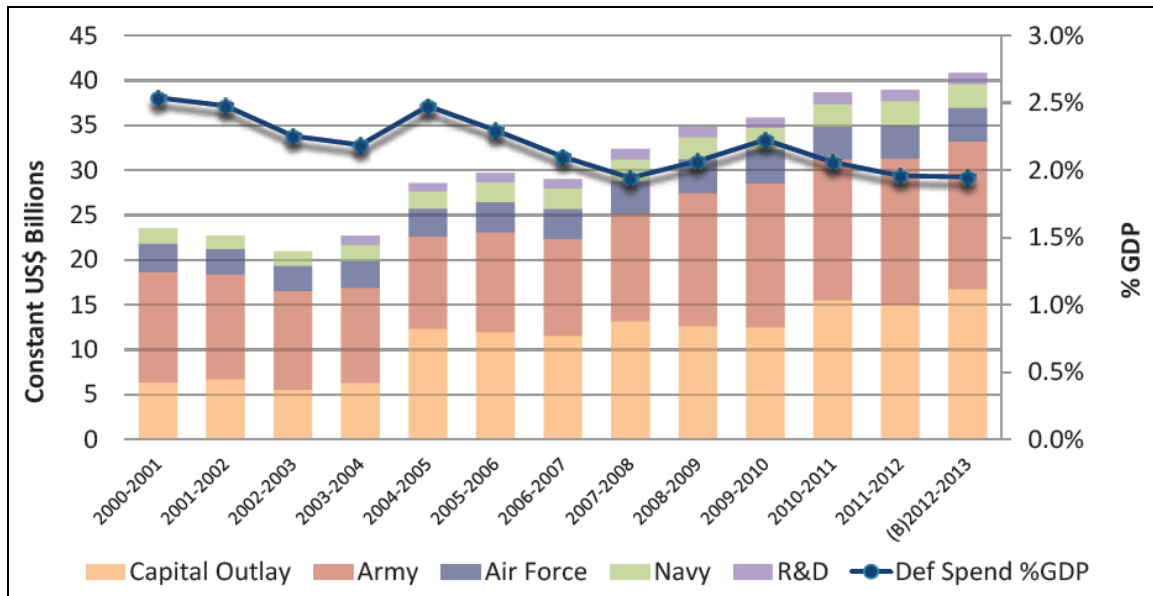
Considerable challenges plague the transformation of India’s military and domestic security forces in their efforts to achieve the ambitious defense posture outlined above. One important obstacle arises from the poor condition of current equipment and the insufficient pace of both indigenous and foreign procurement. A leaked letter to the Prime Minister in March 2012 by then-Army Chief V.K. Singh controversially aired the issue in public. Additionally, numerous interviews with Indian analysts suggest a widespread frustration with sub-optimal consultation

between the armed forces and the civilian administration, which is said to undermine urgently needed cooperation on defense planning.⁴²

Defense Budget

In 2011, India ranked as the sixth largest military spender in the world, accounting for 2.8% of total global military spending (by comparison, the United States was the largest military spender at 41%, followed by China at 8.2%).⁴³ India remains South Asia's biggest defense spender by a large margin, accounting for more than three-quarters of regional spending in 2011 (Pakistan accounted for about one-eighth).⁴⁴ New Delhi allocated just under \$40.5 billion for defense expenditures in its FY2012/13 budget.⁴⁵ This represents a nominal increase of about 18% over the previous year's level. In real terms, the increase would be partially mitigated by high rates of inflation and year-end upward revision of the FY2011/12 defense budget. As **Figure 3** below suggests, the FY2012/13 budget allocation marks a full decade of steadily increased defense spending, despite the global economic downturn and India's own economic slowdown since 2010.⁴⁶ Such robust growth in India's defense spending signals New Delhi's confident re-evaluation of the country's security needs in order to protect and support a growing economy.

Figure 3. India's Defense Spending



Source: Government of India, Union Budget and Economic Survey data adopted by Amer Latif, "U.S. India Defense Trade: Opportunities for Deepening the Partnership," Center for Strategic and International Studies, June 2012.

⁴² Author interviews, Washington, DC, June-August 2012. Also see Anit Mukherjee, "Failing to Deliver: Post-Crisis Defense Reforms in India, 1998-2010," Institute of Defense Studies and Analysis Occasional Paper, March 2011.

⁴³ Background paper on "Recent Trends in Military Expenditure for 2011," SIPRI, April 2012 at <http://www.sipri.org/research/armaments/milex/resultoutput/trends>.

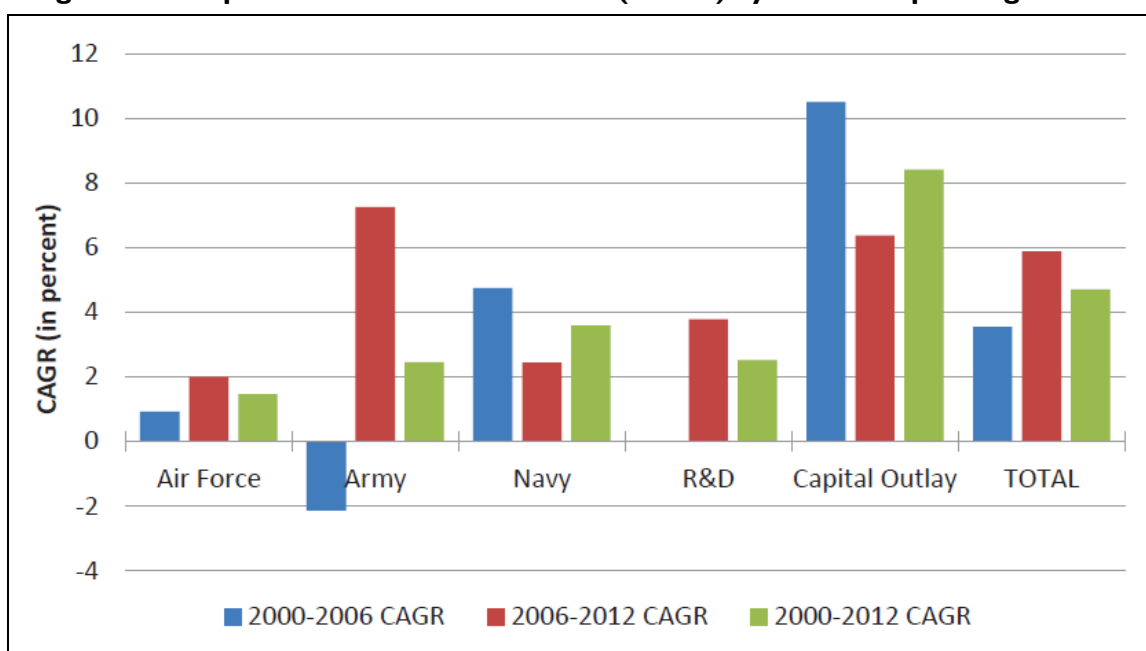
⁴⁴ *The Military Balance 2012* (Institute for International and Strategic Studies, London, 2012).

⁴⁵ Based on the average exchange rate for 2011-2012 through March 15, 2012. This is about 2.1 trillion Indian rupees.

⁴⁶ See SIPRI Military Expenditure Database at <http://milexdata.sipri.org>.

Given India's historic status as a land power, and its longstanding focus on territorial disputes with Pakistan and China, the Indian Army has traditionally received the bulk of the overall defense budget. For FY2012/13, the army was allocated fully half of all funding, followed by the IAF at 25% and the Navy at 19% (the Defense Research and Development Organization, or DRDO, receives about 6% of the budget). Over the past decade, and in pursuit of power projection capabilities as noted above, there has been a gradual shift of focus favoring the Indian Navy. The FY2012/13 defense budget boosted IN funding by 4% of the overall share, while that for the army and air force decreased by 1% and 4%, respectively. The IN budget alone has grown 37-fold over the past 25 years, from \$181 million in 1987 to some \$6.8 billion in 2012.⁴⁷ The total defense budget increased 14-fold over the same period (**Figure 4** below, generated with information provided by the Indian government, offers an alternative analysis suggesting similar trends discussed here).⁴⁸

Figure 4. Compound Annual Growth Rates (CAGR) by Defense Spending Account



Source: Government of India, Union Budget & Economic Survey data adopted by Amer Latif, "U.S. India Defense Trade: Opportunities for Deepening the Partnership," Center for Strategic and International Studies, June 2012.

The budget is broadly divided into revenue and capital spending. Revenues include personnel salaries, maintenance, and transportation for all three services. Capital funds are allocated for defense equipment procurement, which is of particular relevance to U.S. and foreign defense vendors. A large chunk (estimated at 40%) has reportedly been spent on capital outlays in recent years.⁴⁹ A service-by-service breakdown of the FY2012/2013 capital expenditure allocates 38%

⁴⁷ Laxman K Behera, "India's Defense Budget, 2012-2012," *Institute of Defense Studies and Analysis*, March 20, 2012.

⁴⁸ "Rising Tide—India's Naval Expansion Strategy," *Jane's Intelligence Review*, July 5, 2012.

⁴⁹ Ibid.

(\$6.4 billion) to the air force, followed by 31% (\$5.2 billion) to the navy and 24% (\$4 billion) to the army.⁵⁰ For a multi-year breakdown of capital outlays for 2004-2013, see **Figure 5** below.

Overview of India's Defense Inventory⁵¹

With more than 1.3 million active personnel, India's is the world's third-largest military (after China and the United States).⁵² India is in the midst of transforming its military into one with extra-regional and even global reach. This has meant increased emphasis on modern naval and air assets to better project Indian power. Historically, the Indian military has fought primarily land-based conflicts. India and Pakistan fought full-scale wars over Kashmir in 1947-1948 and 1965. In 1971, India intervened to side with East Pakistan (now Bangladesh) in Pakistan's secessionist war. In 1999, India and Pakistan engaged in a small-scale war in Kargil, located near the Kashmiri LOC. Beyond these violent conflicts with Pakistan, India fought and lost a brief, but furious, war with China in 1962. India also sent peacekeeping troops to Sri Lanka in 1987, a force that ultimately became embroiled in a counterinsurgency campaign against local Tamil militant groups (New Delhi withdrew those forces in 1990). India is a leading contributor of troops for U.N. peacekeeping operations around the world. Since 1950, India has participated in 45 out of the total 69 U.N. missions, involving more than 165,000 Indian soldiers. As of December 2012, 7,839 Indian troops and police officers were deployed on U.N. peacekeeping missions.⁵³

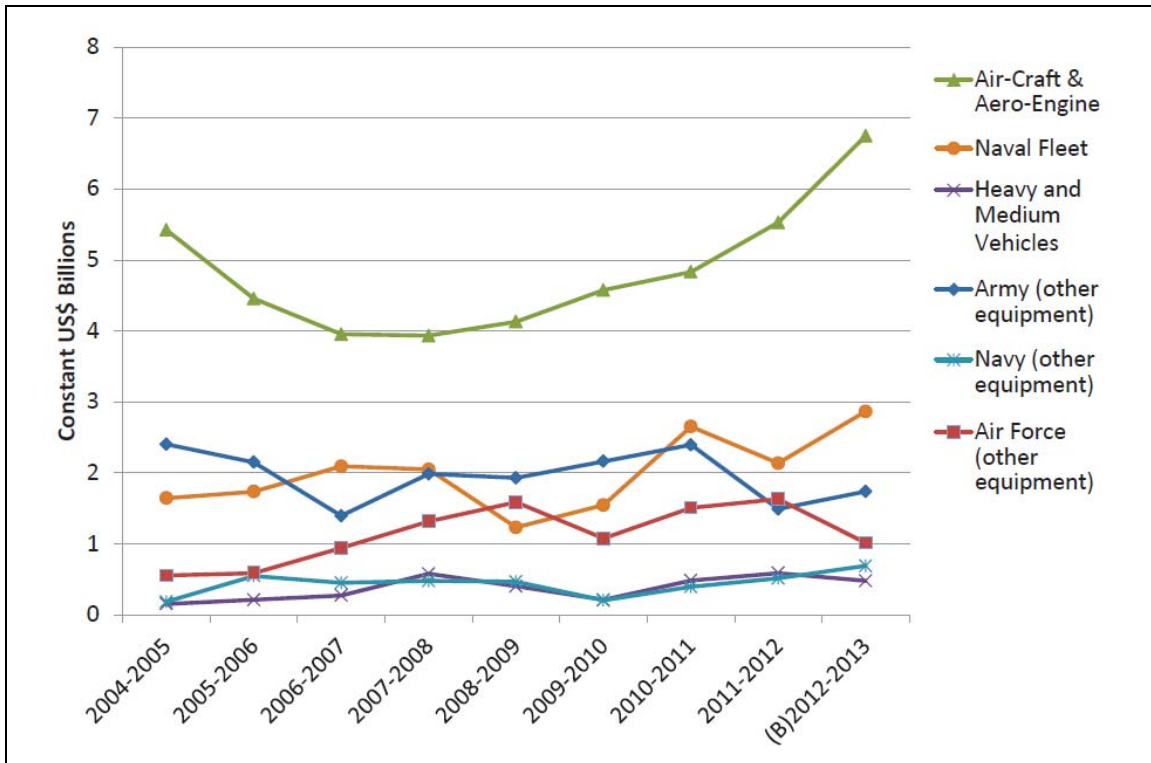
⁵⁰ Laxman K Behera, "India's Defense Budget, 2012-2012," Institute of Defense Studies and Analysis, March 20, 2012.

⁵¹ The bulk of the information in this section is culled from *The Military Balance 2012* (International Institute for Strategic Studies, London, 2012).

⁵² Additional paramilitary forces number roughly another 1.3 million, with the Home Ministry overseeing most of these, notably the State Armed Police (450,000), the Central Reserve Police Force (230,000), the Border Security Force (208,000), the Rashtriya Rifles (65,000), the Assam Rifles (64,000), and the Indo-Tibetan Border Police (36,000). A total of 23 new paramilitary battalions were raised in 2011.

⁵³ See <http://www.un.org/en/peacekeeping/resources/statistics/contributors.shtml>.

Figure 5. India's Capital Outlay Expenditures by Category



Source: Government of India, Union Budget & Economic Survey data adopted by Amer Latif, "U.S. India Defense Trade: Opportunities for Deepening the Partnership," Center for Strategic and International Studies, June 2012.

The Indian army, comprised of 1.13 million active duty personnel, operates some 3,300 main battle tanks (the vast majority of them Russian-built T-72s and outdated T-55s, but also including at least 444 modern T-90s, along with 124 indigenously designed *Arjuns*); 3,000 towed artillery tubes; 1,500 armored infantry fighting vehicles; and 232 multirole helicopters. The army is also in the process of fortifying its eastern border areas. To date, two mountain infantry divisions—comprising 40,000 personnel—have been raised in the northeastern states of Nagaland and Assam for deployment along the LOAC. There are plans to arm at least two new regiments along this frontier with the *BrahMos* land attack cruise missile by 2017; this would make India's army the first in the world to induct supersonic missiles. The MOD is also pushing for the development of roads, bridges, helipads, and 14 railway lines which will facilitate access to the LOAC.⁵⁴

India's navy has grown rapidly in recent years, currently operating 21 principal surface combatants (1 aircraft carrier, 10 guided-missile destroyers, 10 missile frigates) and 15 tactical submarines, one of which is a nuclear-powered acquisition from the Russian Navy. There are more than 60 patrol and coastal combatants, nearly half of them missile-capable corvettes (the coast guard operates another 63 smaller patrol boats). The IN also has a significant amphibious capacity: 17 landing ships (the largest acquisition from the U.S. Navy) can carry 4,000 troops or 88 tanks. The navy is developing an indigenous nuclear-powered attack submarine (INS *Arihant*) to be armed with nuclear-tipped cruise missiles, as part of its "sea-based strategic deterrence."⁵⁵ A

⁵⁴ "Mirrored Maneuvers: India and China," *Jane's Defense Weekly*, May 24, 2012.

⁵⁵ The indigenously-built *Arihant* is expected to be commissioned into the IN by the middle of 2013. Its acquisition (continued...)

naval air wing is comprised of 31 combat capable aircraft, including 11 advanced MiG-29 *Fulcrum* fighters, 11 *Sea Harrier* ground attack jets, and 9 Russian-built anti-submarine warfare platforms.

The Indian air force (IAF) flies 798 combat-capable aircraft. Of these, 698 are ground attack jets, more than one-third of which are deteriorating Russian-built MiG-21s, but also including 153 late-model Su-30 MKI *Flankers*, as well as 52 French-built *Mirage* and 106 Anglo-French *Jaguar* aircraft (the MiG-21s are to be phased out by 2017). The 64-plane fighter fleet is entirely MiG-29 *Fulcrums*. The IAF also possesses modest airborne early warning (AEW) and in-flight refueling capabilities, the latter provided by six Russian-made Il-78 *Midas* tankers. Russian-built Il-76 platforms have been fitted with advanced Israeli-supplied suites to provide three *Phalcon* airborne AEW planes. In 2009, the IAF deployed Su-30MKIs to an area in the northeast of the country that adjoins Tibet and upgraded its high-altitude airstrips along the LOAC. These airfields are to also support operations by the newly acquired, U.S.-built C-130J *Super Hercules* and heavy-duty C-17 *Globemaster III* airlifters currently being delivered by U.S.-based Lockheed Martin and Boeing, respectively. A joint air defense center is also slated for the area.⁵⁶

The Indian Army Strategic Forces Command oversees as many as 180 intermediate-range *Agni* and 280 short-range *Prithvi* ballistic missiles capable of delivering nuclear warheads. India is reported to possess up to 100 nuclear warheads, according to most public estimates, and is believed to continue to produce weapons-grade plutonium.⁵⁷ In early 2012, India successfully launched the *Agni V*, a long-range ballistic missile capable of carrying nuclear warheads more than 3,100 miles. This missile now allows India to target China's eastern population centers, a development heavily publicized by the Indian media and noted with great interest in Beijing.

In May 2012, DRDO reportedly announced its readiness to launch Phase 1 of its anti-ballistic missile (ABM) defense system. Its current ABMs are reportedly able to target 2,000-km range incoming missiles and can be deployed over two cities, which are yet to be chosen. India plans to have an ABM system capable of targeting 5,000 km range missiles by 2016.⁵⁸ Some analysts have argued that, although the tests have been successful, the controlled testing parameters have not adequately considered potential ABM-evading technology and real-time contingencies. Furthermore, a well-functioning ABM system is heavily dependent on infrastructure ranging from high-tech competencies related to communication and surveillance and basic inputs such as a constant stream of electricity, both of which India is still seeking to build and secure.⁵⁹ As part of the missile defense program, the DRDO announced the development of anti-satellite (ASAT) weapons capabilities.⁶⁰

(...continued)

would establish the third leg of India's triad (land-air-sea) nuclear deterrence capability. However, current plans are for this platform to be armed with nuclear missiles with a range of only 435 miles, considered "highly inadequate" by some senior IN officials. See "Rising Tide—India's Naval Expansion Strategy," *Jane's Intelligence Review*, July 5, 2012.

⁵⁶ "Mirrored Maneuvers: India and China," *Jane's Defense Weekly*, May 24, 2012; "Antony to Seek Hike in Defense Outlay to Counter Twin Threats from Pakistan, China," *Times of India* (Delhi), May 9, 2012.

⁵⁷ See the Arms Control Association fact sheet at <http://www.armscontrol.org/factsheets/Nuclearweaponswhohaswhat>.

⁵⁸ "India Plans Deployment of Anti-Missile Defenses," *Jane's Missiles and Rockets*, May 18, 2012.

⁵⁹ "Experts Question India Missile Defense System," *Global Security Newswire*, May 14, 2012.

⁶⁰ "Briefing: Space Invaders," *Jane's Defense Weekly*, March 3, 2011.

Overview of India's Defense Procurement System

India's defense procurement process faces systemic challenges rooted in poor practices for identifying and approving needed equipment. Understanding the factors that influence the defense procurement system in India helps put in perspective the current state of military armament and the defense trade environment.

An embarrassing defeat in the 1962 Indo-China war jolted New Delhi into focusing on the development of a self-reliant defense industry. Six decades later, the sector is rife with inefficiency and corruption. Nuclear-related international sanctions and technology control regimes compelled Indian industries to seek greater self-sufficiency and nudged the country's indigenous production capabilities toward particular high-profile items such as missile and nuclear technology. In recent years, defense procurement has again emerged at the center of the defense reform debate in India, emphasizing domestic production capabilities. In a July 2012 meeting with DRDO officials, Prime Minister Singh reportedly urged scientists there to "take a hard look at the pipeline of projects and focus time and material resources on selected areas where [India] has demonstrated capacity to deliver projects within reasonable time and cost."⁶¹ Despite such remonstrations, corruption, bureaucratic delays, and inefficiencies in the procurement and production process are seen to severely impair the modernization process and routinely result in undisbursed allocations.

India reportedly produces only about one-third of its defense equipment, far short of the 70% self-reliance target set in the 1990s.⁶² One account suggests that a goal of around 45% in domestic production would be more favorable for New Delhi's needs.⁶³ As a result, and given newfound resources with the economic boom of the past decade, India has emerged as the world's leading weapons importer.⁶⁴

According to the Stockholm International Peace Research Institute, India accounted for fully 10% of the world's total arms imports from 2007 to 2012, and the country is likely to remain the top weapons importer for the foreseeable future.⁶⁵ India's capital defense budget through 2025 has been estimated at \$200 billion; most projections foresee India spending up to \$60 billion on new defense-related purchases over the next six years.⁶⁶

In the absence of formalized national security objectives, each of the major military services projects its own requirements based on criteria independent of integrated defense assessments. This system essentially boils down, in 5- or 15-year plans, to service-specific "wish lists." Defense spending is further subject to negotiations between the MOD and the Ministry of Finance (MOF), both of which tend to be dominated by domestic political considerations rather than by

⁶¹ Indian Prime Minister Manmohan Singh's Address at the Defense Research and Development Organization Award Function, Indian Prime Minister's Office website, July 31, 2012.

⁶² See Laxman Behera, "Defense Planning in India," *Journal of Defense Studies*, Vol. 4, No 3, July 2010.

⁶³ Interview with Indian defense analyst Balachandran Gopalan affiliated with the Institute of Defense Studies and Analysis in Washington, DC, July 2012.

⁶⁴ SIPRI press release, March 14, 2011.

⁶⁵ Ibid. See also CRS Report R42678, *Conventional Arms Transfers to Developing Nations, 2004-2011*, by (name redacted) and (name redacted).

⁶⁶ *The Military Balance 2012* (Institute for International and Strategic Studies, London, 2012).

strategic calculations. The armed forces' limited participation in the process is also seen to result in suboptimal decision-making in the civilian MOD.⁶⁷

The “alarming” condition of the Indian army grew highly controversial when, in March 2012, outgoing Army Chief General V.K. Singh presented a litany of equipment shortfalls seen to be eroding force preparedness. Featured on the list was an army “devoid of critical ammunition to defeat enemy tanks”; an air defense system that was “97% obsolete”; and a lack of adequate weaponry for infantry and special forces battalions.⁶⁸ In response, the MOD established three “empowered committees” headed by senior MoD and Indian Army officials to accelerate procurement.⁶⁹ The sudden push may have resulted in the long overdue acquisition of 145 M777 Howitzers from the United States, with plans to acquire and deploy another 300-400 along the LOAC.⁷⁰ Plans to buy howitzers were first derailed 25 years ago due to the “Bofors” arms procurement corruption scandal, so damaging that it brought down a government.⁷¹

Other Indian major army procurements earmarked for FY2012/13 include an indigenous program to develop and build a Tactical Communication System for network-centric competence; 133 Light Utility Helicopters; 2,600 locally designed and built Futuristic Infantry Combat vehicles (FICVs); and artillery purchases of 400 towed 155mm artillery guns and 100 155mm self-propelled tracked guns.⁷² The army has already ordered 347 of the latest Russian T-90 tanks (with another 1,000 such tanks to be built in India under a technology-sharing agreement) and upgrades on 600 existing T-72s. The bulk of the listed procurements will go toward the replacement of outdated equipment. Despite the recent boost in procurement, reportedly senior army officers have said that “acquisitions remain entangled in the MoD's bureaucratic web and hindered by uncertainty in the decision-making process.”⁷³

The Indian Navy's procurement performance similarly appears to be realizing mixed results. Since the 1960s, its indigenous ship-building capacity has grown steadily. The IN expects to induct five ships every year over the next six to seven years.⁷⁴ However, in the build-up process, the IN fleet is projected to drop from its current strength of 150 to 70 before rising back to a target of 200 platforms.⁷⁵ Some observers predict that, by 2014-2015, India's sub-surface fleet may decrease to an “alarming” 5-6 from its current fleet of 16 and well below a sanctioned strength of 24.⁷⁶ The IN has also begun investing in maritime reconnaissance capabilities, particularly Boeing's P8-I. Nonetheless, naval weapons systems and aircraft are mostly imported, a fact largely overlooked in most reviews of the navy's domestic production.⁷⁷ An additional

⁶⁷ See Laxman Behera, “Defense Planning in India,” *Journal of Defense Studies*, Vol. 4. No 3. July 2010.

⁶⁸ “Army Chief's Letter to PM: General V. K. Singh Exposes Chinks in Armor,” *Times of India* (Delhi), Mar 29, 2012.

⁶⁹ “MOD Panel to Fast-Track Changes,” *Indian Express* (Mumbai), April 18, 2012.

⁷⁰ “India Order 145 M777 Ultra-Light Howitzers from BAE Systems,” *IBN Live* (New Delhi), May 11, 2012.

⁷¹ Ibid. The Bofors Scandal involved bribes paid to Indian government officials in 1986 on a procurement of 400 howitzers from Swedish company AB Bofors, a procurement that was later cancelled. The scandal is widely viewed as having been a significant factor in Prime Minister Rajiv Gandhi's 1989 electoral defeat.

⁷² See Frost Sullivan, “Indian Budget 2012-13: Aerospace and Defense Highlights,” *Defensetalk.com*, May 10, 2012.

⁷³ “Briefing: Defending Delhi, Running the Budgetary Obstacle Course,” *Jane's Defense Weekly*, March 9, 2012.

⁷⁴ “Rising Tide—India's Naval Expansion Strategy,” *Jane's Intelligence Review*, July 5, 2012.

⁷⁵ Amer Latif, Center for Strategic and International Studies, June 2012.

⁷⁶ See Iskander Rehman, “Deflecting the Assassin's Mace: The Pentagon's New AirSea Battle Concept and Its Strategic Relevance to India,” IDSA Issue Brief, July 7, 2010.

⁷⁷ Uday Bhaskar, “Indian Navy Afflicted with Common Defense Disease: Hopelessly Low Indigenization and Criminal (continued...)”

order of 12 *Poseidons* is under discussion. Overall, the IN plans to acquire 500 aircraft and helicopters, 100 of which would be combat fighter jets.⁷⁸

Big-ticket platforms soon to be commissioned by the IN include the nuclear-powered attack submarine *Arihant*, six French-built *Scorpene* submarines to be delivered between 2015-2017, and the aircraft carrier INS *Vikramaditya*—the refurbished Russian *Admiral Gorshkov* that has faced persistent delays and huge cost overruns that have repeatedly pushed back the expected delivery date. All three of these platforms are either imported or built under technology-transfer agreements. Drawn-out renegotiations have significantly delayed the production and deliveries.

The IAF faces its own set of major procurement challenges, especially with regard to reducing delays in modernizing its aging Russian-built fleet. The service is urgently upgrading and augmenting its current fleet of fighter aircraft to fill the anticipated gap when its ageing MiG-21s are retired. In early 2012, the French-made Dassault *Rafale* medium multirole combat aircraft (MMRCA) was selected for the IAF; 126 are to be purchased at a cost of at least \$12 billion, with the great majority planned to be co-produced under license in India. However, disagreements on pricing are already causing delays. The leading Defense Public Sector Undertaking (DPSU), Hindustan Aeronautics Limited, has also entered an agreement with Russia to build 200-300 fifth generation fighter aircraft in a deal worth \$35 billion.⁷⁹ Apart from fighter jets, the IAF is in the process of acquiring trainer aircraft, helicopters, and transport aircraft. As noted above, it recently inducted six Lockheed Martin C-130J *Super Hercules* transport planes from the United States (a contract for another six is currently under consideration), and has purchased ten Boeing C-17 *Globemaster III* heavy transport aircraft. In line with other services, the IAF is in the process of establishing an integrated network-centric communications system and boosting its overall reconnaissance capabilities.⁸⁰

In early 2011, the MOD unveiled its first Defense Production Policy, which prioritizes indigenous design, development and manufacture of defense equipment.⁸¹ Currently, DPSUs are reported to supply the bulk of needs of the military, paramilitary, and police, which include most wheeled vehicles, small arms, light artillery and communications systems.⁸² Nonetheless, bureaucratic lethargy, corruption, and public sector inefficiency are commonly faulted for poor performance of DPSUs. The recent reform process has been gradual, but still yielding to pressures on the government to improve procurement and production performance. While Indian DPSUs undertake joint-production ventures under license with a number of foreign defense firms, indigenous production still lags in designing and building complex indigenous systems, particularly weapons systems. In the naval sector, procurements of foreign ship designs for domestic production have run into obstacles reportedly attributed variably to export control regulations or pricing.⁸³ Apart from the navy, results are similarly mixed. India's missile

(...continued)

Cost Overruns," *Economic Times* (Mumbai), August 31, 2012.

⁷⁸ K.B. Menon, "Evolution of the Air-to-Air Missiles: Options for the IAF," *India Defense Review*, April-June 2012.

⁷⁹ "Antony to Seek Hike in Defense Outlay to Counter Twin Threats from Pakistan, China," *Times of India* (Delhi), May 9, 2012.

⁸⁰ "Indian MoD Approves Deals Worth \$3.5 Billion," *Jane's Defense Industry*, June 26, 2012.

⁸¹ See Bharath Gopalaswamy and Guy Ben-Ari, "India's Defense Production Policy: Challenges and Opportunities," CASI University of Pennsylvania, August 1, 2011.

⁸² Woolf Gross, "U.S.-India Defense Trade: Sizing Up the Competition," *India Defense Review*, April-June 2012.

⁸³ Interview with U.S. Pentagon Naval Official, Washington, DC, August 2012. See also "Private View: India's Naval (continued...)

technology production has been steadily improving marked by the induction of supersonic *BrahMos* cruise missiles and the planned induction of the Agni V. The Indian Space Research Organization (ISRO) is also making headway, albeit gradually, in satellite technology that is intended to support the shift to network-centric warfare. DPSU Hindustan Aeronautics Limited continues to struggle with the roll out of the long-awaited Light Combat Aircraft *Tejas*, which has been in production for about 25 years. The final version will have a General Electric engine. Both of India's indigenous tank projects were abandoned for cheaper more advanced Russian versions. The *Dhruv* helicopter stands out as one of the few big-ticket domestic success stories, even as it has a French turbo-shaft.⁸⁴

Most recently, New Delhi has been seeking to reform the domestic defense reform sector by allowing entry of Indian private firms into the defense sector through investment-based joint ventures with public undertakings, as well as through direct production. Domestic private firms are still trying to gauge New Delhi's seriousness with regard to privatization, particularly in light of mixed signals emanating from Indian government agencies.⁸⁵ One area of emerging uncertainty has been the competitiveness of local private companies with existing foreign investment, well under the stipulated 26% limit. By one account, the recent rejection of a Mumbai-based private shipyard is indicative of India's Foreign Investment Promotion Board's (FIPB) tendency to "reject a considerable percentage of bids due to concerns over FDI and related restrictions associated with ownership and control over the bidder."⁸⁶ As of mid-2012, it appeared that the FIPB was approving more joint ventures under current FDI structures, albeit after considerable delays and rejections earlier in the year. The successful entry of the private sector into India's defense production sectors appears to be largely dependent on the government's willingness to provide incentives and implement level competitive processes for private companies to enter a sector traditionally occupied by large government-funded DPSUs.

Many analysts predict that, absent major policy and organizational adjustments, India's current efforts to modernize its armed forces will marginally impact the country's overall capacity to address security threats. Among the recommended changes are development of a more transparent and efficient procurement process, creation of a new Chief of Defense Staff position (to better integrate inter-services planning), and the opening of India's defense research agencies to greater oversight.⁸⁷

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Shipbuilders Confront Old Inefficiencies," *Jane's Navy International*, August 23, 2012.

⁸⁴ Woolf Gross, "U.S.-India Defense Trade: Sizing Up the Competition," *India Defense Review*, April-June 2012.

⁸⁵ With regard to joint ventures (JVs) with DPSUs, the Indian navy has been the first to move forward on the process. DPSU Mazagoan Docks Ltd. and Pipavav Ltd. entered into the first ever investment-based public-private JV in India in May 2012. Shortly after, Larsen & Toubro Shipbuilding entered into a JV to build submarines. Currently, public-private partnerships are said to be 50:50 joint ventures with DPSUs retaining key decision making powers ("India Refuses Naval Construction Bid from Bharati Shipyard," *Jane's Navy International*, November 28, 2012).

⁸⁶ "India Turns Down Naval Construction Bid from Bharati Shipyard," *Jane's Defense Industry*, November 28, 2011. See also Gaurav Karnik, ed., *Doing Business in India* (Ernst & Young India, Guragon, 2011).

⁸⁷ See Stephen Cohen and Sunil Dasgupta, "The Drag on India's Military Growth," *Brookings Institution Policy Brief* #176, September 2010.

India's Main Security Objectives

As has been noted above, India's overarching security objectives do not always jibe with those of the United States, even as basic values and goals are clearly shared. As a developing country with myriad problems rooted in over-population, poverty, and resource shortages, India's perspective on international security emphasizes the country's acute desire for a pacific external environment in which it can concentrate on improving its people's domestic condition. In a September 2012 speech, Indian External Affairs Minister S.M. Krishna asserted that,

[T]he foremost priority of Indian foreign policy is to create a favorable external environment for the pursuit of collective prosperity and the individual welfare of all Indian people.... [In order to achieve this prosperity, India] needs an equitable and open trading system, a stable financial system, secure energy supplies, and food security.

He added that India's political establishment was in agreement that "[a] commitment to internationalism, independence of judgment in the conduct of external relations, support to the democratization of the world order and contributions to the maintenance of international peace and security" lies at the core of Indian foreign policy.⁸⁸ As analysts tend to differ somewhat on the prioritization of Indian security interests, four major security objectives are discussed below, in rough order of their geographic proximity to India:

- India's periphery and regional security;
- Asian power balances;
- securing channels to West Asia; and
- global security interests.

India's Periphery and Regional Security⁸⁹

India is the largest country on the Asian subcontinent by landmass, population, and economy. India's great power aspirations are unlikely to be met if New Delhi is unable to manage relationships in its own neighborhood. In a 2009 speech, former Foreign Secretary and current Indian Ambassador to the United States Nirupama Rao summarized the importance of stability in South Asia to India's prosperity:

That we strive for a peaceful and stable neighborhood and for building peaceful and mutually beneficial relations with our neighbors goes without saying. This is an issue of critical importance since in the absence of such a neighborhood, our efforts to play any substantive regional or global role, in accordance with our size and economic strength, and also our unhindered economic development would stand to be affected. Therefore, having a peaceful and stable neighborhood is one of our top most foreign policy goals.⁹⁰

⁸⁸ Speech by Indian External Affairs Minister S.M. Krishna at the Brown-Indian Initiative Inauguration, Brown University, September 28, 2012. See the video at <http://vimeo.com/51218205>.

⁸⁹ For broader discussion, see CRS Report RL33529, *India: Domestic Issues, Strategic Dynamics, and U.S. Relations*, coordinated by (name redacted).

⁹⁰ Keynote address by then-Foreign Secretary and current Indian Ambassador to the United States Nirupama Rao at IDSA conference on "South Asia 2020: Moving Towards Cooperation or Conflict?," November 4, 2009.

The deeply intertwined cultural, political, and geographic characteristics of the region compel India to pursue peaceful relations with its neighbors in order to sustain its own rise. New Delhi's ability to establish and maintain predominant power in a stable region is viewed by Indian leaders as being vital to achieving a peaceful and predictable environment in which it can prosper. In promoting an amicable regional environment, three major factors appear to shape New Delhi's policies: the impact of regional dynamics on India's domestic security challenges; China's growing influence in the subcontinent; and the persistent threat posed to India by political instability in its neighbors.⁹¹

Domestic Security Challenges in a Regional Context

Since the time of independence, New Delhi's control of large swaths of Indian territory has been threatened by multiple secessionist movements and insurgencies. These lapses in the center's ability to establish and sustain the state's full writ remain a significant security threat to the country.⁹² At present, conflicts in the Jammu and Kashmir and northeastern states, and in the Maoist or so-called "Red corridor" in inland eastern India, constitute the most pressing domestic security challenges. Additionally, communal rifts, especially along the Hindu-Muslim divide, continue to provide ample fodder for political agitation and violence. Beyond security threats arising due to domestic grievances, trans-regional and global terrorist networks also pose important security concerns for New Delhi.

In the context of political stresses and instability at home, India's periphery tends to be critical in its potential to provide safe haven or other support to anti-government elements within the country. The continuing structural deficiencies of central and state law enforcement, counterterrorism, and counterinsurgency forces leave Indian planners feeling vulnerable and insecure, even despite (slowly and only partially implemented) reforms following the 2008 Mumbai terrorist attack. One analyst argues that, "India's vulnerabilities ... tempt her enemies—both internal and external—to repeated and sustained misadventures, [making them] the single most critical factor that underpins major security threats that confront India."⁹³ Ambassador Rao provided a description of this intertwining in her 2009 policy speech:

There is also a need to recognize that our relations with immediate neighbors in South Asia also have a clear domestic dimension. For example, our relations with Myanmar need to take into account the presence of tribal groups across our borders that can influence developments and impact on security in our bordering states of Arunachal Pradesh, Nagaland, Manipur and Mizoram. At the same time, these links could also be a powerful binder. Our dealings with Nepal need to take into consideration perspectives of bordering States such as U.P., Bihar, Sikkim. Similarly, our initiatives with Bangladesh need to take into account perspectives of West Bengal and our North-eastern States on issues such as migration, water sharing, trade or transportation.⁹⁴

⁹¹ Indian geopolitics has evolved over millennia. Kautilya, an advisor to the emperor Chandragupta in the 4th century BCE, developed a "foreign policy geometry" of concentric circles around the "state," the first comprised of "natural enemies." See a review in (name redacted), "Indian Geopolitics, the United States, and Evolving Correlates of Power in Asia," *Geopolitics* 9,2, Summer 2004.

⁹² While the number of terrorist fatalities presents a declining trend, from 5,839 in 2001 to 1,074 in 2011, one analyst describes this shift as taking place within a 'context of enormous and augmenting uncertainty.' See Ajai Sahni, "India's Internal Security Challenges," *India's Security Challenges at Home and Abroad*, NBR Special Report #39, May 2012.

⁹³ Ibid.

⁹⁴ Keynote address by then Foreign Secretary and current Indian Ambassador to the United States Ambassador (continued...)

New Delhi has periodically criticized neighboring governments for allegedly insufficient action to block cross-border movements by fleeing insurgents, for example from the northeastern states into Bangladesh and/or Burma. In the case of Pakistan, the Indian government has been vocal about what it typically calls state-supported attacks carried out in India by Pakistan-based militants and by Pakistani terrorist networks leveraging grievances of the Muslim community within India, especially in the Muslim-majority border state of Jammu and Kashmir. In mid-2012, Indian authorities called on the Pakistani government to investigate the possibility that “elements based in Pakistan” had fomented a panic among India’s northeastern migrant workers through text messages and social media threatening revenge for ethnic violence against Muslims living in the northeast.⁹⁵

Over the past two decades, the consequence of terrorist attacks on Indian economic prosperity has been felt more acutely. As a result, the country is attempting to reform and strengthen its counterterrorism and counterinsurgency efforts, an effort that many analysts suggest has had little impact.⁹⁶ New Delhi’s appears to have prioritized trade and aid incentives to promote amicable relations with its neighbors, paralleling domestic efforts of security reform.⁹⁷ In addition to taking steps to normalize ties with Pakistan, India reportedly has approached its other neighbors, Bangladesh and Nepal in particular, to counter infiltration attempts by Pakistan-based militants.⁹⁸ New Delhi is also working more closely with extra-regional partners, such as the United States, to share information and best practices on counterterrorism.

Minimizing External Influence in South Asia

As the dominant power in the South Asian subsystem, India has a keen interest in minimizing the influence that potentially adversarial external powers are able to exert in the region. Thus, concerns are mounting in India that China is encroaching upon what New Delhi sees as its traditional sphere of influence. Beijing’s expanding land and sea access to strategic ports in the Bay of Bengal, Indian Ocean, and Arabian Sea attract acute attention in India. Beijing’s strengthening aid, trade, and even military links with India’s subcontinental neighbors are seen to challenge New Delhi’s aspirations of expanding its regional influence. This dynamic has decades-old roots, but became more urgent as China’s development and acquisition of hard power capabilities accelerated after the 1980s. Former Indian External Affairs and Defense Minister Jaswant Singh articulated the concept in a 1998 paper on New Delhi’s strategic outlook: “The Indian subcontinent has an inherent order and an equilibrium, perhaps even a dynamic disequilibrium. Therefore to permit any force to intrude, in any form, results inevitably in prolonged destabilization.”⁹⁹

(...continued)

Nirupama Rao at IDSA conference on “South Asia 2020: Moving Towards Cooperation or Conflict?,” November 4, 2009. Source: MEA website.

⁹⁵ “India Asks Pakistan to Investigate Root of Panic,” *New York Times*, August 19, 2012.

⁹⁶ Interview with South Asia counterterrorism analyst, Washington, DC, July 2012. Also see Ajai Sahni, “National Confusion on Terror by Center,” February 27, 2012; C. Christine Fair, “Prospects for Effective Internal Security Reforms in India,” Georgetown University, July 14, 2012.

⁹⁷ Address by External Affairs Minister on “India’s External Environment and Current Foreign Policy Challenges,” Institute of South Asian Studies—Singapore, March 9, 2012.

⁹⁸ “Nepal, India Tackle Terrorism,” *Economic Times* (Mumbai), January 18, 2010.

⁹⁹ Jaswant Singh, “What Constitutes National Security in a Changing World Order: Indian Strategic Thought,” CASI Occasional Paper Number 6, June 1998.

Beyond the unresolved Indo-Chinese border dispute—the world’s longest and oldest—the most contentious element of Chinese engagement in the subcontinent has been the Sino-Pakistani relationship, regularly described as an “all-weather friendship” by officials in both capitals. Beijing has provided Pakistan with military aid, equipment, and sensitive military technologies, including widely assumed assistance to Pakistan’s nuclear weapons program from the 1980s, along with continued aid for that country’s ballistic missile production capabilities (aid that is banned under Missile Technology Control Regime regulations).¹⁰⁰ Pakistan is currently co-developing fighter aircraft with China and is a major purchaser of Chinese naval equipment, including missile boats and submarines that operate very close to India’s northwestern coast.¹⁰¹ The construction of port facilities in Gwadar, Pakistan, by the Chinese adds to Indian fears of “encirclement” by China. In September 2012, after a Singaporean company withdrew from a 40-year contract to operate the port, a Chinese state-owned company took over port operation at Gwadar and reportedly plans to invest \$10 billion in the project.¹⁰² There are even reports that China has expressed interest in establishing military bases in northwestern Pakistan, perhaps to facilitate Chinese counterterrorism operations in its own neighboring Xinjiang province, although such reporting elicits skepticism from some quarters.¹⁰³

Beijing has also courted India’s other two major continental neighbors, Bangladesh and Nepal, as well as the Indian Ocean island state of Sri Lanka. China is Sri Lanka’s largest foreign donor, having provided upwards of a billion dollars annually (roughly half of all the aid Colombo receives) and is also its biggest investor.¹⁰⁴ As in the case of Pakistan, China has constructed a major harbor in Sri Lanka, at Hambantota, ostensibly for purely commercial purposes. Colombo benefited significantly from Beijing’s major military aid between 2005 and 2009, when its civil war ended.¹⁰⁵ In contrast, India refused to sell Colombo heavy weapons during this period, due largely to domestic sentiments in southern India (home to tens of millions of ethnic Tamils) opposed to arming Sri Lanka’s mainly ethnic Sinhalese military against the island’s Tamil insurgents. In 2012, China came to Sri Lanka’s diplomatic aid when it voted against a U.N. Human Rights Council resolution that sought Colombo’s accountability regarding atrocities committed during the final phases of the civil war. The New Delhi government voted in favor of the U.S.-sponsored resolution, again likely due to domestic pressure from its own Tamil constituents. The trend of Chinese support for Sri Lanka continues to be apparent. During a September 2012 visit to Sri Lanka, China’s defense minister pledged \$100 million in assistance for Army welfare projects.¹⁰⁶ It appears that India’s policy limitation in Sri Lanka has nudged Colombo to look to Beijing to meeting its growing needs for military and economic aid, and investment, a cause of ongoing concern for New Delhi.

Similarly, China has steadily ratcheted up its economic engagement in Bangladesh. Dhaka is also reported to be buying Chinese military equipment—including fighter jets, helicopters, and air defense systems—worth approximately \$600 million. Of particular relevance to India’s security

¹⁰⁰ See CRS Report RL31555, *China and Proliferation of Weapons of Mass Destruction and Missiles: Policy Issues*, by (name redacted); “Wiki: China Helping Pak Upgrade Its Missiles,” *Indian Express* (Mumbai), September 12, 2011.

¹⁰¹ Urmila Venugopalan, “Sorry Pakistan, China Is No Sugar Daddy,” *Foreign Policy*, July 22, 2011.

¹⁰² “China Set to Run Gwadar Port as Singapore Quits,” *Asia Times*, September 5, 2012.

¹⁰³ “China Plans Military Base in Northern Pakistan, report says,” *India Today* (New Delhi), January 4, 2012. See also Amir Mir, “China Seeks Military Bases in Pakistan,” *Asia Times* (Hong Kong), October 26, 2011.

¹⁰⁴ “India and Sri Lanka after the LTTE,” *Crisis Group Asia Report* N206, 2011.

¹⁰⁵ “Clouds on the Sri Lankan Horizon for China,” *Colombo Telegraph* (Colombo), March 31, 2012.

¹⁰⁶ “China Funds to Modernize Sri Lankan Military Training Establishment,” *Hindu* (Mumbai), September 1, 2012.

concerns, Beijing and Dhaka are discussing a deep-sea port project for Sonadia Island in the Bay of Bengal. The proposal is intended to build transportation links from China through Myanmar into the Bay.¹⁰⁷ This development comes on the heels of the Chittagong river port built by China on the same Bangladeshi coast.¹⁰⁸

Nepal is viewed as a “buffer state” between India and China. As such, India seeks to minimize (or at least balance against) Chinese influence there. The sizeable Tibetan community in Nepal can at times complicate this dynamic.¹⁰⁹ While the Kathmandu government allows Tibetans to live in Nepal, it has a policy of not allowing any “anti-China” activity inside Nepal. Nepali authorities prevented the election of a Tibetan community government-in-exile in 2010, a step taken by some as a hardening of Kathmandu’s stance toward Tibetan refugees.¹¹⁰ There is growing evidence of Chinese ties with Nepali Maoists. A high profile bribery case alleges that a Maoist leader asked a Chinese official for substantial amounts of money to influence Madheshi lawmakers in support of the Maoist’s bid for the prime ministership. Nepal’s most recent former Prime Minister has traveled to China at least four times; the current Prime Minister, also from the Maoist party, has stated that Nepal needs to be sensitive to the security concerns of both India and China. New Delhi has held suspicions about the possibly “Maoist intentions” of Kathmandu’s leaders.¹¹¹

Meanwhile, indications are that China is looking to increase its engagement with Afghanistan ahead of the planned 2014 NATO withdrawal from that country. So far, Beijing’s involvement in Afghanistan has been primarily economic, with large investments planned in natural-resources extraction projects. In 2008, a Chinese state-owned company invested more than \$3.5 billion in the Aynak Copper Mine in eastern Afghanistan. That project is delayed, yet the China National Petroleum Company is set to explore oil and natural gas in Afghanistan’s Amu Darya River Basin, and has pledged to build that country’s first oil refinery within three years.¹¹²

There has been a more visible shift by Beijing toward supporting Afghan reconstruction in recent years. In part, this move to support the present Kabul government appears to be driven by Beijing’s concern that the Taliban’s return could lead to an uptick in Uighur terrorism affecting northwestern China.¹¹³ In June 2012, the two countries upgraded their ties to a strategic and cooperative partnership. In September 2012, Zhou Yongkang, a member of the PRC Politburo who oversees China’s efforts to counter religious extremism and terrorism in northwestern China, became the first high-ranking Chinese official to visit Afghanistan since 1966. He reportedly promised China’s active participation in Afghanistan’s reconstruction, signing a number of agreements which is said to have included plans for the training Afghan police.¹¹⁴ While India’s unease in the face of growing Chinese influence in the region extends to Beijing’s involvement in

¹⁰⁷ “Bangladesh Gets Boost from China Investment,” *Asia Times* (Hong Kong), April 24, 2012.

¹⁰⁸ “Is Chittagong One of China’s Pearls,” *BBC*, May 17, 2012.

¹⁰⁹ China is particularly sensitive to India’s influence in Tibet. India allows the Dalai Lama to live in India and has allowed him to visit India’s Arunachal Pradesh state abutting Tibet. The Indian territory of Ladakh, which is near the Chinese-held, Indian-claimed territory of Aksai Chin, is also ethnically Tibetan.

¹¹⁰ “Nepal Stops Voting for Tibetan Government in Exile,” *Hindustan Times* (New Delhi), October 4, 2010.

¹¹¹ See CRS Report RL34731, *Nepal: Political Developments and Bilateral Relations with the United States*, by (name redacted).

¹¹² “China Shows Interest in Afghan Security, Fearing Taliban Would Help Separatists,” *New York Times*, June 8, 2012.

¹¹³ *Ibid.*

¹¹⁴ “China and Afghanistan Sign Economic and Security Deals,” *BBC News*, September 23, 2012.

Afghanistan, both countries share a similar goal in mitigating support for Islamist militancy inside Afghanistan. Nonetheless, China's growing diplomatic and development role in Afghanistan could further obstruct New Delhi's influence in its neighborhood.

Publicly, the Indian government tends to downplay its concerns about Chinese involvement in South Asia. Likewise, Beijing repeatedly asserts that such involvement is not aimed at containing India. In his September 2012 visit to South Asia, the Chinese defense minister reportedly told an audience of Sri Lankan soldiers that,

China attaches great importance to its relations with South Asia nations, and commits itself to forging harmonious co-existence and mutually beneficial and win-win cooperation with them. The [People's Liberation Army's] efforts in conducting friendly exchanges and cooperation with its counterparts in the South Asian nations are intended for maintaining regional security and stability and not targeted at any third party.¹¹⁵

To date, India's primary response to increasing Chinese influence in South Asia has been an endeavor to forge deeper ties with its own neighbors. In a rare public acknowledgment of the dynamic, a senior New Delhi official addressed the matter by stating,

China's relations with our South Asian neighbors are also growing in many areas with increased trade and economic activity, political level interaction, and cultural and educational exchanges, apart from transportation links and connectivity. But the compelling logic and rationale for closer ties between our South Asian neighbors and India must not be deterred or diluted by such developments. These are ties dictated by geography, the need for security and stability, mutual economic advantage, transit and connectivity, shared cultural traditions, the movement of people, common approaches to the management of natural disasters and climate change, and developmental priorities that can only be achieved by close cooperation and constant dialogue.¹¹⁶

Encouraging Political Stability Within and Between Neighbors

Political instability and militarization in neighboring countries threaten India through the spillover of refugees and expansion of terrorist safe havens, which in turn exacerbate the potential for conventional armed conflict. There can be no doubt that India's is a troubled neighborhood: One Indian analyst pointed out that all 6 countries sharing a land border with India—Bhutan, Bangladesh, Burma, China, Nepal, and Pakistan—are among the 60 listed in *Foreign Policy* magazine's 2009 Failed State Index (China has since been removed). Sri Lanka also appears on the list.¹¹⁷ New Delhi considers the adoption of representative political systems by its neighbors to be a key step toward stabilizing the region and improving its relations with countries on the Asian subcontinent.¹¹⁸

¹¹⁵ "Asian Giants Seek Better Ties: China's Defense Minister in India," Reuters Canada, September 2, 2012.

¹¹⁶ Keynote address by then-Foreign Secretary and current Indian Ambassador to the United States Ambassador Nirupama Rao at IDSA conference on "South Asia 2020: Moving Towards Cooperation or Conflict?," November 4, 2009.

¹¹⁷ Ajai Sahni, "India's Internal Security Challenges," in *India's Security Challenges at Home and Abroad*, NBR Special Report #39, May 2012. See the Index at http://www.foreignpolicy.com/failed_states_index_2012_interactive.

¹¹⁸ See Indian Ministry of External Affairs Annual Report 2011-2012 at http://www.mea.gov.in/annual-reports.htm?57/Annual_Reports.

From New Delhi's perspective, the dominant influence of Pakistan's military in the formulation of Pakistan's foreign and national security policies—influence that has at many times come through direct military control of the Islamabad government—has been a central factor in regional instability. With the increased incidence of Islamist militancy in Pakistan, India has become increasingly concerned about political instability in its western neighbor. According to External Affairs Minister Mukherjee, as the internal security situation in Pakistan continues to deteriorate, “power has fragmented landing in many hands, leading to the emergence of multiple centers of power. This has been reflected in attempts to cross border infiltration as also in the increase in cease fire violations ... climaxed by the appalling terrorist attack in Mumbai.”¹¹⁹ New Delhi holds a similar view on the impact of instability in Afghanistan fearing that the planned NATO withdrawal from that country will leave Kabul acutely vulnerable to both Taliban militancy and Pakistani manipulation, with attendant security worries for India. Indian government policies in Afghanistan are thus intended to help the “Afghan government and people in building a stable democratic and pluralistic society.”¹²⁰

Despite its continued wariness toward the Maoist government in Nepal, especially as that government grows closer to Beijing, India has extended its support for the multi-party political process underway in Kathmandu, extolling the (modest) progress being made toward democracy there.¹²¹ It has similarly supported Bhutan's adoption of an electoral process and claimed to have played a positive role during the recent political turmoil in Maldives, which was welcomed by all political parties in the country.¹²² In the case of Sri Lanka, India consistently encouraged an end to the civil war there, then later urged Colombo to consolidate post-conflict stability by reconciling with ethnic minority groups in the country. The latest return to democracy in Bangladesh has appeared to work in favor of the Indian government with the 2008 election of Prime Minister Sheikh Hasina's Awami League, a traditionally pro-India party. In the case of Burma, India has until recently come under international criticism for working with the authoritarian military regime there. New Delhi's security, economic, and strategic concerns related to Burma have been cited by analysts for India's straying from its generally pro-democracy positions in the region.¹²³

While democratic governments in neighboring countries have not always translated into cordial relations with India, New Delhi has tended to cultivate greater influence with neighbors during periods of democratic as opposed to authoritarian leadership (New Delhi's embrace of the Nepali monarchy in the 1990s is a notable exception). Furthermore, India's own experience with democracy, and political stability and continuity over the long term, anchors its position as a proponent of development and stability through representative politics.¹²⁴

¹¹⁹ Inaugural Address by Former Minister for External Affairs Shri Pranab Mukherjee at the Seminar on “Sub-Regionalism Approach to Regional Integration in South Asia: Prospects and Opportunities,” Sikkim University, December 19, 2008.

¹²⁰ *Ibid.*

¹²¹ Address by External Affairs Minister S.M. Krishna on “India's External Environment and Current Foreign Policy Challenges,” at the Institute of South Asian Studies, Singapore, March 9, 2012.

¹²² *Ibid.*

¹²³ “Burma Leader's India Visit Draws Rights Criticism,” *BBC*, July 25, 2010.

¹²⁴ Remarks by Indian Prime Minister Dr. Manmohan Singh at the Launching of U.N. Democracy Fund, Indian Ministry of External Affairs website, September 14, 2005.

Asian Power Balances

As Asian countries grow in economic influence, there are newly urgent concerns about ensuring security guarantees that will underpin a peaceful expansion of these eastern economies. China's rapid economic and military rise heralds the potential for a strategic imbalance in Asia favoring Beijing. These developments are being closely watched by China's neighbors, not least of all India, which additionally faces Beijing's greater presence in South Asia.¹²⁵ One senior Indian analyst articulated this growing concern in a 2012 report:

If the centrality of China to East Asian security was never in doubt, its role was relatively marginal to the rest of Asia until the last decade. China's rapid rise, however, has raised the prospects of Beijing challenging the primacy of the United States in East Asia and emerging as a player of strategic consequence in South Asia, Central Asia, the Persian Gulf, and the Indian Ocean. *The increasing influence of China in these regions has compelled India to rethink its own strategy toward its neighboring regions and to recalibrate its ties with the United States* [emphasis added].¹²⁶

East and Southeast Asia embarked on robust, export-oriented growth trajectories in the early 1990s and, barring a brief hitch, continue to prosper. At the center of this boom is the Chinese economy, which has made it a country with considerable regional and global influence. Beijing's new wealth has in part been devoted to building Chinese military capabilities, especially in the areas of air and naval power projection, and anti-access/area denial capabilities. The security implications for the IOR may sharpen to the extent that China seeks a greater naval presence in the region stretching from the Straits of Malacca and Gulf of Thailand in the east, to Somalia and the Persian Gulf to India's west. Furthermore, the vast geographic expanse of China itself, abutting far-flung countries such as India, Russia, and South Korea, sitting across narrow straits from Japan and Taiwan, makes that country and its increasing influence a huge factor in any meaningful global security calculus for the early 21st century. As China's influence expands, economic doldrums in the West and Washington's absorption with domestic fiscal matters have led to considerable regional anxiety about strategic U.S. drawdown from the Indo-Pacific in coming years, a nervousness that has continued in some quarters even after the Obama Administration's late 2011 announcement of a U.S. "rebalancing" toward Asia.¹²⁷

India's regional and global power aspirations thus run up against China's presence. Some analysts suggest that India's continued rise will be increasingly linked to the nature of its engagement with China. While some aspects of India-China relations, including bilateral trade, have warmed measurably in recent years, the two countries have yet to settle conflicting territorial claims. Militarized tensions between India and China appear to have increased over the past two years despite a 30-fold jump in the value of their bilateral trade over the past decade. Many

¹²⁵ Analysts taking a "realist" political perspective view China as an external balancer in the South Asian subsystem, with Beijing's material support for Islamabad allowing Pakistan to challenge the aspiring regional hegemony of a (regionally) more powerful India. More wary observers, especially in India, see Chinese support for Pakistan as a key aspect of Beijing's perceived policy of "encirclement," or constraint, of India as a means of preventing or delaying New Delhi's ability to challenge Beijing's region-wide influence.

¹²⁶ C. Raja Mohan, "Managing Multipolarity: India's Security Strategy in a Changing World," in *India's Security Challenges at Home and Abroad*, NBR Special Report #39, May 2012.

¹²⁷ Christopher Preble, "About That Pivot to Asia," *National Interest*, June 11, 2012. The U.S. Seventh Fleet continues to be the IOR's premier naval power, and the United States has undertaken some modest but still concrete "pivoting" of its resources. See CRS Report R42448, *Pivot to the Pacific? The Obama Administration's "Rebalancing" Toward Asia*, coordinated by (name redacted).

commentators speculate that a new “Great Game” is unfolding between Asia’s two largest and most populous countries.¹²⁸ Adding to New Delhi’s sense of insecurity have been suspicions regarding China’s long-term nuclear weapons capabilities and strategic intentions in South and Southeast Asia. Beyond the decades-long pursuit of accommodation with rival Pakistan, key *interstate* (as opposed to primary domestic) determinants of New Delhi’s power status in Asia may include building a credible military deterrent; consolidating ties with China’s East Asian neighbors; and ensuring freedom of navigation in the Indian Ocean Region.

Building a Credible Military Deterrent

China’s military has taken major strides over the past two decades and now far outpaces India’s own more modest military inventory and capabilities. Beijing has also prioritized improvements in transportation networks connecting eastern China to Tibet and the LOAC, allowing for the rapid deployment of Chinese forces to border areas. The asymmetry in military capabilities between the two countries is longstanding and was starkly exposed during the 1962 Indo-China war. Since that time India has attempted to close the gap, but with little success, given China’s continuing energetic procurement of advanced weaponry. Despite numerous attempts at reform, political obstacles, corruption, international sanctions and budget constraints have impeded New Delhi’s pursuit of some measure of parity, even as New Delhi has recently acquired the ability to target China’s eastern cities with nuclear-tipped missiles. Until recently, posturing against Pakistan and dealing with domestic security threats have tended to monopolize India’s military resources and attention.

Nevertheless, and as described above, India has been reorienting its resources in order to build a credible deterrent to any potential Chinese aggression.¹²⁹ New Delhi tested its first nuclear explosive device in 1974 and became an overt nuclear weapons power in 1998. Currently, it is focusing on boosting its nuclear deterrent capabilities by producing medium-range ballistic missiles and establishing a triad (air, land, sea) of launch platforms. The Indian army and air force are also deploying their resources to areas along the disputed LOAC. Meanwhile, the Indian navy is expanding its presence in the IOR, a region of critical importance to India that has recently seen signs of increased Chinese naval presence. While the New Delhi government avoids claims that its recent military reorientation is “directed against” China, analysts widely conclude that the augmentation of the Indian military is driven significantly by concerns about China’s rapidly modernizing military.

Consolidating Ties with China’s East Asian Neighbors

India’s “Look East” policy, initiated by Prime Minister Rao in 1991, coincided with the country’s economic liberalization and has for two decades reflected New Delhi’s focused efforts to deepen commercial and diplomatic relations with East and Southeast Asia. The Indian government has also expanded its bilateral and multilateral security cooperation with countries in East Asia, in part as a means to address common security challenges as well as in response to China’s growing presence. India actively seeks participation in most pan-East Asian economic and security structures, which include the Association for South East Asian Nations (ASEAN) and affiliated forums such as the ASEAN+3, the ASEAN Regional Forum (ARF), the ASEAN Defense

¹²⁸ “Mountains to Climb: China’s Complex Relationship with India,” *Jane’s Intelligence Review*, May 7, 2010.

¹²⁹ See the “Current Indian Defense Posture” section above for more detail.

Ministers Meeting, and the most recent East Asia Summit. Like China and United States, India is an ASEAN Dialogue Partner. Moreover, India has been a member of the ARF since 1996, a forum in which 27 member states come together to consult on matters affecting regional peace and security, which includes upgraded efforts to combat international terrorism and threats to maritime security.

New Delhi's cultivation of bilateral defense relations with countries in the region appears to have accelerated significantly over the past decade. In East Asia, Japan and South Korea have increased security cooperation with India. In June 2012, Japan and India conducted joint naval exercises off the Japanese coast, a move with symbolic value in demonstrating the Asia-Pacific security strategy pursued by both countries.¹³⁰ Prior to this, Japan was invited to the 2007 and 2009 "Malabar" naval exercises, originally a bilateral U.S.-India initiative.¹³¹ In 2007 there were also initial quadrilateral talks held among the United States, India, Japan, and Australia.¹³² However, these talks do not appear to have been formalized since. As recently as October 2012, India conducted trilateral talks with Japan and the United States.¹³³ In 2010, India and South Korea signed a Strategic Partnership agreement. New Delhi is also exploring defense production and procurement options with South Korea.¹³⁴

In Southeast Asia, India's bilateral engagements with Singapore, Malaysia, Vietnam, Indonesia, and the Philippines have likewise strengthened over the past decade. Areas of cooperation range from training of armed forces at Indian bases to military exercises, anti-piracy, and counterterrorism efforts.¹³⁵ According to many analysts, territorial disputes between these ASEAN countries and China, fueled by fears of Chinese domination of the South China Sea and surrounding SLOCs, have led to rapid arms acquisitions by these countries, particularly naval acquisitions, including submarines. Since 2011, New Delhi has reportedly considered training Vietnam in submarine operations, in addition to ongoing naval cooperation. Malaysia has also reached out to New Delhi for similar training assistance. India's defense ties with Southeast Asian countries appear to have been energized in light of heightened tensions in the region.

India, along with its defense partners in East and Southeast Asia, has tended to be extremely cautious about conveying any appearance of an adversarial posture toward China. China's trade and economic status in Asia has emerged as a major disincentive for smaller neighboring economies benefitting from the country's rise. Beijing is said to increasingly employ coercive economic diplomacy in response to territorial disputes with countries such as the Philippines.¹³⁶ Furthermore, internal fractures among ASEAN members tend to undermine collaborative approaches toward security threats facing multiple nations in the region. While New Delhi

¹³⁰ "As China Eyes India Ocean, Japan and India Pair Up on Defense," *New York Times-India Ink*, July 27, 2012.

¹³¹ See "India, Japan, U.S. Foster Relationships During MALABAR," U.S. Navy website, June 5, 2009, at http://www.navy.mil/submit/display.asp?story_id=45022

¹³² "India Measures Itself Against a China That Doesn't Notice," *New York Times*, August 31, 2011. As the U.S.-India partnership continues to develop—and a newly assertive India pushes back against Chinese diplomatic pressures—Chinese complacency has correspondingly receded.

¹³³ "India-U.S.-Japan Meet Rankles China," *Hindu* (Chennai), October 30, 2012.

¹³⁴ Media Briefing by Secretary (East) on Prime Minister's visit to Republic of Korea, Indian Ministry of External Affairs website, March 25, 2012

¹³⁵ See "India to Continue Training Singapore troops," *Defense News*, July 11, 2012; "India, Indonesia: Towards Strategic Convergence," IDSA, January 24, 2011; "India to Help Train Vietnam in Submarine Operations," *Times of India*, September 15, 2011; "India, Malaysia Seek Closer Ties," *Defense News*, January 30, 2012.

¹³⁶ Bonnie S. Glaser, "China's Coercive Economic Diplomacy," *The Diplomat*, July 25, 2012.

remains keen on strengthening its ties with countries across the region, so far the security policy aspects of its Look East approach remain vague in their ambitions to counter China and focus heavily on collective security challenges facing the region.

Maritime Security in the Indian Ocean Region and Beyond

For India, the competition for influence in Asia is more likely to take place much closer to home. China's involvement in developing and/or operating major new ports in Pakistan (at Gwadar), Sri Lanka (at Hambantota), Bangladesh (at Chittagong), and Burma (at Sittwe) represents a potential "string of pearls" strategy which some strategic analysts and media commentators point to as evidence of Beijing's aim to encircle India with nascent naval bases. In 2010, two Chinese warships paid a first-ever port visit to Burma, exacerbating fears among some that Chinese naval power was being wielded too closely to Indian shores.¹³⁷ China has also shown greater willingness in recent years to send its armed frigates on escort and counter-piracy missions in or beyond the IOR.¹³⁸ Beijing's plan to develop an overland transportation and energy link from the northern reaches of the Bay of Bengal through Burma to Yunnan is another aspect of this perceived strategy.¹³⁹

Many analysts view the Indian Ocean Region as a key stage upon which 21st century geopolitical power struggles will play out. Apart from strengthening its bilateral relations with IOR countries and military presence in the Ocean, India is actively pursuing multilateral initiatives with countries bordering the Indian Ocean through the 20 nation Indian Ocean Rim-Association for Regional Cooperation (IOR-ARC). Established in 1997, the priority areas of the organization include maritime safety and security, trade and investment facilitation, fisheries management, disaster risk reduction, academic and cultural exchanges, and tourism.¹⁴⁰

China's maritime presence in the Indian Ocean assumes increasing importance in light of India's need to protect its expanding sea-borne trade links with the nations of Southeast Asia. In July 2011, a Chinese warning reportedly issued to an Indian Navy vessel accompanying a state-owned energy exploration company partnering with Vietnam in the South China Sea highlighted the potential for India-China disputes beyond the LOAC. Some interpreted the presence of Indian navy ships off the Vietnamese coast as "possibly the start of an Indian bid for influence in the South China Sea."¹⁴¹ China's stiff reaction to the Indian naval vessel's presence was an indication of the obstacles India could face as it expands its presence in Asia. In recent years, Indian authorities have shown greater confidence voicing a position on freedom of navigation issues outside the IOR, particularly by commenting more directly on South China Sea disputes. In June

¹³⁷ "India-China Relations Hit By Defense Row," *Agence Presse France*, August 27, 2010; "India Responds to Chinese Missile Moves," *Jane's Defense Weekly*, August 26, 2010; "China Warships Dock in Burma, Rattling Rival Naval Power India," *Christian Science Monitor*, August 30, 2010.

¹³⁸ According to the 2012 *Military Balance*, China has maintained a counter-piracy mission in the IOR since December 2008. In February and March 2011, it sent a frigate to the Mediterranean to escort 36,000 Chinese migrant workers being evacuated. There was no precedent in the current Chinese regime's naval military history of sending a military asset for nonmilitary evacuations.

¹³⁹ See "India, China Rivalry and a Tale of Two Ports," *Reuters*, March 25, 2011.

¹⁴⁰ See IOR-ARC brochure at http://www.iorarc.org/media/69449/ior-arc_brochure.pdf.

¹⁴¹ "India, China Navies Square Off in Nearby Seas and Beyond," *Reuters*, September 6, 2011; "Indian Ships Visit Vietnam," *Defense News*, July 11, 2011.

2012, in what appears to indicate a growing trend, an Indian diplomat emphasized the relevance of the South China Sea to India against a background of territorial disputes in the region:

There is common commitment to maintaining freedom of the seas, combating terrorism and promoting inclusive economic growth. India, Japan and [South Korea] depend heavily on the Sea Lanes of Communications for their energy security. These are also the mainstay for trade and connectivity amongst our countries and other countries in the region. India has a valued geostrategic location straddling the SLOCs. The Indian Ocean Rim is characterized by large Exclusive Economic Zones and unexplored and untapped marine resources. Similar potential exists for example in the South China Sea which today is witnessing competing claims. Our common objective is to see that the seas and oceans become regions of co-operation instead of competition particularly as our energy security and trade depends on them. The primacy of our efforts must be to maintain maritime trade, energy and economic security in the seas around us. There is indeed a compelling case for us to cooperate on maritime security.¹⁴²

Both India and China are expanding their presence into maritime regions perceived to be within one another's exclusive domains. While the two countries share similar interests in keeping regional SLOCs open and secure for trade (see **Figure 1**), the potential creeping (re)militarization of these lanes does not bode well for Beijing, New Delhi, or the rest of Asia, especially in light of the numerous extant territorial disputes that can trigger wider conflicts.¹⁴³

Securing Channels to West Asia

India has important and, in many cases, longstanding cultural, political, and economic ties with West Asia, especially as regards Iran, Israel, and the Arab countries of the Persian Gulf. In a September 2012 speech, India's foreign minister said that West Asia would always remain India's "near neighborhood," and he added that strong cultural and religious links between West Asia and India are of great significance to the latter's economy and security.¹⁴⁴ Over the past two decades, trade relations and political developments in West Asia have significantly increased the region's importance in Indian security considerations. Two major factors drive New Delhi's security-related interests the region: Accessing West Asian hydrocarbon markets and trade; and mitigating support for Islamic extremism and terrorism in the region.

Access to West Asian Hydrocarbon Markets and Trade

India's continued economic growth is inescapably dependent on hydrocarbon imports from West Asia, making this region crucial to New Delhi's security calculations. Collectively, the region supplied 64.5% of India's crude oil in 2010-2011, an increase of 12.5% from the previous year.¹⁴⁵

¹⁴² See transcript of Inaugural address by Ministry of External Affairs Secretary (East) Sanjay Singh at the India-Japan-ROK Trilateral Dialogue, June 19, 2012, at <http://meaindia.nic.in/mystart.php?id=100519687>. Note: The MEA reportedly made a similar statement the previous month (May 2012) weighing in on the dispute between China and the Philippines in the SCS. "India Steps into Philippines-China Spat over the South China Sea," *Times of India* (Mumbai), May 11, 2012.

¹⁴³ Over the centuries, the IOR has been a setting for naval competition variously including Arab, Chinese, Japanese, and European colonial forces.

¹⁴⁴ Speech by Indian External Affairs Minister S.M. Krishna at the Brown-Indian Initiative Inauguration, Brown University, September 28, 2012. See the video at <http://vimeo.com/51218205>.

¹⁴⁵ "India's Country-Wide Crude Oil Imports Since 2001-2002," *Reuters*, August 6, 2012. (Based on data provided by the Indian Ministry of Petroleum and Natural Gas.) According to the 2010-2011 Ministry of External Affairs Annual Report between 2009 and 2010 India imported approximately 70% of its crude from Gulf countries alone. (continued...)

Saudi Arabia, Iran, Iraq, and the UAE are the top five energy exporters to India.¹⁴⁶ In addition to oil resources, Qatar is one of the few countries with which India has signed long-term liquid natural gas (LNG) contracts. According to the MEA, since 2004 India has signed a contract to receive 7.5 million tons of LNG from Qatar every year.¹⁴⁷ New Delhi has also engaged in negotiations to build two natural gas pipelines, the Iran-Pakistan-India and Turkmenistan-Afghanistan-Pakistan-India pipelines. The complex security and political environment, however, has resulted in protracted delays, and New Delhi has all but abandoned planned participation in the former project. India's current and future plans to import energy resources are projected to make the country increasingly dependent on the region.

India's relations with rival Sunni Arab-dominated and (Shia) Iranian oil-exporting political blocs in West Asia intimately affect its policies toward the region. Despite Saudi Arabia being India's leading supplier of crude oil, New Delhi tends to be wary of depending on a country that has historically supported its longstanding rival, Pakistan.¹⁴⁸ Furthermore, Tehran's role as a counterweight to Islamabad in Afghanistan, and as a facilitator of Indian access to Afghanistan and Central Asia through Iran's Chabbahar port, are further important factors compelling New Delhi to maintain friendly relations with Tehran. As NATO forces plan their withdrawal from Afghanistan, Iran is likely to grow in importance as an Indian interlocutor, a dynamic that New Delhi appears cognizant of despite its 2012 moves to abide by U.S.-led sanctions against Tehran.

New Delhi's efforts to balance its relationships to India's west are reflected in its stated energy policy for 2025, which calls for "build[ing] strong relations in focus countries with high attractiveness like Russia, Iraq, Iran, and North African countries."¹⁴⁹ However, India's desire to reduce its dependency or diversify its oil import portfolio toward less dependence on Saudi Arabia has been temporarily derailed by the U.S.-led sanctions against Tehran. In response to these, the Indian government agreed to reduce its hydrocarbon imports from Iran with the hopes of winning an exemption from U.S. legal sanctions, which it did for the first time in June 2012. As a result, India has faced increased energy dependence on Saudi Arabia. Iran is reported to have fallen to third place among crude suppliers to India, supplanted by Iraq as the second largest supplier, a position Iran held for five years. Statistics obtained by Reuters from India's Ministry of Petroleum and Natural Gas in August 2012 reported an estimated 14.5% decline in crude imports from Iran for the fiscal year 2011-2012 (ending in March). Moreover, imports from Iran are expected to fall from 349,000 barrels per day (bpd) to a projected 310,000 bpd in the current fiscal year.¹⁵⁰

(...continued)

<http://meaindia.nic.in/mystart.php?id=500417371>

¹⁴⁶ "India Oil Imports Cloud Economic Picture," *Wall Street Journal*, April 30, 2012.

¹⁴⁷ See Indian Ministry of External Affairs 2012 report on Bilateral Relations with Qatar at <http://meaindia.nic.in/mystart.php?id=50044515>.

¹⁴⁸ Mohan, Raja C. "Managing Multipolarity: India's Security Strategy in a Changing World," *India's Security Challenges at Home and Abroad*, National Bureau of Asian Research, Special Report #39, May 2012. Also see "India and Saudi Arabia Discuss Enhancing Cooperation in Oil Sector," Indian Ministry of Petroleum and Natural Gas, February 2012 at <http://pib.nic.in/newsite/erelease.aspx?relid=80479>.

¹⁴⁹ See "India Hydrocarbon Vision—2025," Indian Ministry of Petroleum and Natural Gas at <http://petroleum.nic.in/reports.htm>.

¹⁵⁰ "India's Country-Wide Crude Oil Imports Since 2001-2002," *Reuters*, August 6, 2012.

An added concern is India's wariness of increasing Chinese influence in a region with which New Delhi has cultural and geographic affinities.¹⁵¹ In the past few years, China has managed to leverage its position in the U.N. Security Council to expand its influence in West Asia, in part by protecting Iran and Syria from harsh sanctions, putting India at a serious disadvantage, potentially with consequences on securing its energy supplies.¹⁵²

Apart from considerations related to securing energy supplies from West Asia, non-hydrocarbon commodity economic activities have grown in importance to India.¹⁵³ India receives huge remittances—some \$30 billion annually—from roughly six million expatriate workers employed in the Gulf region.¹⁵⁴ The region employs more Indians than any area outside of India. A New Delhi official articulates the importance of these migrant workers to India's security calculations:

Our foremost concern obviously is for the safety, well-being and welfare of our citizens who are working [in West Asia]. About 4.5 million [estimated at 6 million in 2012] Indians are working there, in other countries bordering the Gulf. They are making significant contribution to the growth and development of those countries. They send remittances back home to their families amounting to nearly \$20 billion [currently \$35 billion] per annum, thereby generating employment and prosperity in different parts of India.¹⁵⁵

India's annual trade volume with West Asia currently totals about \$140 billion.¹⁵⁶ Although energy imports account for a significant portion of this, India identifies the region as a growing market for its exports, especially in value-added items such as information technology services. In 2005, Prime Minister Singh said that India sees the Gulf region as "part of [its] natural economic hinterland." Calling for closer ties with West Asia, he added that India has "successfully pursued a Look East policy ... and must similarly come closer to [its] western neighbors in the Gulf."¹⁵⁷ Political and economic trends suggest that India's "look west" policy applies more broadly beyond the Gulf to greater West Asia.

In its most recent annual report (for FY2011/12), India's Department of Commerce lists the UAE as the top recipient of Indian exports.¹⁵⁸ India is currently negotiating an FTA with the Gulf Cooperation Council, which includes Saudi Arabia and the UAE, among others. Despite

¹⁵¹ Mohan, Raja C. "Managing Multipolarity: India's Security Strategy in a Changing World," *India's Security Challenges at Home and Abroad*, National Bureau of Asian Research, Special Report #39, May 2012.

¹⁵² Ibid.

¹⁵³ Ambika Sharma, "A New Spring for Indo-Arab Ties," *Business Standard*, May 26, 2012. Posted on the MEA website at <http://meaindia.nic.in/mystart.php?id=100519551>.

¹⁵⁴ See Indian Ministry of External Affairs 2011-2012 Annual Report, http://www.mea.gov.in/annual-reports.htm?57/Annual_Reports.

¹⁵⁵ Address by Ambassador C.R. Gharekhan, Special Envoy of the Prime Minister for West Asia and Middle East Peace Process at the "International Conference on West Asia" hosted by Observer Research Foundation, November 22, 2007.

¹⁵⁶ 2010-2011 total trade levels: GCC—\$113 billion, Iran—\$13.4 billion, Israel—\$5.15 billion, Iraq (Apr-Nov 2010)—\$6.1 billion, Lebanon—\$373 million, and Syria—\$558 million (Indian Ministry of External Affairs country profiles). According to the 2011-2012 Ministry of External Affairs Annual report, bilateral trade with Gulf countries alone between 2010-2011 stood at \$130 billion. The reason for some discrepancy in data provided here is due to some of the bilateral reports not being updated to reflect most recent figures.

¹⁵⁷ Remarks by Indian Prime Minister Dr. Manmohan Singh at the Launching of U.N. Democracy Fund, Indian Ministry of External Affairs website, September 14, 2005.

¹⁵⁸ See the Indian Department of Commerce 2011-2012 Annual Report, *Trend in India's Foreign Trade*, at http://commerce.nic.in/publications/annualreport_chapter2-2011-12.asp.

complications related to international sanctions, India is continuing to explore investment and trade opportunities with Iran. India's current annual trade with Israel is valued at some \$5 billion, up from \$180 million in 1992. An FTA with Israel, which could potentially triple current trade levels, is under discussion. India's trade with Israel holds increasing strategic relevance, as in recent decades the latter has sold India sophisticated defense technologies. Moreover, as India and Israel share similar needs for counterterrorism-related defense equipment, Israel is playing an increasingly important role as a top defense supplier in dollar-value terms, most crucially in the area of sophisticated technologies.

In some ways similar to New Delhi's security outlook eastward, India's expanding trading ties and dependencies on West Asian markets necessitate preparing for security challenges that may arise from the region. While to the east of India, rising power politics tend to complicate India's security objectives, to its west, India's cultural links with the heart of the Islamic world constitute a permanent, yet dynamic, underpinning to India's security engagement.

Mitigating Islamist Extremism and Political Instability in Southwest Asia

India is home to the world's largest Muslim minority and third-largest Muslim population (after Indonesia and Pakistan).¹⁵⁹ The country shares a deep cultural and political history with Islam radiating east from Arab Peninsula. Movement of individuals for trade and religious pilgrimages has resulted in a sustained network of information and resource sharing between the Islamic heartland and followers of the religion in India. As such, the Muslim community in India continues to pay close heed to the trends and political changes in the rest of the Muslim world. While this connection has largely resulted in a healthy link for the Muslim community in India, at the fringes, support for extremism and terrorism has also leveraged these ties. The issue was articulated by Prime Minister's former Special Envoy to West Asia in a 2007 speech:

We are also concerned at the increased and increasing volatility and radicalization in the region. In recent years, West Asia has emerged as one of the two most important breeding grounds of terrorism.... India, being next door to West Asia, has every reason to feel worried and concerned.¹⁶⁰

In practical terms, many analysts believe New Delhi needs to be savvy in dealing with governments and popular forces in the region so as to gain support in apprehending terrorist and extremist elements active in India. Since 2006, India has achieved some successes in this arena, including the signing of an MOU with Saudi Arabia on combating terrorism, and a subsequent extradition treaty in 2010. India has long been concerned about the financial support extended from Saudi- and Gulf-based entities to Muslim madrassas and charities that are known to spread Wahabi and/or Salafist extremism in South Asia. The Arabian Peninsula has also been a safe-haven for several internationally wanted Islamist terrorists.

In June 2012, in what marked a landmark step toward greater India-Saudi counterterrorism cooperation, Riyadh extradited to India Syed Zabihuddin Ansari (aka Abu Jundal), an Indian national and alleged top Indian Lashkar-e-Taiba (LeT) operative with direct involvement in the

¹⁵⁹ *The Future of the Global Muslim Population: Projection for 2010-2030*, Pew Forum, January 27, 2011.

¹⁶⁰ Address by Ambassador C.R. Gharekhan, Special Envoy of the Prime Minister for West Asia and Middle East Peace Process, International Conference on West Asia, Observer Research Foundation, November 22, 2007.

2008 Mumbai attacks widely believed to have been undertaken by that terrorist group.¹⁶¹ There are a number of other suspects on India's extradition request list for Saudi Arabia. Some analysts remain skeptical about Saudi Arabia's willingness to cooperate fully, primarily due to Riyadh's historically close relations with Islamabad, where the Ansari extradition caused significant resentment.¹⁶²

Beyond support for terrorism, political and sectarian disputes in West Asia periodically threaten to spill over into India. As a major area of concern with regard to West Asia, former Indian Special Envoy included mention in his 2007 speech of "the growing tension between the Sunni and Shia Muslims":

The Shia-Sunni divide, which has been acute in neighboring Pakistan for several decades, has been accentuated by the events following the American intervention in Iraq in 2003. Whether we call the situation in Iraq by its proper description as a civil war or not, the sectarian divide in that unfortunate country is here to stay for a long time. India, with the second largest Muslim population in the world, having a significant proportion of Shias, is understandably concerned. We have had a healthy tradition of Muslims of all denominations living peacefully and happily together. We must not and will not permit external influences to vitiate this harmonious atmosphere, but for that we shall have to remain vigilant.¹⁶³

The political shifts initiated by the Arab Spring protests in 2011 have further complicated India's relations with West Asia, forcing it at times to publically define its position on Western-backed military intervention and sanctions toward countries in the region. The rise of Islamist forces in the Arab world, even if through democratic means, has ambiguous ramifications for the Indian domestic Islamic movements at this early stage. New Delhi appears to be juggling to balance its political and economic ties with adversarial blocs in West Asia, as it calculates the implications of rising pro-Islamic democratic forces and the after-effects of U.S. intervention in the region.

Global Security Issues

Many observers see India's global power aspirations giving rise to more expansive definitions of national interests that must be secured through means different from those traditionally at New Delhi's disposal. In pursuit of greater status, India is seeking to ramp up its influence and participation in security issues with global scope. In this regard, New Delhi seeks the privileges allotted to the five permanent members of the United Nations Security Council (P5), also the five "legitimate" nuclear weapons powers that are signatories of the NPT. Apart from permanent United Nations Security Council membership, India seeks to further shed its pariah status with the four major arms control groups: the NSG, the Wassenaar Arrangement, the Australia Group, and Missile Technology Control Regime. Joining these groupings will further facilitate India's emergence on the global stage, and also allow New Delhi's greater access to specialized technology and resources, which it has long been denied. The combination of defense capabilities

¹⁶¹ The United States is reported to have provided evidence of Ansari's fake Pakistani nationality to Saudi officials, strengthening the evidence establishing Ansari as Indian, required for extradition to India. Source: Interview with South Asia analyst on U.S.-India counterterrorism cooperation, Washington, DC, July 2012.

¹⁶² Animesh Roul, "A Challenge for Pakistan: Saudi Arabia's New Counterterrorism Cooperation with India," *Terrorism Monitor* Vol. 10, Issue: 15, July 26, 2012.

¹⁶³ Address by Ambassador C.R. Gharekhan, Special Envoy of the Prime Minister for West Asia and Middle East Peace Process at the concluding session of the "International Conference on West Asia" convened by the Observer Research Foundation, November 22, 2007.

and multi- and bilateral relationships can potentially afford India more influence in approaches to global security issues while strengthening the country's ability to promote and protect its interests worldwide. To the extent that New Delhi continues to pursue such ends in this manner, India's traditional commitment to nonalignment is seen to be lessened.

India and the United Nations Security Council

High on India's agenda for the United Nations has been realizing reform of the Security Council (UNSC) and making a persuasive case for its own permanent membership in that body. India received an overwhelming 98% of U.N. General Assembly votes for a rotating UNSC seat for 2011 and 2012.¹⁶⁴ Its election to the seat after a 19-year absence was taken by many Indian observers as recognition of India's influence in economic and security aspects of global governance.¹⁶⁵ The country's efforts (along with Japan, Brazil, Germany, and South Africa) to lobby for reform have been energetic, but are unsuccessful to date. In his 2010 speech to the Indian Parliament, President Obama endorsed a permanent Indian seat on the U.N. Security Council as part of elevating that country to "its rightful place in the world."¹⁶⁶ At the 2011 BRICS Summit, Russia and China for the first time issued a joint statement supporting Indian, Brazilian, and South African "aspirations to play a greater role in the UN," an oblique reference to UNSC reform.¹⁶⁷ Despite these endorsements, structural change of the UNSC does not seem to be on the horizon without concrete steps taken by the P5 in favor of reform.

Some observers continue to argue that the New Delhi government acts too timidly on the global stage, and that the country's regional and domestic difficulties continue to hinder its ability to exert influence in geopolitics. As a rising power, India has appeared unwilling to take the kinds of policy stances expected of major global players, in particular those who sit on the U.N. Security Council.¹⁶⁸ From vague positions on Middle East uprisings to the appearance of fence-sitting on issues such as U.S.-led efforts to isolate Iran, New Delhi's leaders may be finding it increasingly difficult to avoid taking on the responsibilities many in Washington and elsewhere look for. One example is New Delhi's largely hands-off response to uprisings in the Arab world, with External Affairs Minister Krishna saying in 2011 that India would not "jump into the fray" unless invited and would maintain a "very cautious" approach to the Libyan conflict.¹⁶⁹ More recently, Secretary of State Clinton sought greater Indian assistance in pressuring the faltering Syrian regime.

Nonetheless, in its current (rotating) role on the U.N. Security Council, India appears to have firmed its stand on the need to fully implement Iran sanctions. In early 2012, India voted in favor of full implementation of UNSC sanctions against Iran. Previously New Delhi had twice voted in favor of IAEA resolutions sanctioning Iran's nuclear program. In March 2012, India

¹⁶⁴ "India Back on UNSC after 19 Years, but Permanent Seat Still a Dream," Indrani Bagchi, *Times of India* (Mumbai), October 13, 2010.

¹⁶⁵ Keerthi Sampath Kumar, "India's Past Year at the UN Security Council," IDSA, February 7, 2012.

¹⁶⁶ Specifically, President Obama said, "[I]n the years ahead, I look forward to a reformed United Nations Security Council that includes India as a permanent member" (see the November 8, 2010, speech transcript at <http://www.whitehouse.gov/the-press-office/2010/11/08/remarks-president-joint-session-indian-parliament-new-delhi-india>).

¹⁶⁷ "China, Russia Support India's UNSC 'Aspirations,'" *Economic Times* (Mumbai), April 15, 2011.

¹⁶⁸ In October 2010, India was elected to a nonpermanent UNSC seat, its first appearance in that body in 20 years.

¹⁶⁹ "India Finds Its Seat on the Fence Increasingly Uncomfortable," *Washington Post*, February 19, 2011; Krishna quoted in "India Will Not Offer Unsolicited Advice to Arab Nations: Krishna," *Hindu* (Chennai), February 28, 2011.

controversially voted in favor of a U.N. Human Rights Council resolution calling on Sri Lanka to account for its human right abuses during and after the 2009 war. While domestic political considerations played an important role in India's vote, New Delhi's ultimate assertiveness on the issue was unusual. India has had a long history of active engagement with the United Nations, which has been an important conduit for voicing its opinions on the global stage. Coming years may be determinative for the country's bid to increase its relevance to global security matters, much of which will entail New Delhi's success in "rising to the occasion" (as perceived in other key capitals, Washington perhaps foremost among them).

Nuclear Arms Control, Nonproliferation, and Arms Control Regimes

India is the only NPT non-signatory nuclear weapons holder that has publicly pursued a case for nuclear disarmament while simultaneously augmenting its nuclear arsenal. In fact, "India was the first to call for a ban on nuclear testing in 1954, for a nondiscriminatory treaty on nonproliferation in 1965, for a treaty on non-use of nuclear weapons in 1978, for a nuclear freeze in 1982, and for a phased program for complete elimination in 1988."¹⁷⁰ However, in subsequent discussions on these issues, India has often retracted its full-throated support for disarmament or nonproliferation initiatives when not doing so would have required unilaterally halting its nuclear weapons program.¹⁷¹ New Delhi has explained this seemingly contradictory approach as necessary in the face of the existing "nuclear apartheid" regime, a phrase coined by former Indian External Affairs and Defense Minister Jaswant Singh. In the aftermath of the 1998 tests, Singh argued that "India could not accept a flawed nonproliferation regime as the international norm when all realities conclusively demanded the contrary."¹⁷² These realities primarily included the immediate threat of nuclear-armed China and Pakistan and the militarization and nuclearization of West Asia.

The 2008 civil nuclear cooperation agreement between the United States and India has to a significant degree absolved the latter of its longstanding pariah nuclear status, even as notable challenges remain. The deal has allowed New Delhi to apply (with U.S. backing) for membership in the four major arms control regimes listed above. Prime Minister Singh's 2010 commitment to President Obama to implement Wassenaar safeguards in India facilitated the authorization of some previously blocked U.S. defense sales to India, prior to its officially joining the Wassenaar Arrangement. New Delhi's tacit acceptance as a nonproliferating nuclear weapons state is so far the only exception of its kind granted to an NPT non-signatory. Beyond increasing India's access to better technology and nuclear fuel resources, New Delhi has been welcomed into an international cast of influential nations that set norms for the rest. The implications for India's global aspirations in joining these groups are thus significant.

Convergent and Divergent Security Perspectives

The still-nascent U.S.-India defense partnership has been halting and uneven to date, despite a seemingly persuasive case for closer cooperation. This section identifies key areas of both convergent and divergent perspectives on the security challenges faced by both countries, with

¹⁷⁰ Jaswant Singh, "What Constitutes National Security in a Changing World Order?: India's Strategic Thought," CASI Occasional Paper No. 6, June 1998.

¹⁷¹ Leonard Weiss, "India and the NPT," *Strategic Analysis*, Vol. 34, No. 2, March 2010.

¹⁷² Jaswant Singh, "Against Nuclear Apartheid," *Foreign Affairs*, September-October 1998.

the latter providing a basis for better understanding what has so far been slow, if steady, progress toward greater cooperation. In cases where the two countries simultaneously hold converging and diverging perspectives on a particular issue (for example, on Iran), the issue is addressed in both sub-sections. The discussion seeks to clarify potential opportunities and limitations for what top U.S. officials call one of America's defining defense partnerships in the 21st century. As both countries endeavor to cooperate on shared security concerns, rapidly evolving geopolitical dynamics continue to test the bilateral relationship.

Areas of Convergent Interests

In a landmark November 2010 speech to the Joint Session of Indian Parliament, President Obama laid out the broad, but fundamental interests driving the U.S.-India partnership:

Now, India is not the only emerging power in the world. But the relationship between our countries is unique. For we are two strong democracies whose constitutions begin with the same revolutionary words—"We the people." We are two great republics dedicated to the liberty and justice and equality of all people. And we are two free market economies where people have the freedom to pursue ideas and innovation that can change the world. And that's why I believe that India and America are indispensable partners in meeting the challenges of our time.¹⁷³

The United States and India share a number of security perspectives, including those on China and Asian balance of power calculations; terrorism; Afghanistan; maritime issues; and weapons of mass destruction.

China and Asian Balance-of-Power Calculations

The United States government considers any threats to maritime security and/or freedom of navigation in the Asia-Pacific region (including the IOR) to pose a major threat to its own regional interests, as well as to the interests of its allies and partners in Asia. Concerns about an increasingly assertive or even aggressive China appear to have led American friends in the region to issue new calls for a greater U.S. security role there. In Washington, DC, India's rapidly growing military capabilities tend to be viewed by American officials and analysts as providing at least a partial hedge against the emergence of any new hegemonic power on the Asian continent.¹⁷⁴ While Indian officials refrain from any overt expressions of support for an increased U.S. military presence in the region, India's own disputes with China—and its economic and military disadvantages in comparison with China—create a circumstance in which the U.S. military presence receives tacit welcome.

Along with this historic shift in Indian perceptions of the U.S. military, however, is an increasing Chinese wariness at the emerging strategic relationship between the United States and India, and Beijing has expressed concerns about potential realignments in Asia that could result in China's "encirclement" by unfriendly governments. For example, Beijing protested discussions under the George W. Bush Administration to develop a quadrilateral group of like-minded democracies in Asia that would include the United States, Japan, Australia, and India. Still, while Indians can at

¹⁷³ See the White House transcript for November 8, 2010, at <http://www.whitehouse.gov/the-press-office/2010/11/08/remarks-president-joint-session-indian-parliament-new-delhi-india>.

¹⁷⁴ Interviews with U.S. government officials and U.S. analysts on South Asia, Washington, DC, June-August 2012.

times appear to be overly focused on comparing their country to China, the Chinese are generally far more complacent, giving the rivalry an appearance of one-sidedness.¹⁷⁵ According to some analysts, in the long run, and when Beijing potentially agitates Asia's international relations with non-traditional military and diplomatic pressure, the United States and India will naturally move closer together. Many analysts claim that Chinese "blunderings" in recent years—mainly what were viewed as a series of ham-fisted policies toward neighbors with whom Beijing has territorial disputes—have had the effect of pushing Washington and New Delhi into closer relations, perhaps overriding other concerns.¹⁷⁶

Convergences on Terrorism

The 2001 terrorist attacks on the United States instantly made terrorism the primary security threat perceived by Americans and their government. Although U.S. officials had already been taking action to address the growing challenge posed by Islamist terrorism—especially after the 1998 attacks on U.S. embassies in East Africa—they were notably less experienced than were their Indian counterparts, who had been dealing with a similar challenge since the early 1990s. New Delhi had regularly prodded Washington to redouble its counterterrorism efforts, especially with regard to the numerous Islamist militant groups that appeared to enjoy safe haven inside Pakistan. If the United States appeared hesitant to prioritize its counterterrorism efforts before 2001, 9/11 sharply focused the U.S. government's attention on tackling the problem. At the policy level, Washington and New Delhi converged neatly on the common interest their two countries shared in combating terrorism. The killing of eight Americans in the November 2008 terrorist attacks in Mumbai carried out by the Lashkar-e-Taiba (LeT) further underscored the importance of counterterrorism collaboration between the two countries. Some analysts contend that LeT's traditionally regional jihadist focus (on Kashmir, India, and Afghanistan) has expanded to include aspirations for attacks on the American homeland.¹⁷⁷ In recent years, the perceived encirclement of India by LeT cells reportedly being established in Nepal, Bangladesh, Sri Lanka, and the Maldives, provides added motivation for U.S.-India collaboration in combating terrorist networks in South Asia.¹⁷⁸ Despite the growing incentives for collaboration, at the tactical and policy level there remain significant obstacles to the smooth development of bilateral counterterrorism collaboration. These differences in tactics are discussed in a section below.¹⁷⁹

Afghanistan

The United States and India both seek a politically stable Afghanistan with a central government able to administer rule of law to the extent of denying safe haven to Islamist terrorist networks

¹⁷⁵ "India Measures Itself Against a China That Doesn't Notice," *New York Times*, August 31, 2011. As the U.S.-India partnership continues to develop—and a newly assertive India pushes back against Chinese diplomatic pressures—Chinese complacency has correspondingly.

¹⁷⁶ Quote from email correspondence with Pramit Pal Chaudhuri, Foreign Editor, *Hindustan Times* (Delhi), June 2012.

¹⁷⁷ See, for example, the statement of scholar Stephen Tankel before the House Homeland Security Subcommittee on Counterterrorism and Intelligence, May 3, 2011. In 2011 remarks, U.S. Secretary for Homeland Security Janet Napolitano opined that LeT "could be construed as a threat to the United States" (see the June 2, 2011, remarks at http://csis.org/files/attachments/110602_DHS_transcript.pdf).

¹⁷⁸ S. Amer Latif, "U.S.-India Counterterrorism Cooperation: Deepening the Partnership," Statement prepared for the House Foreign Affairs Committee, September 14, 2011.

¹⁷⁹ A detailed discussion of U.S.-India counterterrorism cooperation is in CRS Report R42823, *India-U.S. Security Relations: Current Engagement*, by (name redacted) and (name redacted).

planning attacks against Western countries and India. The NATO military presence in Afghanistan has been welcomed by New Delhi, which has long perceived of Afghanistan as providing Pakistan “strategic depth” against India, particularly in the form of training grounds for anti-India terrorist groups. Apart from fighting insurgent and terrorist elements directly, both countries agree on the need to encourage stability in Afghanistan through supporting the government in Kabul and broader development initiatives to help institutionalize the government over the long term.

President Obama’s mid-2011 announcement of a substantive 2014 military drawdown from Afghanistan left many in India both dubious and anxious about a U.S.-India partnership that did not (in their view) give sufficient consideration to India’s security concerns about a potential future governance role for Afghan Taliban elements.¹⁸⁰ One of New Delhi’s major concerns has been the lack of U.S. transparency with India when making major strategic decisions with regard to Afghanistan. The failure to consult or inform India prior to the June 2011 drawdown decision has been cited as a case in point. During 2012, Washington made significant efforts to reassure New Delhi that the United States does not plan to abandon Afghanistan. To this end, the United States has signed a strategic partnership with Afghanistan and strongly encouraged New Delhi’s subsequent strategic agreement with Kabul. Government officials interviewed on both sides stated that cooperation on Afghanistan had improved dramatically and New Delhi was satisfied with Washington’s efforts to keep them informed.¹⁸¹

A June 2012 joint statement issued by Secretary of State Hillary Clinton and Minister of External Affairs S.M. Krishna on the occasion of the third U.S.-India Strategic Dialogue outlined the common goals and approach pursued by both countries with regard to Afghanistan:

The two leaders stressed the importance of sustained international commitment to Afghanistan as it assumes full responsibility for governance, development and security. They intend to explore opportunities to work together to promote Afghanistan’s development, including in areas such as agriculture, mining, energy, capacity building and infrastructure. Noting the importance of women’s economic empowerment for Afghanistan’s economic success, they plan to work to further increase their ongoing vocational training and empowerment initiatives. To support their efforts in Afghanistan, they agreed to hold a trilateral dialogue with the Government of Afghanistan. They welcomed the announcement at the 2012 NATO Summit in Chicago of progress in the security transition process and the participants’ commitment to supporting Afghanistan’s security and development needs into the “transformation decade” (2015-2024). The two leaders discussed the vision for enhanced regional connectivity through South and Central Asia. They reiterated the importance of taking concrete steps to promote expanded private investment and trade in Afghanistan. They acknowledged the critical importance of improving Afghanistan’s integration and linkages within the South and Central Asia region.... They acknowledged that success in Afghanistan requires, in addition to building up Afghanistan’s capacity to defend itself, an Afghan-led and Afghan-owned reconciliation process. They reiterated that success in Afghanistan and

¹⁸⁰ See, for example, Sumit Ganguly, “Afghanistan Is Now India’s Problem,” *Foreign Policy* (online), July 19, 2011, and M.K. Bhadrakumar, “Taliban’s Return and India’s Concern,” (op-ed), *Hindu* (Chennai), June 28, 2011.

¹⁸¹ Interview with Indian diplomat, Washington, DC, May 2012. India’s satisfaction with greater consultations with the United States on Afghanistan was also noted in the Joint Statement at the June 13 U.S.-India Strategic Dialogue: “Noting that India and the United States have each signed Strategic Partnership Agreements with Afghanistan, Minister Krishna and Secretary Clinton welcomed their productive joint consultations on Afghanistan and intend to seek new opportunities to intensify their consultation, coordination and cooperation to promote a stable, democratic, united, sovereign and prosperous Afghanistan.”

regional and global security require elimination of safe havens and infrastructure for terrorism and violent extremism in Afghanistan and Pakistan.¹⁸²

Maritime Issues

The United States and India share a keen interest in safeguarding SLOCs, especially in the Asia-Pacific region. The IOR is threatened by pirates who disrupt the secure transit of merchant ships between the Gulf of Aden and the South China Sea. A U.S.-India Maritime Security Cooperation Agreement, inked in 2006, commits both countries to “comprehensive cooperation” in protecting the free flow of commerce and addressing a wide array of threats to maritime security, including piracy and the illicit trafficking of weapons of mass destruction and related materials. The ability to conduct combined humanitarian relief efforts, as was seen during the 2004 tsunami response, has also been a focus of U.S.-India naval cooperation.

At a strategic level, both U.S. and Indian security planners take note of China’s rapidly increasing naval capabilities and Beijing’s demonstrated willingness to be highly assertive in its maritime territorial claims in the South and East China Seas. China is acutely dependent on Indian Ocean SLOCs for delivery of energy resources from the Persian Gulf, and there are concerns in both Washington and New Delhi that a number of port facilities financed and built by China on the IOR littoral—in Burma, Bangladesh, Sri Lanka, Pakistan, and Oman—could in the future be used as bases for Chinese naval vessels. Although there are presently few signs that this alleged “string of pearls” is being manifest, the presence in the IOR of any significant and potentially adversarial naval forces is a shared concern in both Washington and New Delhi.

Nuclear Arms Control and Nonproliferation

U.S.-India relations have improved considerably since the 1998 imposition of U.S. sanctions triggered by India’s second set of nuclear tests. For New Delhi’s leadership, the landmark bilateral agreement to launch cooperation in the civil nuclear sphere opened unprecedented (and largely symbolic/psychological) space for Washington and New Delhi to cooperate on a range of security issues, in particular those involving transfer of advanced technology. While U.S. law still precludes collaborating with India on many nuclear weapons issues, the agreement represented at least tacit recognition of India’s nuclear weapons arsenal. There are concerns within the U.S. nonproliferation community that India has taken insufficient action to improve security at its nuclear sites. New Delhi reportedly remains reticent to discuss its nuclear security measures or to allow any inspections in this regard. A response on joining the U.S.-led Proliferation Security Initiative (PSI)—a global effort that aims to stop trafficking of WMD, their delivery systems, and related materials to and from states and nonstate actors of proliferation concern—is currently pending. India reportedly has suggested that its membership will be contingent on being included in the “core group” and provided that the coalition’s activities were consistent with international law.¹⁸³ Since 2009, the Indian MEA has reported to the Indian Parliament that Indian representatives have attended PSI meetings as observers but no decision to join has been made on

¹⁸² See “Joint Statement on Third U.S.-India Strategic Dialogue,” U.S. Department of State, June 13, 2012, at <http://www.state.gov/r/pa/prs/ps/2012/06/192267.htm>.

¹⁸³ “U.S. Cables Show Grand Calculations Underlying 2005 Defense Framework Agreement,” *Hindu* (Chennai), March 28, 2011. More details on PSI are at <http://www.state.gov/t/isn/c10390.htm>. See also CRS Report RL34327, *Proliferation Security Initiative (PSI)*, by Mary Beth Nikitin.

formal participation.¹⁸⁴ Overall, as the United States focuses on strengthening its relationship with India, the issue of nuclear security cooperation has not been prioritized, in large part due to New Delhi's resistance to engaging on the issue with Washington.¹⁸⁵

With regard to the arms control treaties such as the NPT, the CTBT, and the proposed Fissile Material Cut-off Treaty (FMCT), India's stance has remained consistent. The NPT was extended permanently in 1995, barring any amendments, meaning India would have to accede to the treaty as is. New Delhi continues to hold out, deeming the treaty discriminatory and lacking a meaningful timeline for disarmament. Barring another major change in law with the civil-nuclear deal, the United States has tacitly accepted the status quo on this issue, even as official U.S. policy on the universality of the NPT is unchanged. India remains outside of the NPT framework.

New Delhi initially sponsored discussions on the CTBT, but has not signed the current version for reasons similar to those discussed above. While the United States was pressuring India to sign the CTBT in the early 1990s, the U.S. Senate's rejection of the treaty made the issue largely moot. As for the FMCT, India has agreed to participate in ongoing discussions in the Conference on Disarmament. However, New Delhi has expressed reticence to support a treaty that will not, in the Indian view, sufficiently and fairly tackle the issue of nonproliferation and eventual universal disarmament. According to some analysts, while India is not opposed to signing the FMCT, it is happy to have Pakistan lead the opposition to the agreement.¹⁸⁶ Under the Obama Administration, discussions on the FMCT were given an early boost, but subsequently stalled due to opposition from Pakistan, in particular.¹⁸⁷ Again, as in the case of the CTBT, the de-prioritization of the FMCT at present has reduced potential cause for disagreement between the United States and India in this realm.

Over the past two years, India has become increasingly supportive of U.N. sanctions targeting Iran's controversial nuclear program, a leading nonproliferation concern of the United States. The Indian navy is also playing a more proactive role in enforcing U.N. sanctions on the transfer of nuclear material and weapons equipment to sanctioned countries. In 2009, the IN interdicted a ship carry suspicious cargo to North Korea through the Indian Ocean. Overall, both within the U.N. framework and outside of it, differences between Washington and New Delhi on tackling proliferation are somewhat narrowed.¹⁸⁸

Areas of Divergent Perspectives and Other Obstacles

Differing geopolitical, historic and economic experiences of the United States and India constitute the basis for considerable friction on a number of foreign policies and perspectives. India is located in the South Asian sub-continent astride burgeoning East and Southeast Asia, and politically tumultuous, yet natural resource-rich West and Central Asia. In contrast, the United States is a distant power that has only recently identified key national interests in some parts of

¹⁸⁴ "Q1393: PSI of U.S. Administration," Indian MEA response to Upper House of the Parliament, MEA website, July 15, 2009.

¹⁸⁵ See CRS Report RL33016, *U.S. Nuclear Cooperation with India: Issues for Congress*, by (name redacted).

¹⁸⁶ Email correspondence with Prमित Pal Chaudhuri, Foreign Editor, *Hindustan Times* (Delhi), June 2012.

¹⁸⁷ See CRS Report RL34248, *Pakistan's Nuclear Weapons: Proliferation and Security Issues*, by (name redacted) and Mary Beth Nikitin.

¹⁸⁸ Email correspondence with Sumit Ganguly, Professor of Political Science, Indiana University, May 2012.

the region. New Delhi's leaders have felt compelled to pursue policies aimed at consolidating regional relations, in large part so as to engender a peaceful periphery that will allow India to focus on domestic development, but also as a means of establishing the international prestige that India has long sought. As an aspirant to both regional and global power status, New Delhi's tack has tended to be a cautious one, often reactive to the most acute security threats. Increasing U.S.-Asian economic and security interdependence and New Delhi's assessment that India's growing power needs to be consolidated, appear to be narrowing the historical gap in U.S.-Indian perspectives. Nonetheless, on a practical as opposed to strategic level, considerable differences remain. Apart from divergent perspectives on foreign policy, bureaucratic obstacles to improved government-to-government relations, and the transactional aspects of the partnership, continue to hinder cooperation. India's bureaucratic lethargy can tend to magnify such constraints. The following section will discuss the major divergent interests and obstacles that have thus far set limits on the extent of bilateral security engagement:

- divergent strategies toward Pakistan irrespective of mutual end goals;
- terrorism;
- divergent stances on Iran;
- divergent perspectives on the promotion of liberal values;
- mutual mistrust; and
- mutual misunderstanding of bureaucratic functioning.

Divergent Perspectives on Pakistan Policy

The U.S. and India both support the emergence of a more stable, democratic, and prosperous Pakistan that is not a base for Islamist militant groups. Irrespective of mutually shared end goals, however, strategies for dealing with threats posed by Pakistan and Pakistan-based terrorist groups continue to pose a conundrum for U.S.-India security relations. The George W. Bush Administration's pointed 21st century efforts to de-couple or "de-hyphenate" the decades-old U.S. policy toward India and Pakistan realized considerable if incomplete success, and have for the most part been pursued by President Obama. A wide range of U.S. policy engagement with India now takes place independently and with minimal consideration of Washington's relations with Islamabad. Thus, a broader and deeper U.S.-India "strategic partnership" has been allowed to develop. Likewise, the Bush Administration's "war on terrorism" framework posed Pakistan as a "front-line state," and the United States became largely dependent upon Pakistan's military and its air and land supply routes to pursue U.S. goals in neighboring Afghanistan. The U.S.-Pakistan estrangement of the 1990s ended almost overnight in September 2001; Washington soon promoted Pakistan to "major non-NATO ally" status, and a prodigious flow of U.S. military and economic aid resumed after an 11-year hiatus.

This most recent embrace of Pakistan has entailed costs for Washington in its dealings with New Delhi. Nonetheless, at present, the U.S. military presence in Afghanistan necessitates cooperative relations with Pakistan. Washington has tended to overlook signs of Pakistani malfeasance in the form of its alleged official support for anti-Afghan and even anti-India terrorist groups based on Pakistani soil. As a nominal U.S. ally, Pakistan did establish more robust security on its western border, cooperate with efforts to neutralize Al Qaeda elements inside Pakistan, provide crucial land and air transit for NATO, and offered at least tacit permission for reported CIA-launched drone strikes. Yet, following the 2008 Mumbai attack by Pakistan-based terrorists; Osama bin

Laden's 2011 killing in Abbottabad, Pakistan; and increasing evidence that the Haqqani Network of Afghan militants enjoyed unmolested safe havens in Pakistan's tribal areas, more and more U.S.-based observers have concluded that pursuing a "strategic partnership" with Islamabad is misguided policy, and that abiding Pakistan's regional "sensitivities"—a euphemism for Pakistan's existential fears of India—may not be serving core U.S. interests.

New Delhi's policies toward Pakistan have often been at odds with those of the United States. Although the current New Delhi government has actively engaged in a peace process with Pakistani military ruler General Pervez Musharraf and his democratically elected civilian successors, Indian officials have long maintained that Pakistan's security services—in particular its Inter-Services Intelligence agency—are at the heart of the region's and perhaps even the world's problems with Islamist extremism. This perspective places New Delhi in fundamental disagreement with Washington where, for most of the past decade, policy has conceived of Pakistan's security institutions as key players in *resolving* such problems, even as American doubts persist.

The sensitivities between India and Pakistan filter into U.S.-India security relations most often on issues such as defense trade and intelligence sharing. U.S. policy toward Pakistan has also resulted in efforts to moderate India's response to terrorist attacks inside India, many of which New Delhi alleges are supported by Islamabad. The mutually dependent nature of the U.S.-Pakistan relationship and its potential to deliver better spoils for the Pakistani military to use against India remain serious concerns for New Delhi. One of the major Indian considerations while choosing to buy frontline U.S. defense systems is whether or not the items are already a part of Pakistan's arms inventory.¹⁸⁹

In an ironic twist on traditional dynamics, the deterioration of relations between the United States and Pakistan since 2011 has led India to solicit Washington's patience with Islamabad in order to encourage a stable Pakistan.¹⁹⁰ This reversal has also occurred in the context of bilateral economic and security dialogue between India and Pakistan over the past year.¹⁹¹ Ultimately, both the United States and India are vested in a stable, democratic, and economically viable Pakistan, which they hope will undercut active and passive support for terrorism.

Divergences on Terrorism

U.S. outreach to India on counterterrorism cooperation has traditionally been hampered by its relationship with Pakistan and Washington's interest in deescalating tensions between India and Pakistan. Until recently, the war in Afghanistan has also constrained Washington's willingness to press the Pakistani government on counterterrorism. One Indian analyst describes American efforts as remaining "half-hearted" so long as Pakistan is of significant importance to American interests in Afghanistan.¹⁹² Although there is a shared awareness of the increasing presence of LeT across South Asia, some analysts argue that New Delhi's sensitivity to increasing U.S.

¹⁸⁹ See discussion on MMCA deal in CRS Report RL33529, *India: Domestic Issues, Strategic Dynamics, and U.S. Relations*, coordinated by (name redacted). The United States has provided Pakistan roughly \$7 billion in security-related assistance and another \$10.7 billion in military reimbursements since 2001. It has also sold Pakistan 18 new F-16C/D Block 52 combat aircraft and 45 update kits for its existing F-16 fleet during this period.

¹⁹⁰ Interview with Indian diplomat, Washington, DC, May 2012.

¹⁹¹ "Optimism and Obstacles in India-Pakistan Peace Talks," United States Institute of Peace, August 2011.

¹⁹² B. Raman, "Agenda for Obama's Visit: Counterterrorism," October 19, 2010.

influence in the region continues to constrain joint efforts, despite initial capacity building efforts by the U.S. Department of Defense.¹⁹³ India is also reported to be wary of intelligence and military contacts between the United States and its South Asian neighbors, particularly Pakistan.¹⁹⁴ India's traditionally lenient stance on Iran and, until 2003, Iraq, two countries on the U.S. list of state sponsors of terrorism, has been a perennial source of friction.

Since 2011, gradual political shifts are loosening these kinds of strategic limitations. The United States has grown less tolerant of the Islamabad's arguably poor record on counterterrorism, especially as NATO troops in Afghanistan come under attack from Pakistani-based Afghan terrorist groups such as the Quetta Shura Taliban and the Haqqani network. India's votes against Tehran in the UNSC and major reduction of oil imports from Iran have apparently narrowed the gap at present.

Divergent Perspectives on Iran

India's relations with Iran traditionally have been positive and are marked by centuries of substantive interactions between the Indus Valley and Persian civilizations. Yet, as India has grown closer to the United States and other Western countries in the new century, New Delhi's policy has slowly shifted—perhaps most notably when India voted with the United States (and the majority) at key International Atomic Energy Agency sessions on Iran's nuclear program in 2005 and 2006—leaving most aspects of the envisaged India-Iran partnership unrealized. While India has reluctantly supported some measures against Tehran, it has been careful not to break ties. Sour relations with Iran would increase India's energy dependence on the Arab Persian Gulf states, referred to by one Indian analyst as the “Islamist-bankrolling oil monarchies.”¹⁹⁵ A break with Iran would also deprive India key access to landlocked Afghanistan and Central Asia through Iran's Chabbahar port on the Arabian Sea. Not long ago, India and Iran shared common allies in Afghanistan during the 1990s, both supporting the Northern Alliance in its fight against the Pakistan-supported Taliban.

Washington and New Delhi have for many years disagreed on how to approach Iran's alleged weaponization of its civil nuclear program. The United States has maintained a two-track policy incorporating both sanctions/diplomatic pressure on and dialogue with Tehran, without dismissing the option of a military attack. Under the Obama Administration, the approach has involved U.S.-led global financial sanctions with pressure on countries to reduce oil imports from Iran. These sanction policies are being complemented with a diplomatic opening through multilateral dialogue with Iran led by the European Union.

New Delhi emphatically supports Tehran's right to the peaceful use of nuclear energy. Yet India is also keen to prevent the emergence of another nuclear power in the region. In the face of tensions arising with these policy positions, India has endorsed the IAEA's central role in resolving disagreements on Iran's nuclear program and has voted in favor of IAEA resolutions and UNSC sanctions against Iran over the past decade.¹⁹⁶ Despite its support for calling Iran to account for

¹⁹³ S. Amer Latif, “U.S.-India Counterterrorism Cooperation: Deepening the Partnership,” Statement prepared for the House Foreign Affairs Committee, September 14, 2011.

¹⁹⁴ Interview with current and former U.S. government officials, Washington, DC, June-August 2012.

¹⁹⁵ Brahma Chellaney, “New Political Geography with Old Power Geometry,” July 7, 2012.

¹⁹⁶ Address by Indian Foreign Secretary at NDC on “Challenges in India's Foreign Policy,” November 19, 2010.

the clandestine nature of its nuclear program, India has refrained from any sharp pullback in its relations with Iran, a pullback at times encouraged by the United States.¹⁹⁷

Iranian President Mahmoud Ahamadi-Nejad's visit to India in 2008, and the May 2012 travel of an Indian trade delegation to Iran, are among the signals that New Delhi seeks to keep ties with Tehran active, even at the risk of Washington's ire. India remains firm in protecting its diplomatic and trade ties with Iran not only to demonstrate its strategic autonomy, but also to ensure diversity in energy resource providers.¹⁹⁸ Despite New Delhi's longstanding traditional resistance to participation in sanctions regimes not endorsed by the United Nations, significant diplomatic pressure from the United States during the first half of 2012 spurred India to plan another 11% reduction in Iranian oil imports for the year ending March 2013. Since 2008, Iranian oil imports have dropped from 16% to 10% of India's total import volume.¹⁹⁹ During her May 2012 visit to India, Secretary of State Clinton openly called on India to reduce its oil imports from Iran.²⁰⁰ One month later, in recognition of New Delhi's efforts in this regard, the U.S. government granted India (among other countries) an exemption called for in new U.S. sanctions legislation.²⁰¹ Many analysts interviewed for this report agreed that, in light of India's longstanding relations and strategic objectives with regard to Iran, such exceptions are appropriate.²⁰²

At present, it appears that Washington and New Delhi have reached a temporary middle ground on the Iran nuclear issue. During the 2012 U.S.-India Strategic Dialogue, Secretary Clinton voiced U.S. satisfaction on the issue:

We worked through some of the issues that we have fielded in common because of the concerns about Iran's continuing search for a nuclear weapon, and India has made it clear that—Iran, like all countries, must live up to their international obligations and, as I reported to Congress this week, India has taken steps to diversify its sources of imported crude by reducing purchases of Iranian oil. We recognize the important energy needs that India has, and we're working with India, not only to ensure stable oil markets, but to do more to open up other sources of energy for India.²⁰³

This progress may not, however, obtain in the event that the United States deems the current P5+1 dialogue with Iran a failure. India's strong opposition to military options against Iran is not likely to change and is in line with New Delhi's broader stance on international military interventions in the Middle East over the past year.

¹⁹⁷ "Hillary Clinton Wants India to Further Cut Iranian Oil Imports," *Economic Times* (Mumbai), May 7, 2012.

¹⁹⁸ Rajiv, Samuel, "India and Iran's Nuclear Imbroglia: Navigating the Consequences," *Gloria Center Global Research in International Affairs*, July 1, 2012.

¹⁹⁹ See CRS Report RS20871, *Iran Sanctions*, by (name redacted), for regularly updated information on U.S. Sanctions against Iran.

²⁰⁰ "Hillary Clinton wants India to further cut Iranian oil imports," *Economic Times* (Mumbai), May 7, 2012.

²⁰¹ See CRS Report RS20871, *Iran Sanctions*, by (name redacted), for regularly updated information on U.S. sanctions against Iran.

²⁰² Email correspondence with senior analysts Stephen Cohen, Sumit Ganguly, Pramit Pal Chaudhuri, and Rajeshwari Rajagopalan, May-August 2012.

²⁰³ See "Remarks With Indian Foreign Minister Somanahalli Mallaiah Krishna After Their Meeting," Secretary of States Hillary Clinton, June 13, 2012, at <http://www.state.gov/secretary/rm/2012/06/192269.htm>.

Divergent Perspectives on the Promotion of Liberal Values

The United States and India both strongly endorse the liberal values of representative government, pluralism, and rule of law.²⁰⁴ The 2005 joint establishment of the U.N. Democracy Fund is symbolic of their shared values.²⁰⁵ Nonetheless, the two governments differ significantly on the means by which such values are best expanded internationally. The United States typically has taken a proactive approach to introducing liberal political values abroad and calling on states to account for their domestic human rights abuses and restrictions on civil liberties. In contrast, India, with its not-so-distant colonial history, has generally been an energetic advocate of non-intervention and non-interference in foreign affairs. As with many other post-colonial states, India ranks protection of national sovereignty above other values. Ongoing domestic insurgencies render New Delhi particularly sensitive to international intervention in domestic security matters. India thus has been cautious not to advocate international intervention with an eye on protecting its own sovereignty.

These competing perspectives have given rise to significant policy differences in recent years. For at least two decades, Washington and New Delhi were at loggerheads on policy approaches toward Burma's repressive military regime. The United States long favored isolating the regime through the imposition of a rigorous set of economic and diplomatic sanctions against Burma up until 2011, when sanctions were eased following positive political reforms by Rangoon's military regime. New Delhi, meanwhile, had openly opposed Washington's approach and resisted international pressure to isolate Burma on the assumption that India's participation in such a strategy would jeopardize its own national interests in the region. Instead, after a 1988 reversal, India pursued an engagement policy toward Rangoon and remained largely silent about human rights abuses in Burma.²⁰⁶ Some Indian accounts suggest, perhaps self-servingly, that India's sustained diplomatic engagement, and notable trade and investment links have facilitated renewed talks between Washington and Rangoon, leading to Burma's 2012 opening.²⁰⁷ Much like the disagreement on Burma, New Delhi objected to U.S. intervention in Iraq and, under heavy domestic political pressure, even withdrew logistical support for the operations prior to a request from the United States.²⁰⁸

Washington and New Delhi have long been at odds on the rightful use of sanctions and military intervention in the case of states accused of serious human rights abuses. With India's election to the UNSC as a non-permanent member in 2011, the United Nations is providing the primary framework within which most of these disagreements are played out. India's non-permanent seat on the Council, initially seen as favorable to the United States, has resulted in outcomes clouding opportunities for U.S.-India collaboration on global democracy and human rights issues. New Delhi's response to the "Arab Spring" uprisings disappointed many in Washington who seek greater Indian activism in encouraging democratization on the global stage.

²⁰⁴ See "Joint Statement by President Obama and Prime Minister Singh of India," White House Office of the Press Secretary, November 8, 2010.

²⁰⁵ See "Indian Prime Minister's remarks at the launching of UN Democracy Fund," September 14, 2005, at <http://pmindia.nic.in/speech-details.php?nodeid=187>.

²⁰⁶ See Indian Ministry of External Affairs review of India-Myanmar relations at <http://www.mea.gov.in/Portal/ForeignRelation/myanmar-july-2012.pdf>.

²⁰⁷ Author conversations with Indian diplomats, Washington, DC, August 2012.

²⁰⁸ "India Rejects U.S. Request for Iraq Force; Officials Say U.N. Mandate Needed," *Washington Post*, July 15, 2003.

A ready remedy for reconciling the divergent U.S. and Indian approaches to spreading liberal political values does not appear to be on the horizon. Both countries are seen to be adjusting their expectations of one another in this context, accommodating the other where possible and standing their ground where they cannot.

Other Obstacles to Security Cooperation

Mutual Mistrust

More than nine years after its formal launch, the U.S.-India strategic partnership continues to be hindered by lingering mistrust on both sides. Some observers contend that India's polity remains skeptical about being subsumed into a U.S. "imperialist agenda," with particular fears that India will be drawn into a military alliance with the United States, potentially one that antagonizes China. Along with the term "allies"—even casual use of the label in the context of U.S.-India relations can cause strong negative reactions in Indian listeners—the word "interoperability" has also become troublesome in conversations about the bilateral defense relationship. Some political and bureaucratic quarters in India are also said to maintain a Cold War-era "nonalignment" mindset entailing deep mistrust of U.S. intentions in India. Washington's close ties with Pakistan drive further suspicion of the U.S. agenda in South Asia. With regard to expanding defense trade, deep-seated doubts about U.S. reliability remain strong. The 1998 nuclear sanctions are not a distant memory for the acutely sensitive Indians, and New Delhi appears unwilling to buy front line U.S. defense equipment that will require long-term servicing contracts, precisely due to concerns that potential future sanctions could render them moot. Indians are also highly suspicious of the end-user monitoring requirements for U.S. arms sales; some perceive monitoring as nothing less than a means by which Washington can gather intelligence on the Indian military.²⁰⁹

Beyond these narrower, defense-related issues, an increasing number of U.S.-based India analysts express concern over a perceived lack of reciprocity in the U.S. relationship with New Delhi.²¹⁰ Their argument contends that Washington has overreached and been willing to give too much in its effort to partner with India. From this perspective, New Delhi has repeatedly disappointed the United States by rejecting high-profile economic, military, and diplomatic proposals put forward by Washington, and by failing to undertake significant domestic economic reforms. Some U.S. observers are concerned that Washington is overinvesting in a partner that demonstrates insufficient intention to offer substantive benefits for the United States. A related critique is skeptical about India's capacity to deliver on the expectations associated with its rise, even if the intentions are there. Other observers contend that India has yet to demonstrate that it can both act as a global power is expected to act and to sustain the economic growth it has enjoyed over the past decade. New Delhi's ongoing sluggishness in reforming and upgrading its military are among weaknesses pointed to by critics. Those who disagree argue that the relationship cannot and should not be evaluated in such transactional terms. Rather, they assert, it must be viewed in the context of the broader and longer-term security, economic, and diplomatic dividends to be gained by the United States.²¹¹

²⁰⁹ "A First: US Allowed to Check Indian Warship," *Telegraph* (Kolkata), August 6, 2012.

²¹⁰ Email correspondence with Sumit Ganguly, Professor of Political Science, Indiana University, May 2012.

²¹¹ Ashley J. Tellis, "Opportunities Unbound: Sustaining the Transformation in U.S.-Indian Relations," Carnegie Endowment Report, January 2013.

Mutual Misunderstanding of Bureaucratic Processes

U.S. and Indian government officials are seen as working overtime to better understand one another's bureaucratic processes and policies. Contact between the two governments is increasingly regularized through a wide range of annual meetings on various security matters: in the representative words of one U.S. defense official working on India, the security relationship is "rapidly maturing."²¹²

Nevertheless, mutual levels of familiarity are still rudimentary as compared to the longstanding ties Washington and New Delhi have with other international partners. Many Indian observers suggest that the "understanding deficit" produces significant frustration on both sides, and this in turn leads to overly high expectations for "headline" events to validate progress in the relationship. Defense trade relations represent an area in which such frustration is expressed with particular zeal. New Delhi is critical about a perceived lack of transparency and what they experience as a byzantine U.S. licensing process. Washington officials, for their part, emphasize a lack of clarity and standardization in New Delhi's procurement procedures. A quintessential example has been the alleged mismatch between the U.S. Defense Department's complex Foreign Military Sales (FMS) system and India's lowest bidder (L1) competitive procurement format. One U.S. official contends that the MMRCA bid was important because the United States was able to successfully place a competitive proposal, signaling that the FMS system could in fact compete in the Indian procurement environment. The MMRCA bid was also considered a success in terms of increasing U.S. understanding of the Indian procurement process.²¹³

Apart from bureaucratic aspects of the security relationship, Washington and New Delhi are quickly familiarizing themselves with the implications domestic politics can have for the defense relationship, especially within India. The bilateral partnership has required the expenditure of considerable political capital on both sides, often constraining the space in which compromises can be made. The fragile nature of recent coalition politics in India can place a heavy burden on New Delhi's security relations with Washington, not least as some constituencies there remain wary of any signs that India is becoming a "junior partner" subservient to U.S. policies.²¹⁴

The subordination of the Indian military to New Delhi's civilian government presents another obstacle to smooth relations between the two militaries. According to one U.S. official, the micromanagement of military affairs by the Indian MOD tends to limit cooperation between the two armed forces. In particular, the official suggested that the Indian MOD's extensive vetting process of minutes even at the lowest level bilateral meetings sheds greater uncertainty on the planning process and significantly curtails Indian military personnel's ability to make even less consequential decisions.²¹⁵

Overall, both governments are making efforts to ease bureaucratic hurdles and familiarize themselves with one another's procedures and politics. The emphasis on reducing bureaucratic barriers has been made particularly clear by the U.S. Administration in the latter half of 2012. Apart from the State Department's efforts to expedite the current export control regime, Deputy

²¹² Interview with U.S. Department of Defense Official, Washington, DC, July 2012.

²¹³ All other major sales, including for C-130Js, P-8Is, M777 Howitzers, and Harpoon missiles, among others, were noncompetitive and requested directly by the government of India.

²¹⁴ Email correspondence with Sumit Ganguly, Professor of Political Science, Indiana University, May 2012.

²¹⁵ Interview with U.S. government official, Washington, DC, August 2012.

Secretary of Defense Ashton Carter was recently assigned to work on streamlining defense relations with India. In an October 2012 policy speech, Carter described the Pentagon's approach and his role:

We believe that given the inherent links between India and the United States, in values, in political philosophy, that the only limit to our cooperation with India should be our independent strategic decisions—because any two states can differ—on bureaucratic obstacles. So I personally am working daily to remove those obstacles.²¹⁶

The Indian government is also addressing these issues and U.S. officials working closely on India have appeared hopeful that their Indian counterparts were making sincere efforts to collaborate. Officials in both capitals emphasize a need for patience over the long term, and a corresponding de-emphasis on short-term expectations and payoffs.

Conclusion

Over the past decade, the U.S. and Indian governments have dramatically revised and expanded their understanding of and familiarity with one another. This report describes strengthened cooperation in areas where both countries share similar strategic objectives. Much of the potential for such cooperation arguably remains unexplored and unfulfilled. U.S.-India coordination on Afghanistan provides one example: Only recently has there been a more concerted U.S. effort to involve India in supporting stability and development efforts in Afghanistan. The unrealized potential is to a large extent a result of divergent strategic perspectives that presently limit the depth of the bilateral partnership, as in the case of Pakistan. Nevertheless, both governments are working to narrow their differences where possible, even on strategically significant issue-areas such as Iran.

To date, the approach of strengthening collaboration on similarities as a confidence-building measure, and tackling differences as and when they arise, has been successfully sustained across multiple administrations in both countries. This success speaks to the broad consensus in both political establishments on the importance of the bilateral strategic partnership. In the latter half of the previous decade, the U.S. Congress took formal and major steps to amend U.S. nonproliferation and export control laws so as to provide an exception and special status for India in the realm of civil nuclear and high-technology trade. The changes also served to open doors to both broader and smoother engagements in bilateral security cooperation and defense trade. While the (ostensible) proximate goals of the breakthrough 2008 U.S.-India civilian nuclear deal were to boost India's electricity generating capacity and benefit the U.S. economy through nuclear trade—goals as yet unmet—few reasonable observers would dismiss the largely unspoken, but arguably more far-reaching goal of paving the way for truly strategic cooperation with New Delhi by engendering Indian trust and confidence in Washington as a partner.

Confusion arises from short-term versus long-term analyses of U.S.-India security relations. The Obama Administration—along with numerous pro-India analysts in Washington—has tended to emphasize the anticipated benefits of long-term engagement as opposed to a short-term approach that seeks gains derived through more narrow transactions. This latter tack can have the effect of raising and then thwarting expectations in Washington, as was the case with the ultimate failure of U.S. defense firms to secure the multi-billion-dollar contracts to supply new jets fighters to

²¹⁶ Remarks by Deputy Secretary of Defense Carter at the Woodrow Wilson Center, October 3, 2012.

India. At the same time, growing U.S. frustrations have arisen from the sense that India's enthusiasm for further deepening bilateral security cooperation is limited, and that New Delhi has been insufficiently reciprocating in its approach.

Looking ahead, there is widespread concurrence among many officials and analysts, alike, that the security relationship would benefit by undergirding ambitious rhetoric with more concrete action in areas of mutual agreement. In their view, defining which such actions would provide meaningful gains, even on a modest scale, appears to be the central task facing U.S. and Indian policy makers in coming years. Congress can guide the course and pace of this process with legislative consideration and through its oversight of U.S. foreign relations in Asia.

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