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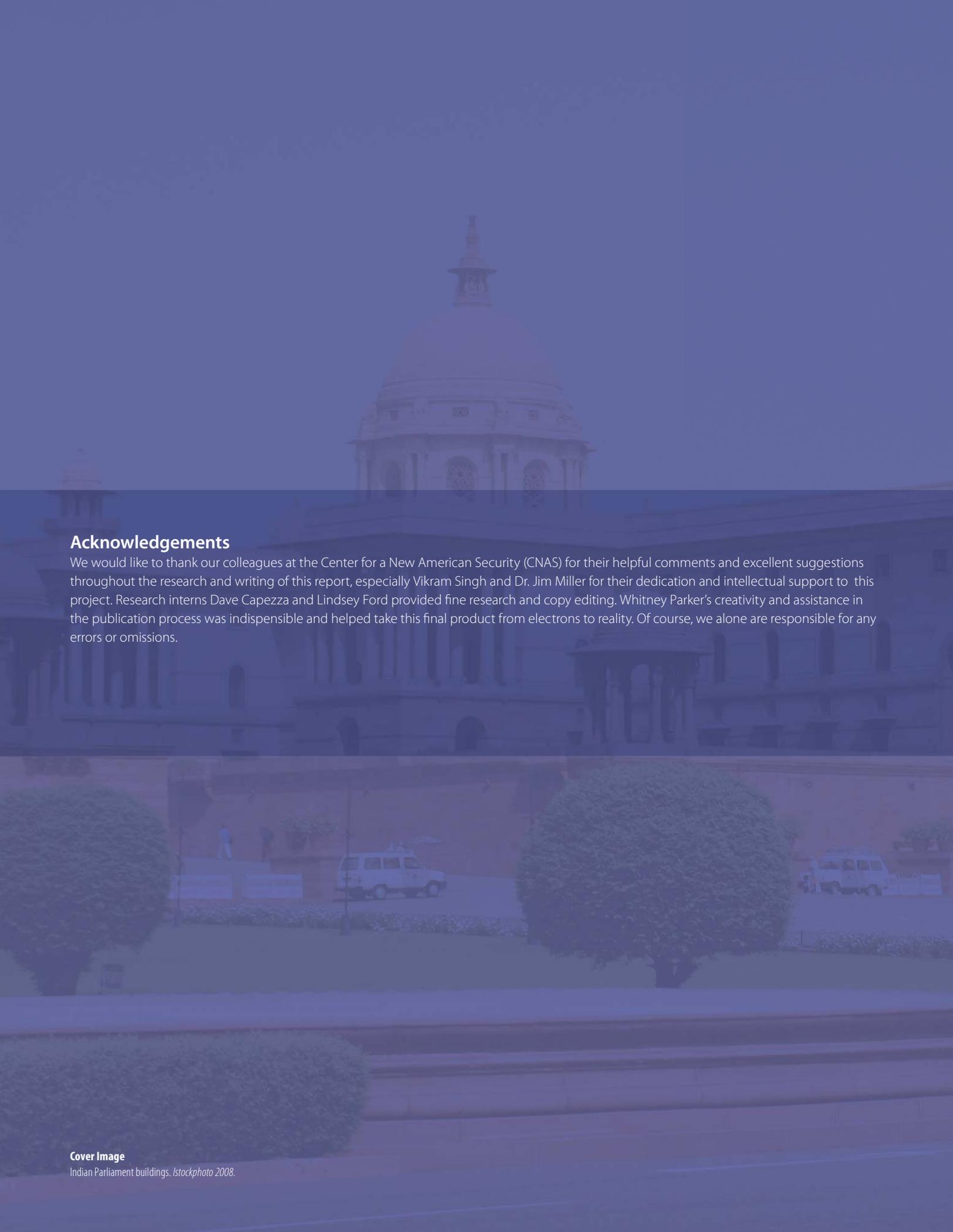
WORKING PAPER

## **The Ripple Effect:** *India's Responses to the Iraq War*

By Kurt M. Campbell, Nirav Patel, Richard Weitz



**Center for a  
New American  
Security**



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### Cover Image

Indian Parliament buildings. *Istockphoto 2008.*

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## About the Authors

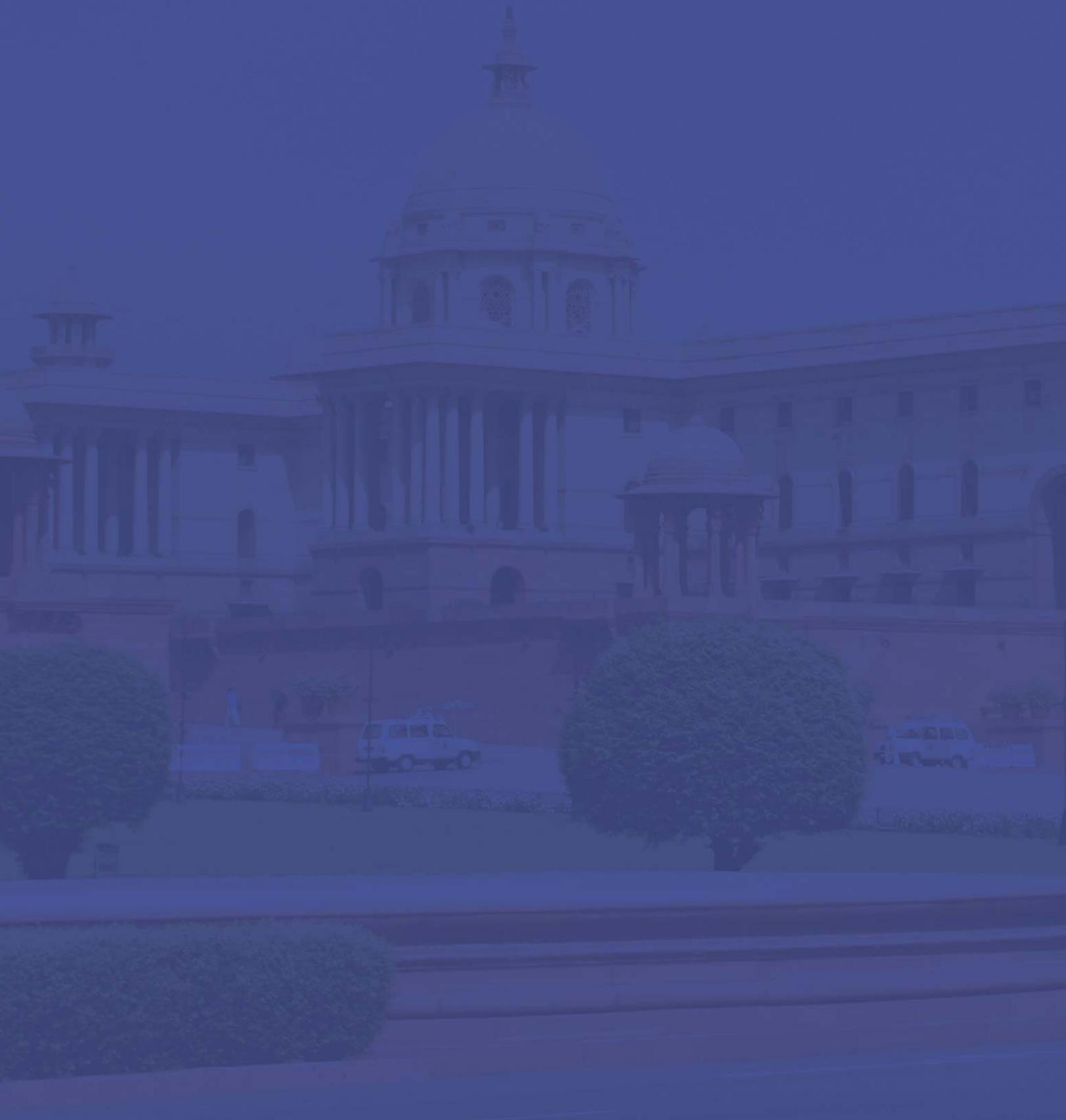
**Dr. Kurt M. Campbell** is CEO and co-founder of the Center for a New American Security

**Nirav Patel** is the Bacevich fellow at the Center for a New American Security.

**Dr. Richard Weitz** is a non-resident fellow at the Center for a New American Security and a senior fellow and director of the Center for Political-Military Analysis at Hudson Institute

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## EXECUTIVE SUMMARY

America's military intervention in Iraq has catalyzed major changes in the Middle East, but the ramifications of its military campaigns around the world, particularly in Asia, remain understudied. Throughout major capitals in Asia discussions relating to America's staying power and influence are becoming more pronounced.

Many of these debates are playing out in India, where strategists and policymakers grapple with similar security challenges in Pakistan. As Pakistan teeters on the edge of disaster, India is faced with the blowback of Islamabad's inability to control terrorist groups within its own borders and the prospects of outward proliferation of nuclear technologies to rogue regimes or non-state actors. Despite these grave security challenges, an adequate assessment of how America's involvement in Iraq has shaped Indian strategic assessments and policies has not occurred.

In the immediate aftermath of the 9/11 attacks and in the run-up to the Iraq war many Indians had hoped that an Indian-American alliance against terrorism would move the United States to put pressure on Pakistan. Yet, to New Delhi's dismay, Washington named Pakistan as one of the United States' key allies in the "war on terror" and has continued to work with the Pakistani government despite evidence that groups affiliated with its controversial intelligence services have supported terrorist acts against India, including the recent bombing of the Indian Embassy in Kabul. America's support of Pakistan remains a major thorn for U.S.-India relations, despite arguments suggesting that India has "de-hyphenated" its bilateral relationship with Pakistan and the United States. This has negatively shaped views in New Delhi about America's trustworthiness and desire to become a strategic partner with India.

Moreover, second order consequences of U.S.-led military operations in Iraq have been significant. A shift in America's focus away from Asia to the Middle East dominates discussions throughout Asian capitals, and echoes particularly loudly in New Delhi. Experts contend that Washington's strategic preoccupation in the Middle East has undermined American influence and credibility, which has given China the necessary space to augment its sphere of influence and regional standing.

Although Indian officials have managed challenges with Pakistan thus far, the Iraq War experience has exposed some major changes in Indian strategic thinking:

**Strategic Autonomy:** Hardened perceptions in India to maintaining strategic autonomy and to pursue a balanced “middle path” in its relations with the United States and other great powers.

**Energy Security:** India’s economic and foreign policy is heavily influenced by New Delhi’s attempts to satisfy its growing energy needs. Indian policymakers will not act in ways that jeopardize its energy supplies.

**Optimizing Force Structure:** India’s military is acquiring military platforms that will meet India’s operational requirements for both conventional and unconventional contingencies.

**U.N. Approval:** India will seek UN approval for overseas contingency operations for the foreseeable future.

**Pakistan Policy:** The war in Iraq heightened India’s internal debate over the use of force to counter terrorism and the nature of India’s relationship with Pakistan.

**The Limits of American Primacy:** The Iraq war has also shown India (and the world) the limits to U.S. power and strength. This is likely to dominate India’s foreign policy engagement with Tehran and China.

**Use of Force:** Growing awareness amongst Indian strategists that the Iraq war has delegitimized unilateral force as a tool of foreign policy.

**Economics:** The largesse of America’s military operations has also highlighted to policymakers in Delhi that the costs of large-scale armed conflict are likely to trade-off with India’s internal economic growth.

Table 1

| India's Lessons Learned from the Iraq War  |
|--|
| <b>Strategic Autonomy:</b> Hardened perceptions in India to maintaining strategic autonomy and to pursuing a balanced “middle path” in its relations with the United States and other great powers.                          |
| <b>Energy Security:</b> India’s economic and foreign policy is heavily influenced by New Delhi’s attempts to satisfy its growing energy needs. Indian policymakers will not act in ways that jeopardize its energy supplies. |
| <b>Optimizing Force Structure:</b> India’s military is acquiring military platforms that will meet India’s operational requirements for both conventional and unconventional contingencies.                                  |
| <b>UN Approval:</b> India will seek UN approval for overseas contingency operations for the foreseeable future.  |
| <b>Pakistan Policy:</b> The war in Iraq heightened India’s internal debate over the use of force to counter terrorism and the nature of India’s relationship with Pakistan.  |
| <b>The Limits of American Primacy:</b> The Iraq war has also shown India (and the world) the limits to U.S. power and strength. This is likely to dominate India’s foreign policy engagement with Tehran and China.          |
| <b>Use of Force:</b> Growing awareness amongst Indian strategists that the Iraq war has delegitimized unilateral force as a tool of foreign policy.  |
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## INTRODUCTION

The United States' decision to invade Iraq in March 2003 set in motion changes in the geostrategic tectonic plates that few, if any, could foresee at the time. The deployment of hundreds of thousands of American troops to liberate Iraq and topple Saddam Hussein's despotic regime has turned into a costly military operation with over 4,128 service men and women killed in action,<sup>1</sup> and approximately 30,000 wounded,<sup>2</sup> and the number of soldiers and families affected by psychological illnesses soaring over 300,000.<sup>3</sup> The war effort has cost over a trillion dollars and unraveled the delicate geopolitical balance both in the Middle East and around the world. The reverberations of the Iraq war are likely to permeate foreign policy decisions for the foreseeable future.

Thus, the Iraq War remains a centerpiece for foreign policy discussions in both Washington and around the world. A majority of the work about the geopolitical repercussions of the Iraq war effort focuses on America's decreasing global popularity and the correlating strain on its traditional allies, particularly in Europe. However, much of this large body of scholarship has overlooked – perhaps as a result of the strategic community's growing “Middle East” myopia – how India views the conflict. In particular, what remains to be determined is whether New Delhi has learned from the military campaigns and whether or not the Iraq war will induce a strategic shift in India's foreign policies.

Indian policymakers, in fact, shared an acute appreciation of America's predicament with Saddam Hussein's Iraq. It was thought that Iraq possessed weapons of mass destruction and was a state sponsor of terrorists -- both of which were later proven to be inaccurate. India shares similar concerns regarding Pakistan; however, in this case Pakistan is a proven nuclear weapons state, directly supports terrorist groups through its intelligence apparatus the Inter-Services Intelligence (ISI), and is quickly approaching failed state status. India has

been a victim of terrorist attacks since its inception almost 60 years ago. New Delhi's emergence as a global player, its notoriously unstable relationship with Pakistan, and expanding presence in Afghanistan contribute to its susceptibility and growing unease with radical extremists, particularly in the disputed Kashmir and Jammu regions of the sub-continent. Just this year, India has been subject to dozens of terrorist attacks from the Indian Mujahedeen and the Students Islamic Movement of India (SIMI).<sup>4</sup> Some Indian intelligence sources believe that these groups are trained and find sanctuary in Pakistan.<sup>5</sup> India's recent response to terrorist attacks has been relatively muted compared to its reactions in the past. This is likely to change as Indian politicians, particularly from the ruling Congress Party, are forced to take more hard-line action against these groups for domestic political purposes. Moreover, India faces growing Maoist and communist insurgencies, growing communal violence between Christians, Hindus, and Muslims, and unresolved territorial disputes with both Pakistan and China. New Delhi's internal security challenges are significant and will likely dominate its strategic engagement in the near term.

As Pakistan teeters on the edge of disaster, India is faced with the blowback of Islamabad's inability to control terrorist groups with its own borders and the prospects of outward proliferation of nuclear technologies, and potentially fissile material to unstable regimes or non-state actors. America's military intervention in Iraq is not only of interest to India from a strategic perspective but also offers valuable lessons to American strategists seeking to determine whether India will engage in preemptory military attacks against Pakistan in hopes of neutralizing Pakistan's insecurity. This warrants a comprehensive assessment of India's responses to the Iraq War.

Although India was not a direct party to the conflict, U.S. policy makers sought direct Indian

military participation in post-conflict stabilization operations as well as other forms of support. More generally, the recently issued U.S. National Defense Strategy reaffirms the American intent to “look to India to assume greater responsibility as a stakeholder in the international system, commensurate with its growing economic, military, and soft power.”<sup>6</sup> However, America’s desires to

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enhance strategic cooperation with New Delhi have been hamstrung by domestic political challenges in India as well as ambiguity in how India will engage the world. The stronghold of India’s Nehruvian-influenced isolationist policy seems to be eroding and pointing toward a more realist driven foreign policy.<sup>7</sup> In particular, these debates are playing out between the Government of India’s dominant bureaucracies. The Ministry of Foreign Affairs, according to C. Raja Mohan, is slowly pushing India’s foreign policy orientation away from hyper-preoccupation with Pakistan toward more nuanced and robust engagement around the world --- this has been referred to as India’s “Look East” policy.<sup>8</sup> This strategy seeks greater Indian engagement from Asia to Europe. On the other hand, the Ministry of Defense (MOD) remains fixated on Pakistan and expends resources and

human capital accordingly.<sup>9</sup> In fact, the first sentence of the 2007-2008 Indian Ministry of Defense annual report states, “India’s security environment continued to be influenced by developments in our immediate neighbourhood where rising instability remains a matter of deep concern.”<sup>10</sup> It is certainly the case that India’s MOD is also seeking to procure next-generation weapons systems, such as Eurofighter Typhoon fighter jets and air craft carriers, but its strategic and operational focus remains on Islamabad. This bureaucratic division is generalizable to many governments around the world as MOD’s priorities are uniquely distinct from the Ministry of Foreign Affairs. But in India’s case, it represents a larger struggle between strategists who desire to gradually shape India’s global identity as an economic power and less on defining its national character in opposition to Pakistan or China.

A war in Iraq threatened to limit India’s access to Middle Eastern energy resources – particularly, from natural gas-rich Iran – which are necessary for the growth of its economy. It also could divert India from its preferred “middle path” approach to foreign policy, which seeks to remain rather neutral and non-confrontational in the sovereign affairs of other countries while enhancing bilateral alliances with like-minded states, such as Japan. Furthermore, the war placed India in a situation in which India stood to lose much of the positive ground gained in its relationship with the United States. Initially, New Delhi was committed to sending troops to Iraq under the aegis of a United Nations (UN) mission. However, when the United States failed to reach consensus in the UN Security Council (UNSC), Indian policymakers were forced to retract their original commitments, taking Washington by surprise.<sup>11</sup> As former Indian Ambassador to the United States, Lalit Singh noted:

In a strategic partnership, there should be an element of trust. I am afraid that there was a perception that this was breached when after talks

in India, within 48 hours, we were surprised by the announcement of Pakistan becoming a major non-NATO ally...So this has left a certain bitterness in the mouth.<sup>12</sup>

Although the Indian government had supported the U.S. invasion of Afghanistan as part of the “war on terror,” it could neither support nor condemn the U.S. invasion of Iraq without jeopardizing its vital strategic interests and relationships. Although Indian officials have managed these challenges thus far, the Iraq War experience has given Indian policymakers a more nuanced understanding of the limits of American power, the risks of depending too heavily on Washington to ensure New Delhi’s interests in vital regions, and the value of enhancing India’s power projection and other military capabilities to allow India to independently pursue its security interests in regions beyond South Asia. Moreover, second order consequences of American-led military operations in Iraq have shifted America’s focus away from Asia and to the Middle East. Experts contend that this strategic preoccupation has undermined American influence and credibility while also giving China the necessary space to augment its sphere of influence and regional standing. New Delhi has taken notice of China’s rapid regional ascent and has also embarked upon a more comprehensive diplomatic strategy toward Asia, including fostering stronger bilateral ties with Beijing. India has also been provided opportunities in light of China’s ascent. As a nuclear power with the world’s second largest population and twelfth largest economy (and growing fast), Indian leaders have continued with their “middle way” strategy but have grown more assertive in some areas (e.g., Southeast Asia) and have attempted to strike bargains that take advantage of their position --- exemplified by the landmark U.S.-India nuclear deal. Furthermore, many Indians had hoped that an Indian-American alliance against terrorism would move the United States to put pressure on Pakistan. Yet, Washington named

Pakistan as one of the United States’ key allies in the “war on terror” and has continued to work with the Pakistani government despite evidence that groups affiliated with its controversial intelligence services have supported terrorist acts against India, including with the recent bombing of the Indian Embassy in Kabul.<sup>13</sup> America’s support of Pakistan remains a major thorn for U.S.-India relations,

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*“The Iraq War experience has given Indian policymakers a more nuanced understanding of the limits of American power.”*

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despite arguments suggesting that India has “de-hyphenated” its bilateral relationship with Pakistan and the United States. This has negatively shaped views in New Delhi about America’s trustworthiness and desire to become a strategic partner with India.

To date, a comprehensive assessment of what lessons India has learned or observed from American military operations in Iraq has not occurred. This study seeks to provide a broad review of India’s responses to the Iraq War. Part One provides an analytic framework for India’s policies by examining its political and economic trajectory. Part Two assesses New Delhi’s reactions to the challenges and opportunities presented by the Iraq War, and how these developments might influence India’s future engagement with the world, especially regarding issues of concern to the United States.

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## PART I: INDIA'S TRAJECTORY

Before considering India's responses to the Iraq War, it is essential to understand the trajectory of its foreign policy, domestic economy, internal security, and defense efforts. This context will provide greater clarity to transformations in India's strategic thinking and trajectory.

### Foreign Policy Strategy: The 30,000 Foot View

India's most significant lesson in the aftermath of the Iraq War is playing out in its foreign policy trajectory. India is placing greater weight on traditional balance of power strategies that involve a complex mix of hedging and engagement, while eschewing entanglement in small-scale wars and low-intensity conflict. As Raja Mohan, one of India's leading strategists, noted:

After more than a half century of false starts and unrealized potential, India is now emerging as the swing state in the global balance of power. In the coming years, it will have an opportunity to shape outcomes on the most critical issues of the twenty-first century: the construction of Asian stability, the political modernization of the greater Middle East, and the management of globalization.<sup>14</sup>

India's foreign policy ambitions are relatively pragmatic and driven by a desire to maintain strong domestic economic growth. This could explain in part India's lack of desire to militarily intervene in Nepal during the Maoist uprisings in the fall of 2006, and in Sri Lanka to assist the Sri Lankan Army with countering growing attacks from the Liberation Tigers of Tamil Elam --- a historic precedent given their poorly planned failed intervention in 1989. America's military operations in Iraq have further impressed upon Indians that America's intentions may not necessarily line up with India's just because they are both democratic states.

As India gradually transitions from a Nehruvian

state to a more realist power, Iraq is likely to color India's strategic calculi. America's democracy agenda, as espoused by President Bush, has generated tremendous anxiety amongst India's non-ruling political parties. In particular, India's largest communist party -- which holds the key to the political strength of the Congress-led coalition government -- views America's democracy promotion strategy as a new form of imperialism. Even though this animosity is not representative of the Indian strategic community writ large, it has spawned anti-Americanism in the Indian parliament. For example, during parliamentary debates on the U.S.-India nuclear deal, discussions about the value of a bilateral alliance with Washington almost derailed one of the most important geo-strategic agreements of the Bush administration. Furthermore, the now infamous Quadrilateral Dialogues between Australia, Japan, India, and the United States has succumbed to pressure from Australia, Japan, and India who perceive the group as overly antagonistic toward China. This has further damaged views in India about a strategic partnership with Washington simply because it is a democracy and instilled a stronger desire for a more pragmatic orientation in foreign affairs.

Despite divergences over America's current foreign policy strategy, over the past decade, India and the United States have established stronger military, economic, and political ties based on mutual interests in combating terrorism, expanding commercial cooperation, and promoting democracy. Since the end of the Cold War, Indian policy makers have increasingly appreciated the linkage between better relations with the United States and the achievement of their country's economic and security goals.<sup>15</sup> Similarly, over the past decade, U.S. policy makers have sought to develop a closer relationship with India to deal with mutual concerns and threats. The September 11, 2001 terrorist attacks catalyzed Washington and New Delhi to further improve relations. The subsequent mutual

support has helped both sides to address a wide spectrum of potential threats, ranging from Pakistan, to China, to WMD proliferation, to Islamist terrorism.<sup>16</sup>

A high-level strategic dialogue between the two countries began to develop even before the terrorist attacks on the United States. In particular, during the second Clinton administration, U.S. Deputy Secretary of State Strobe Talbott and Indian Foreign Minister Jaswant Singh engaged in discussions about a wide range of regional security issues.<sup>17</sup> For example, the two countries established a U.S.-India Joint Working Group on Counterterrorism in January 2000. Under its auspices, the two governments have exchanged intelligence, expanded anti-terrorism training programs for Indian law enforcement officials, and launched a bilateral cyber-security forum. Many Indian strategists anticipated that the U.S. decision to treat the 9/11 attacks as a “declaration of war” by terrorist groups would “herald a new historical process that would lead to a new strategic axis of India-U.S. and Israel fighting against Islamic fundamentalism.”<sup>18</sup>

Continued political instability in South Asia has the potential to derail Indian aspirations to establish an economically-integrated region dominated by New Delhi. Many states on India's periphery are in the midst of political struggles, civil wars, and Islamic-inspired violence.<sup>19</sup> Indians understand that this instability, which holds the potential for creating failed states and security vacuums on the subcontinent, is not conducive to economic prosperity. To enhance New Delhi's security and prosperity, Indian officials pursue policies designed to curb Islamic extremism and create modern and moderate political systems in neighboring countries.<sup>20</sup> Many Indian analysts apply the same considerations to Afghanistan and Pakistan, as these nations' close proximity to India means chaos in either country can readily affect India. Following the terrorist attacks of September

11, 2001, the Indian government pledged to support the American efforts to combat terrorism. Although New Delhi has declined to become a formal member of the U.S.-led international anti-terrorist coalition, Indian governments have supported many U.S. counterterrorist initiatives and contributed some of their own (e.g., Indian Navy escort patrols in the Strait of Malacca).<sup>21</sup>

Indian policy makers have sought to persuade their American counterparts to alter their policies toward New Delhi in several core areas. First, India desires that Washington recognize it as a great power, both regionally and globally. From New Delhi's perspective, this process requires an appreciation that India's enhanced stature will benefit U.S. interests despite New Delhi's traditionally independent foreign policy. Second, Indian officials seek to induce Washington to relax restrictive control regimes that impede Indian access to advanced civilian, dual-use, and military technologies.<sup>22</sup> These two objectives are interrelated in that Indians believe that the best insurance against external threats lies not in becoming a junior partner in any alliance, but rather in emerging as a strong and independent power center. Such considerations lead Indians to insist on retaining a strong nuclear arsenal—the ultimate backstop of Indian security—regardless of foreign perceptions.<sup>23</sup>

India and Pakistan have had a troubled relationship since their separation, when British India gained independence in 1947. Dealing with Pakistan represents India's – if not the world's – largest security challenge. In the months following the U.S. invasion of Iraq, New Delhi and Islamabad attempted to bridge their differences over Kashmir by engaging in low-level confidence building measures (CBM) meant to decrease mistrust between both nations. Indians have hoped that their expanding ties with Washington would prompt the United States to pressure Pakistan to refrain from supporting terrorism in Kashmir and other parts of India. However, Indian policymakers

have grown wary of America's strong relations with Pakistan as part of its Global War on Terror and believe that Washington's support to Islamabad is both being misdirected and ineffective in countering terrorism. Indian intelligence analysts are also connecting the dots between Pakistan and attacks in India, particularly those supported by elements of Pakistan's ISI.<sup>24</sup> At the same time, the internal stalemate to deal with Pakistan's domestic terrorism and other issues has strengthened Indian desires to bolster their military strength in anticipation of potential future conflict with Pakistan.

Despite recent improvements in relations, many Indians are wary of China's growing economic, military, and political influence as well. In an August 2006 speech at the Carnegie Endowment for International Peace, Indian Air Chief Marshal Shashindra Pal Tyagi stated that India was closely observing China's rise, both in Asia and elsewhere, and that India's armed forces were obliged to prepare for all military contingencies by judging other states' capacities, rather than their intent.<sup>25</sup> Indian strategists have responded to Beijing's expanding sway in South Asia and elsewhere by pursuing political alignments with the United States and other countries, including those in the Middle East. Former Under Secretary of State for Political Affairs, Nicholas Burns has noted, "... building a close U.S.-India partnership should be one of the United States' highest priorities for the future. It is a unique opportunity with real promise for the global balance of power."<sup>26</sup> Even though this view is under tremendous pressure in New Delhi, a new generation of Indian bureaucrats is slowly taking steps to further enmesh their interests with America in order to deal with regional uncertainties.

India is also hedging its bets by engaging China on multiple levels. Prime Minister Singh and President Hu Jintao agreed to expand bilateral trade to \$60 billion (USD) by 2010 and signed a joint statement to promote a "Strategic

and Cooperative Partnership for Peace and Prosperity."<sup>27</sup> Distrust has defined the Sino-India axis since India's defeat in 1962 at the hands of the Chinese military. By taking steps to further integrate both diplomatic and economic ties, India is hoping to shape Chinese behavior toward peace and stability. America's military operations in Iraq have exposed to India the need to remain focused on China --- the next likely major global power. America's preoccupation away from Asia has given Beijing the necessary diplomatic space to expand its influence and power. India realizes that it will not always be able to count on American support in shaping China's regional ascent -- nor necessarily agree with Washington's approach -- and has therefore sped up the pace of its "look eastward" policy to hedge against Chinese adventurism.

India's look east policy highlights New Delhi's desire to promote a more realist foreign policy. In 2007, Prime Minister Singh and Japanese Prime Minister Abe held a historic summit in New Delhi that sought to further elevate Indo-Japanese relations. For India, Japan represents a strategic partner to counter potentially aggressive Chinese moves and an economic powerhouse capable of enhancing its economic growth. Japan has committed billions in assistance to India and is a key funder for the development of the New Delhi-Mumbai corridor --- a major multi-billion dollar infrastructure project meant to connect India's capital and financial center. India and Japan have also engaged in high-level naval exercises and regional war games meant to better integrate their defense establishments in case of a major security crisis in East Asia. India is also further integrating itself into the Association of Southeast Asian Nations, including active participation in the ASEAN Regional Forum.<sup>28</sup> New Delhi is also further enhancing its bilateral economic and commercial interactions with Taipei, including hosting a Taipei Economic and Cultural Center. India is hoping to take advantage of Taiwan's leadership

role as a global leader in computer hardware by supplying software to products manufactured in Taiwan.<sup>29</sup>

The invasion of Iraq and other U.S. policies have forced India to pursue a difficult balancing act between traditional anti-interventionist platforms and its desire to become a more forward-engaged power. Its strategic outlook has certainly been altered by its perceptions of America's shortcomings in the Iraq war as well as further highlighting to Indian policymakers the need to take a strong stance against radical Islamist terrorists --- a perspective that is politically digestible to the greater Indian polity, which has great disdain toward Pakistan.

### **Economics**

Economic growth dominates India's strategic outlook. Similar to other aspiring major powers -- most notably China -- New Delhi places great value on ensuring internal development and poverty alleviation. For many Indian strategic thinkers, there is little that separates India from other major powers in the world. It is a democracy, has a massive population (and a cheap labor force) and an enormous brain trust (informational technology sector) that is propelling its economic growth. This perspective is rooted in over fifty years of struggle between socialist tendencies and free-market capitalists in New Delhi that is finally being resolved in favor of the latter camp. New Delhi is using its growing economic power to deepen relations with its immediate neighbors and strategically significant global powers. Many of these ties have involved promoting economic growth, both within India and in South Asia, as seen by the proliferation of trade agreements Indian governments have signed with both individual states and multilateral bodies.<sup>30</sup>

In contrast to the country's meager average annual growth rate of 3.5 percent sustained throughout much of the Cold War, the Indian economy grew

between 5.0 and 7.5 percent annually during the 1990s. As a result, India's GDP doubled during this period. Although the growth rate fell in the early 2000s, it has rebounded sharply since then. For the past decade, India's economy has grown at a rate of more than 7%; the country's estimated GDP for 2007 is \$2.989 trillion.<sup>31</sup> The robust economic performance has encouraged Indian policy makers to aim for growth rates of about 9 percent per annum. Attaining such levels consistently would require the acceleration of what are commonly referred to as "second generation reforms." These include restructuring of the country's labor laws, financial sector, trading practices, and the regulatory system; disinvesting government-owned industries; and increasing investment in communications, health, physical infrastructure, and power generation.<sup>32</sup>

In recent years, however, India's economic development has slowed and it has experienced accelerating inflation. In late July 2008, India's annual inflation exceeded 12% for the first time in 13 years. Some economists forecast that this figure will rise even further.<sup>33</sup> Meanwhile, the continued expansion of the Indian population, which grew by 1.58% in 2007, has the potential to exacerbate the economic, social, and environmental problems already facing the country.<sup>34</sup> The GDP growth rate fell from 9% in 2006 to 7.4% in 2007, and is expected to approximate 8.7 % in 2008.<sup>35</sup>

India's rapid development has placed enormous pressure on the government to ensure access to energy sources, particularly natural gas and crude oil. New Delhi therefore sought to maintain cordial relations with the oil-rich countries of the Middle East, including Iran, Iraq, and Saudi Arabia. As of June 2008, India imported almost 75% of its crude oil requirements, most of it from the Middle East.<sup>36</sup> The country's booming economy will require it to import increasing volumes of oil and natural gas in future years.<sup>37</sup> R. K. Pachauri, director general of the Tata Energy Research Institute, articulated

the implications of this trend for Indian foreign policy: “We now realize we have to get a large part of our energy from our extended neighborhood, and that means we have to engineer and structure new relationships.”<sup>38</sup> Some Indian strategists have also sought to maintain strong relations with the Middle East to counter Pakistan’s influence in the region.<sup>39</sup> Policymakers in New Delhi understand the “catch-22” nature of dependency on Middle East oil, but are unlikely to pursue policies that jeopardize energy flows to India. As a result, Indian policymakers have also made a concerted effort to modernize and expand the country’s military (discussed further in Part Two). India’s growing dependence on international trade, especially imports of foreign oil, and the country’s proximity to the critical shipping lanes of the Indian Ocean, which include oil tanker routes that extend from the Middle East to the rest of the world, has contributed to the recent focus on developing the Indian Navy while sustaining air, ground, and nuclear capabilities.<sup>40</sup> It is becoming more apparent in New Delhi that their future economic vitality intersects with national security, and if necessary the exercise of force.

### Internal Security

India historically has had some of the highest rates of terrorism. Also, even though India’s government is institutionally stable it faces mounting pressure from ideologically-inspired communist insurgents in its hinterlands. According to the South Asia Terrorism Portal, a reputable non-profit think-tank in New Delhi:

2,765 people died in terrorism-related violence in India during year 2006. A review of the data indicates that nearly 41 per cent of all such fatalities occurred in Jammu and Kashmir (J&K) alone as a result of the Pakistan-backed separatist proxy war in that State. 27 per cent resulted from Left Wing Extremism (Maoism/Naxalism) across parts of 14 States, prominently including Chhattisgarh, Andhra Pradesh, Maharashtra,

Orissa, West Bengal, Uttar Pradesh, Jharkhand, Bihar and Karnataka. 23 per cent of the total fatalities in 2006 occurred in the multiple insurgencies of India’s Northeast.<sup>41</sup>

Since 2001, the number of total fatalities has gradually decreased. As of September 2, 2008, 1651 people have been killed in terrorist-connected incidents.<sup>42</sup> Moreover, the Iraq War has led to a rise in terrorism around the globe as radical Islamists have become emboldened by perceptions of American occupation in Iraq. According to a study done in 2007 using data from the MIPT-RAND Terrorism database, terrorism attacks increased significantly after the invasion of Iraq, including in the Kashmir region as well as in India and Pakistan proper.<sup>43</sup> Excluding attacks that took place in Iraq and Afghanistan (which account for 80% of attacks and 67% of fatalities), “jihadist terrorist attacks” rose 35% worldwide, while fatalities from terrorist attacks rose 12%.<sup>44</sup>

Although the increase in terrorism has been most pronounced in Europe and the Middle East, the post-Iraq terrorist “surge” has still posed a significant problem for India. In August 2007, the Times of India published an article stating: “India has since 2004 lost more lives to terrorist incidents than all of North America, South America, Central America, Europe and Eurasia put together.”<sup>45</sup> The article cites figures that placed India as having the second-highest number of terrorism-related deaths, injuries, and overall terrorist incidents, after Iraq. It relates what seems to be a common perception that since the Iraq invasion “India has been hit by terrorists at will and with chilling regularity — Mumbai, Delhi, Bangalore, Hyderabad, Malegaon, Varanasi, J&K [Jammu and Kashmir] — the list is endless.”<sup>46</sup> Many analysts cite the increasing presence of Al Qaeda and the resurgence of the Taliban in Afghanistan-Pakistan to America’s relative success in the “post-surge” environment which expelled many foreign fighters. This line of analysis indicates that the lawless regions of Pakistan and

Afghanistan serve as “flypaper” for terrorist groups and insurgencies seeking to wage Jihad against the west.<sup>47</sup> These groups have also absorbed or compelled other terrorist groups to realign with their leadership, such as Lashkar-e-Toiba<sup>48</sup> and have orchestrated attacks against India. Another wave of serious bombings occurred in late July 2008, including one that hit Gujarat state’s financial hub,

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*“From the acquisition of UAVs, advanced surveillance technology for their soldiers, and movement toward acquiring network centric capabilities, it is evident that New Delhi’s thinking has become more advanced in the past five years.”*

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Ahmedabad, killing over two dozen people. It is likely that the most recent spate of terrorist attacks in India originate from “homegrown” Islamist radical groups who have become alienated by the Hindu-dominated state government, particularly in the Gujarat state. The Indian Mujahedeen, one such group, has claimed responsibility for five terrorist attacks in the past year, including the most recent one on September 13, 2008, that killed dozens in New Delhi.<sup>49</sup> It is unknown whether they are trained, equipped and supported by cells or organized criminal syndicates within India

or from external sources of capital flows from Pakistan.

India faces significant domestic political uncertainty from various non-Muslim groups who reside within its borders. Even though terrorist related deaths in Jammu and Kashmir account for almost 40 percent of all fatalities, approximately 50 percent of terrorist-related deaths are induced by Left Wing extremists throughout India. This led Prime Minister Singh to state that these groups constitute the “single biggest internal security challenge” to the Indian state.<sup>50</sup> These groups are composed of Maoist and Naxalit movements, as well as insurgents in Northeast India (e.g., Nagas). Furthermore, the Communist Party of India-Maoist has significant political power throughout the country, as well as the organizational capability to orchestrate attacks against government institutions and security forces, and will continue to pose significant political challenges to the Indian state for the foreseeable future.<sup>51</sup> The Indian Army has been engaging in kinetic and counterinsurgency operations against them for decades, but have yet to reach a politically acceptable cease fire or agreement with most of these groups. Additionally, over the past year low-level secular conflict between Hindus and Christians have been increasing in India adding another element of instability and potential for increased violence and insecurity.<sup>52</sup>

### **Military Overview for India**

For 2007, India’s military expenditure was US\$24.2 billion, below only the United States (\$547 billion), China (\$58.3 billion), Russia (\$35.4 billion) and Italy (\$33.1 billion).<sup>53</sup> In the last five years, India’s defense budget has increased by over a third, an increase of approximately 8 percent per annum.<sup>54</sup> Nevertheless, India’s relative defense burden remains low, accounting for only around 2% of GDP, compared with Pakistan and China (3.5% and 4.3% respectively).<sup>55</sup> India’s current defense expenditure is estimated at roughly US\$26.5 billion.<sup>56</sup> On February 29, 2008, Finance Minister

Chidambaram confirmed that defense spending will increase by 10% to \$26.5 billion<sup>57</sup> - but will still remain at approximately 2% of GDP, continuing a five-year trend whereby defense spending as a proportion of GDP has gradually declined.<sup>58</sup>

Following the onset of the Gulf War, Indian defense spending rose from \$14.74 billion in 2003-2004 to \$17.38 billion in 2004-2005.<sup>59</sup> By 2006, military spending would reach \$20.11 billion, totaling less than 2.5% of India's GDP.<sup>60</sup> However, it is hard to generalize from the available data that India accelerated its defense spending because of America's invasion of Iraq. Rather it seems likely that the Iraq War helped justify greater expenditures directed toward unconventional contingency operations. India's modernization and procurement of next generation sea and air platforms is more likely driven by internal deliberations regarding China and Pakistan's conventional capabilities. The following analysis provides a descriptive framework to understand India's investment in capabilities designed for irregular operations, such as counterterrorism operations in Pakistan.

In light of continued threats from Islamic terrorists in Pakistan and Kashmir, India's Defense Ministry stresses the necessity of "modernization and upgradation" of the Army, which is a "continuous process" with the following areas of focus:<sup>61</sup>

- Improvement in fire power and increased mobility.
- All-weather battle field surveillance capability.
- Night fighting capabilities.
- Enhanced capability of Special Forces.
- Capability for Network Centric Warfare.

Table 2 highlights how India's Ministry of Defense is optimizing its war fighting capabilities to deal with a hybrid threat spectrum. In this case, specific attention is being paid to how India's army is preparing to deal with advanced unconventional contingency operations. From the acquisition of

UAVs, advanced surveillance technology for their soldiers, and movement toward acquiring network centric capabilities, it is evident that New Delhi's thinking has become more advanced in the past five years. India's growing conventional (state-to-state) war-fighting capabilities and its unconventional direct-action units highlight a recognition of the need to develop a hybrid force structure similar to the American militaries (albeit at least a generation behind in capabilities).

Table 2

| Military Adaptations                             |   |
|--|---|
| Operational Objectives                           | Capability Requirements and Principal Acquisition Interests   |
| Improvement in fire power and increased mobility | The main focus for the artillery is to acquire heavy caliber guns with enhanced ranges and better fire power mobility. The Army is also advancing its air defense capabilities by procuring Air Target Imitators (ATI) and through modifying the carriage of Civil Hired Transport (CHT) to carry of SAM-7 Missiles. In terms of further modernization, the Infantry Battalions are being provided state-of-the-art weapon systems of greater lethality, range and precision, thermal imaging devices, bullet and mine proof vehicles and secure radio communications.  |
| All-weather battle field surveillance capability | The Indian Ministry of Defense is acquiring additional Unmanned Aerial Vehicles (UAVs) to enhance their Surveillance and Target Acquisition capabilities.   |
| Night fighting capabilities                      | The Indian Ministry of Defense is procuring equipment for nighttime war fighting. This includes the following technologies: Image Intensification, Thermal Imaging, Night Vision Devices. MOD is prioritizing acquisition of night vision technology for its T-72 and T-55 tanks. Mobility and navigation of T-72 tanks are being enhanced by upgrading their Power Packs, GPS, and Advanced Light Navigation Systems <sup>62</sup> .   |
| Enhance capability of Special Forces             | The capabilities of Army Aviation are being strengthened by replacing existing Utility Helicopters with higher capacity Helicopters and by the induction of Armed Helicopter for special operations as well as Tactical Battle Support Operations. India's Marine special forces are being trained for rapid amphibious direct action operations. <sup>63</sup> In 1985, India stood-up a national counterterrorist guard unit of elite police and special operations forces meant to respond to hostage situations and spoiling terrorist attacks. It is believed that since 9/11 this group has grown in size and is receiving additional training from Israeli Special Forces. Moreover, Indian Special Operation Forces are supported by almost 1,000,000 paratroopers who operate as police, civilian guards, and soldiers throughout India. |
| Capability for Network Centric Warfare           | The Ministry continues to emphasize the importance of reformed ICT infrastructure to enable transformation of the military into a Network Enabled Force by 2009. To this end, the communication infrastructure has been enhanced by two major projects. First, an Optical Fiber Cable (OFC) communication network has been established in the harsh terrain of Eastern sector. Second, an Army owned Mobile Cellular Communication System has been established in the Northern Sector, providing 24/7 voice connectivity to soldiers operating in mountainous terrain. Moreover, this includes integrating UAVs, satellites, and long range reconnaissance into their ground forces; <sup>64,65</sup> as well as extensive strategic missile testing and high-tech improvements in the naval <sup>66</sup> and air forces. <sup>67</sup>          |

## PART II: LESSONS LEARNED

**Senior Leadership's View of the Iraq War**

The Indian Government opposed the war in Iraq, a position based on the unanimous resolution adopted by both Houses of Parliament on April 8, 2003: “The resolution deplored the military action and stated that this action with a view to changing the government in Iraq was unacceptable. The action also lacked the specific sanction of the U.N. Security Council. The Resolution called for immediate secession of hostilities in Iraq and quick withdrawal of coalition forces. It also called upon the UN to protect the sovereignty of Iraq and to ensure the reconstruction of Iraq under UN auspices. India welcomed the signing of Iraq’s interim constitution...[and] has stressed the crucial role of the UN in the process of political and economic reconstruction in Iraq.”<sup>68</sup>

In January 2003, India’s Foreign Secretary Kanwal Sibal observed, “We support Iraq’s compliance with the UN Resolutions and elimination of weapons of mass destruction there. We also maintain that if Iraq complies with UN Resolutions, then sanctions should be lifted in tandem for humanitarian considerations. With 3 million Indian expatriates in the Gulf region and a population of over 140 million Muslims in India, we are concerned about military action in Iraq sparking turmoil and creating more bitterness and violence, aggravating an already unstable and volatile situation.”<sup>69</sup> The Indian Government also believed that the war “has generated a series of security concerns for India notably in relation to the security of the large Indian community resident there, and of oil and energy supplies. There is also a very real risk that the US-led coalition war in Iraq will distract attention from Pakistani behavior in its neighborhood, particularly in India but also Afghanistan, which Pakistan will use to step up its adventurist activities in the region as it did after the Soviet withdrawal from Afghanistan. The war against Iraq could also aggravate the divide between the Muslim and non-Muslim world.”<sup>70</sup>

On the eve of war, Prime Minister Vajpayee addressed both Houses of Parliament in which he argued that India should recognize the validity of Resolution 1441, which “provides a stringent regime of inspections designed to meet the international community’s desire that Weapons of Mass Destruction are eliminated from Iraq. We believe that Iraq must cooperate actively with the inspection process and comply fully with all relevant Security Council Resolutions.”<sup>71</sup> He also claimed that “more time and formulation of clearer criteria”<sup>72</sup> could increase the possibility of Saddam Hussein’s regime complying with UN resolutions. He warned, “if unilateralism prevails, the U.N. would be deeply scarred, with disastrous consequences for the world order. The Government of India would strongly urge that no military action be taken, which does not have the collective concurrence of the international community.”<sup>73</sup> Prime Minister Vajpayee’s statement highlights India’s objection to America’s decision to take unilateral action, as well as a fear of greater instability in the Muslim world posing significant security concerns to India’s national security.

**India’s immediate response to the war**

The U.S. decision to invade Iraq without the endorsement of the UN Security Council placed New Delhi in a difficult situation. Many Indian policymakers viewed Iraq under Saddam Hussein as a modern and secular state, where Islamic fundamentalism was firmly controlled, making Baghdad a de facto ally in the Middle East. India’s traditionally “very friendly” attitude to Arab countries has “brought many benefits for India,”<sup>74</sup> including energy supplies. Furthermore, the Hussein regime had awarded Indian companies a number of lucrative contracts under the United Nations Oil for Food program in return for New Delhi’s diplomatic support. A 2002 concession for India’s Oil and Natural Gas Corporation would have been extremely beneficial for meeting India’s need for secure sources of foreign oil.

Partly for this reason, Indian officials before the war had opposed the sanctions on Iraq.<sup>75</sup> Other projects negotiated between India and Iraq under the Saddam Hussein regime included contracts for Indian companies to help Iraq construct railways, health facilities, and general technical cooperation. Trade between Baghdad and New Delhi had reached \$1.1 billion in 2002 and was predicted to grow substantially in the future.<sup>76</sup> The Iraq War derailed these plans and resulted in a collapse of bilateral Iraqi-Indian economic ties.

The Indian population's overwhelming opposition to the invasion naturally affected the government's decision making regarding Iraq. Polls indicated that approximately 69 and 87 percent of respondents did not support the involvement of Indian troops in the impending conflict, even as peacekeepers.<sup>77</sup> The country also saw many antiwar demonstrations. Many Indians viewed the U.S.-led invasion, which occurred without the approval of the UN Security Council, as a unilateral violation of international norms. Government officials also disagreed with the strategic rationale behind the Iraq invasion. They viewed Saddam's Iraq as a solidly secular state, opposed to the kind of Islamist extremism that had contributed to terrorism in India, as well as an important trading partner and oil supplier of India. Many Indians professed it hard to see why – particularly, if the American government sought to justify its pre-emptive strike on Baghdad by citing Saddam's alleged support for terrorism and possession of weapons of mass destruction – Washington continued to maintain such close ties with Pakistan.<sup>78</sup>

Yet, at the time of the Iraq invasion, India had a growing economic, political and military relationship with the United States. Until this point, Indian officials had supported all U.S. actions in the “war against terror.” Several key political figures in India believed that a strong Indo-U.S. relationship would give India the chance to become a major player on the international stage.<sup>79</sup> Through partnering

with the United States, India would strengthen its credentials as a regional and global power, thus slowly emerging as a more capable balancing force vis a vis China. The government feared that if India took a firm public stance against U.S. actions in Iraq, its relationship with the United States, and the substantial benefit associated with that relationship, would suffer. In contrast to what might have occurred during the heyday of nonalignment, Indian officials on this occasion therefore did not take a lead role in marshalling world opinion against the American invasion.<sup>80</sup>

### **Indian-U.S. Relations**

Under the Bush administration, strategic cooperation between Washington and New Delhi has focused on a “quartet” of issues under the “Next Steps in Strategic Partnership” (NSSP) initiative, launched in January 2004. Setting aside differences over Iraq and India's past nuclear tests, the NSSP has involved a wide-ranging dialogue and exchanges between the two countries in areas of high-technology trade, outer space exploration (except for rocket technology that could improve India's offensive missile capabilities), civilian nuclear energy (specifically regarding regulatory and safety issues) and, most recently, missile defense.<sup>81</sup> The NSSP has proceeded on the basis of a series of reciprocal steps leading to ever-greater cooperation.<sup>82</sup> For example, during Secretary of State Condoleezza Rice's February 2005 visit to India, she announced that the administration was committing to help develop India's civilian nuclear power industry because of the country's tremendous energy needs and commitment not to use such assistance to advance its strategic weapons program.<sup>83</sup>

An important step in this strategic realignment occurred in 2005, when President Bush and Prime Minister Singh announced plans to establish a far-reaching “strategic partnership.” As part of this shift, the Bush administration decided to acknowledge India as a legitimate nuclear weapons

power. In so doing, it went against long-standing U.S. policy, including a history of sanctions against India during the Clinton administration after India tested nuclear weapons in the late 1990s.<sup>84</sup> India has attempted to gain recognition as a nuclear state since it first tested nuclear weapons in 1974. In 1999, India's national security advisor, Brajesh Mishra, expressed the underlying belief that great international respect is given to non-Western nations only if they possess nuclear capabilities, comparing India to China (with its acknowledged nuclear stockpiles and permanent seat of the United Nations Security Council) by stating, "India should be granted as much respect and deference by the United States and others as is China today."<sup>85</sup> Although the greatest benefits of this deal for India are political, India is also gaining technological knowledge as well. The deal will provide U.S. nuclear assistance to India's civilian nuclear energy program and expand cooperation in other areas of technology. The successful passage of the U.S.-India civil nuclear deal is a clear example of U.S. interest in keeping (shaping) India as a strategic partner in Asia.

Although India benefits from its relationship with the United States, most Indians also desire to balance U.S. hegemony. Many Indians see great benefits for their country from the preservation of a multi-polar world, which, among other benefits, allows Indian influence to extend to areas formerly dominated by the United States. The U.S.-led invasion of Iraq in particular fueled fears among some of India's government officials concerning the dangers of U.S. unilateralism.<sup>86</sup> The Indian leadership subsequently pursued a "two-pronged strategy, bandwagoning with, and balancing against, the U.S."<sup>87</sup> Thus, while India has sought to strengthen its counterterrorism alliance with the United States, it has also cultivated relations with other influential countries.<sup>88</sup>

### Managing China's Rise

Until recently, relations between China and India

were visibly strained. The two countries fought a short border war in 1962 and have never resolved their conflicting claims. During the Cold War, India had a de facto alliance with the Soviet Union against China. Beijing has long cultivated close ties with India's arch-rival, Pakistan. China provided Pakistanis with military equipment and technology, and helped them develop nuclear weapons

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and ballistic missiles that target India. When India tested a nuclear weapon in May 1998, Defense Minister George Fernandes justified this controversial action by citing China's military ties with Pakistan.<sup>89</sup>

During the last few years, however, many dimensions of Sino-Indian relations have improved. In 2005, the two governments declared that, despite their continuing disagreements, their policies would reflect a shared commitment to establish a bilateral "strategic partnership." The two countries' prime ministers and other senior government officials have engaged in a wide-ranging dialogue that encompasses many economic, energy, security, and cultural issues. As part of these exchanges, in late May 2006, the two countries' defense ministers signed their first Memorandum of Understanding on Defense Cooperation. The accord provides for frequent meetings between civilian and military members of their defense communities as well as further joint military exercises and training in

areas of mutual interest. It builds on other military confidence measures that both governments have adopted in recent years.<sup>90</sup>

Bilateral commerce has also increased to the point that, in 2004, China became India's second-largest trading partner, behind only the United States. A study by the Confederation of Indian Industries predicts two-way trade could reach \$30 billion by 2010,<sup>91</sup> a figure that both Hu Jintao and Manmohan Singh would like to see double. In March 2006, Beijing proposed a bilateral free trade agreement that could result in China replacing the United States as India's largest trading partner by 2012.<sup>92</sup> From November 20-23, 2006, Hu Jintao conducted the first presidential visit to India since Jiang Zemin's 1996 trip. During his sojourn, Hu met with Prime Minister Manmohan Singh and other Indian leaders. The two governments signed over a dozen agreements to expand their economic, security, and cultural collaboration. Chinese and Indian officials also committed their governments to expanding cooperation in agriculture, information technologies, and other sectors.

Furthermore, the recent U.S.-Indian civil cooperation accord appears to have prompted Hu to affirm China's intent to pursue Sino-Indian nuclear energy collaboration. For the first time in such a high-level bilateral declaration, the joint Chinese-Indian statement issued after the Hu-Singh meeting said the two sides endorsed "innovative and forward-looking approaches" regarding civilian nuclear power cooperation.<sup>93</sup>

Indian and Chinese businesses continue to compete for energy imports and foreign investment in third markets as well as complain about one another's discriminatory commercial practices at home. Yet, these frictions resemble those found between many other countries. Excessive attention to these differences obscures the many ways in which the Chinese and Indian economies are complementary.<sup>94</sup> Their growing interconnection

has led Indian analyst Jairam Ramesh and other observers to forecast the emergence of an integrated "Chindia" economic bloc.<sup>95</sup> Fundamentally, China and India share an interest in maintaining an open and peaceful international environment that would allow for their continued economic growth and prosperity—conditions that also are propelling their rise to great power status.

A recent public opinion survey, undertaken by the Chicago Council on Global Affairs (CCGA) and the Asia Society, suggest that these changes in Sino-Indian government-to-government relations have begun to alter popular attitudes in both countries.<sup>96</sup> The pollsters found that, despite widespread American perceptions to the contrary, both Indians and Chinese held warm feelings toward the other's country and viewed each other's economic rise in a largely positive light. A majority of Chinese respondents even described India's military rise as a benign development. Whereas Americans favored a reduction in China's global influence and saw Beijing as playing a largely negative role in resolving Asia's key problems, Indians generally wanted China's influence to increase and assessed Beijing's role in resolving the region's main problems as largely benign. Respondents in both India and China characterized their bilateral relationship as more of a partnership than a rivalry. They also jointly favored a reduction in America's global influence and a decline in U.S. military superiority. Finally, both Chinese and Indians think that Washington fails to take their interests into account when making foreign policy decisions and cannot be trusted to keep its commitments.

Nevertheless, the limits of the Sino-Indian rapprochement were evident earlier this year. From January 13-15, 2008, Manmohan Singh undertook the first visit by an Indian Prime Minister to China in five years. During his stay in Beijing, Singh met with Prime Minister Wen Jiabao, President Hu Jintao, and other Chinese political and economic leaders. The summit showcased the improving

Sino-Indian economic ties, but did not appreciably reduce their political-military “trust deficit.”

The high point of the meeting occurred when Prime Ministers Singh and Wen signed a joint declaration entitled, “A Shared Vision for the 21st Century” at the Great Hall of the People in downtown Beijing. In this statement, the first Chinese-Indian document to lay out both sides’ vision for the relationship, the two governments “resolved to promote the building of a harmonious world of durable peace and common prosperity through developing the Strategic and Cooperative Partnership for Peace and Prosperity between the two countries.”<sup>97</sup> The joint declaration insisted that their partnership was “not targeted at any country,” presumably to reassure Japan, Pakistan, Russia, and the United States.<sup>98</sup> Each of these four countries benefits from a certain level of Sino-Indian tensions, which leads at least one of the pair to seek extra-regional allies to counterbalance the other. Singh and Wen stressed that they envisaged their partnership as an open relationship in which they would cooperate with other Asian countries to “explore together . . . a new architecture for closer regional cooperation in Asia, and to make joint efforts for further regional integration of Asia.”<sup>99</sup>

Furthering economic ties was an important objective of Singh’s visit. A delegation of twenty Indian business leaders accompanied Singh and Indian Commerce Minister Kamal Nath on the trip. The Prime Minister delivered a keynote address at an India-China Economic, Trade and Investment Cooperation Summit prior to his formal sessions with Chinese political leaders. Although the two governments established a new bilateral trade target of \$60 billion by 2010, their joint statement only called for considering a bilateral Regional Trading Arrangement (RTA) rather than a decision to formally begin such talks. Many Indians feared that a trade agreement with China would allow cheap Chinese imports to flood Indian markets. The onslaught would bankrupt Indian firms and

dramatically increase the country’s unemployment rate as well as its bilateral trade deficit with China, which now approximates \$10 billion annually.

Singh’s visit also failed to overcome the lingering Sino-Indian border dispute. The two governments have long expressed their mutual desire to resolve their territorial differences. Since 2003, moreover, they have held eleven formal rounds of negotiations on the issue. Yet, their joint vision statement merely urges their Special Representatives, M. K. Narayanan and Dai Bingguo, to continue pursuing a solution on the basis of the April 2005 Sino-Indian agreement. This accord simply outlines basic principles for mutual consideration in establishing a framework for resolving the dispute rather than specifying the precise terms for a future settlement.

The text of the joint vision declaration makes clear that the two sides still do not agree on another important issue—India’s appropriate status within the world’s most prestigious international body, the UN Security Council (UNSC). Although the text notes, “The Indian side reiterates its aspirations for permanent membership of the UN Security Council,” it fails to secure a corresponding Chinese endorsement.<sup>100</sup> In its formulation, “The Chinese side understands and supports India’s aspirations to play a greater role in the United Nations, including in the Security Council.”<sup>101</sup> Reading between the lines, Beijing evidently still seeks to preserve its unique status as one of the five veto-wielding members on the Security Council, and the only permanent member from East Asia. Among other considerations, keeping Japan off the Council would become harder if India were to join.

India’s rapprochement with China indicates a more rapid transition toward a realistic foreign policy. Over the course of the past seven years, India has shed a lot of its non-aligned ideology in favor of creating stronger relations with its neighbors, including China. America’s military intervention

in Iraq has further underscored to New Delhi's strategic community the need to balance challenges associated with terrorist groups and traditional threats, such as China.

### **Pakistan**

The Iraq War may have contributed to the modest improvement in Indian-Pakistan relations of recent years. Although differences persist regarding the

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status of Kashmir and other issues, the governments of India and Pakistan have adopted several confidence-building measures in recent years. This reconciliation process began in December 1988 with an agreement that prohibits either country from attacking the other's nuclear installations and facilities. The two parties subsequently began to notify each other of the locations of these sites at the beginning of each year. Subsequent India-Pakistan agreements have required advanced notification of military exercises (1991), expressed joint support for the prohibition of chemical weapons (1992), and established a formal ceasefire along the International Border and the Actual Ground Position Line in Jammu and Kashmir (2003). In October 2005, the two governments signed bilateral agreements providing for the advanced notification of ballistic missile tests and

the establishment of a direct communications link (“hot line”) between the two countries' maritime security agencies. In addition to these security accords, India and Pakistan have taken steps to collaborate more in opposing currency counterfeiting, illegal immigration, and human and narcotics trafficking. They also have expanded their bilateral commerce by establishing direct road, rail, and air links. Terrorism-related issues remain the most significant obstacle to further security cooperation between the two countries. Many Indians believe that elements within Pakistan's intelligence service continue to support terrorist groups seeking a united Kashmir under Pakistani tutelage. Indians hold these organizations responsible for the recurring terrorist attacks against civilian targets in both Kashmir and India proper.

Some analysts attributed these developments to “the Iraq effect,” whereby the American resolve in toppling Saddam Hussein's regime led some Indians and Pakistanis to fear that, if they failed to work out their own problems, Washington might eventually decide to impose its own solution, just as it did with Iraq—not necessarily with force, but through forceful diplomacy.<sup>102</sup> Although establishing such a link is difficult, American policy makers may have affected India's debate on whether to use force against Pakistan in the immediate post-Iraq invasion period.

The war in Iraq heightened India's internal debate over the use of force to counter terrorism and the nature of India's relationship with Pakistan. Within the Indian government, some politicians made a case for striking against Pakistan, based on U.S. preemptive action against Iraq. After a terrorist attack in Kashmir in March 2003 left twenty-four people dead, India's Minister of External Affairs Jaswant Singh declared: “India has a much better case to go in for pre-emptive action [against Pakistan] than the U.S. had over Iraq.... If lack of democracy, possession of weapons of mass destruction and export of terrorism

were reasons for a country to make a pre-emptive strike in another country, then Pakistan deserved to be tackled more than any other country.”<sup>103</sup> The Indian Defense Minister George Fernandes later publicly endorsed this view.<sup>104</sup>

American officials, however, strongly argued against this assessment. They described Iraq as an exceptional case and cautioned India not to apply U.S. precedent to Pakistan.<sup>105</sup> Soon afterwards, in May 2003, India and Pakistan decided to restore full diplomatic ties and exchanged ambassadors. The Indian government stated that the United States had not put “direct pressure” on the two rivals to resolve their differences, merely that circumstances now favored reconciliation.<sup>106</sup> Nevertheless, some observers credit this thaw in relations between Pakistan and India to the U.S. invasion of Iraq. According to one observer:

The American resolve in toppling Saddam Hussein’s regime has caught the attention of Indians and Pakistanis alike. The fear: If the two countries can’t work out their own problems, the U.S. might eventually decide to impose its own solution just as it did in Iraq. Not with force—just forceful diplomacy.<sup>107</sup>

An influential editor in India, M.J. Akbar also opined, “It is in the self-interest of both India and Pakistan to come to terms before others impose terms on them”—a sentiment with which the Indian government seemed to agree.<sup>108</sup> Prime Minister Atal Behari Vajpayee stated in April 2003: “The war in Iraq was a warning to all developing countries [that] we needed to resolve our disputes peacefully and speedily amongst ourselves.”<sup>109</sup> Whether or not direct U.S. pressure was brought to bear, this example demonstrates that Indian policymakers continue to heed U.S. concerns, even within the subcontinent, on vital national security issues.

### Reaffirmation of “the Middle Path”

Indian policy makers appear to have concluded that their “middle path” diplomacy has served them well during the Iraq War. Five years after the U.S. invasion of Iraq, India is still on friendly terms with the governments of the Middle East, including Iran. Simultaneously, New Delhi has strengthened its relationship with the United States and other countries. In 2005, Japan’s Prime Minister visited New Delhi to announce a new strategic partnership between Japan and India. In January 2006, Saudi King Abdullah bin Abdul-Aziz al-Saud visited India. The two countries share many common interests, which they expressed by signing a “Delhi Declaration” calling for a greater strategic partnership during King Abdullah’s visit.<sup>110</sup> India is home to the second-largest Muslim population in the world, and 1.5 million Indian ex-patriots live in Saudi Arabia.

Likewise, India’s relationship with Iran is mutually beneficial. Although the war in Iraq disrupted India’s agreement with Iraq regarding oil, during the past five years India has worked to secure other sources of oil and natural gas. Despite American objections, many Indians see Iran as a possible source for reliable oil and gas. In January 2005, the Gas Authority of India Ltd. (GAIL) signed a thirty-year deal with the National Iranian Gas Export Corporation for the transfer of 7.5 million tons of Liquefied Natural Gas (LNG) to India every year.<sup>111</sup> The deal is estimated to be worth \$50 billion and also entails Indian involvement in the development of Iranian gas fields. Indian and Pakistani officials have also agreed on the construction of a \$3 billion natural gas pipeline from Iran to India via Pakistan. Condoleezza Rice, on March 16, 2005, reaffirmed American opposition to Indian-Iranian energy cooperation: “Our views on Iran are very well known. . . . We have communicated to the Indian Government our concerns about the gas pipeline cooperation between Iran and India.”<sup>112</sup>

Even so, Washington continues to pursue deeper

strategic ties with New Delhi. Both governments are committed to democratic values, interested in ensuring the availability of energy sources (notably oil from the Middle East), and committed to combating terrorism. The United States, in particular, is eager to secure India as a counterweight to Chinese influence in Asia. For their part, Indian leaders decided to set aside their reservations regarding the Iraq invasion and continue to develop bilateral relations. According to sources cited at the time of the invasion, “There is, in New Delhi’s understanding, no need to antagonize the U.S. by using words like condemn to describe the American military action.”<sup>113</sup> Defense Minister George Fernandes told *The Hindu* in March 2003, “sometimes, on a particular issue, circumstances develop between two countries in such a way that one had to put principles and ideologies on the backburner.”<sup>114</sup> India was to remain firmly “on the side of peace but not let differences with the U.S. come in the way of strengthening [their] ‘strategic partnership.’”<sup>115</sup> As of result of their complementary interests, Indian opposition to the Iraq War and India’s continued relationship with Iran has not changed India’s long-term relationship with the United States.<sup>116</sup> Furthermore, Indian concerns about maintaining good ties with Washington have even affected its policies towards Tehran. Shortly after the U.S.-Indian nuclear deal was announced, India joined with the United States and its European allies in finding that the Iranian government had violated its NPT obligations at an IAEA Board of Governors meeting in 2005.

### Military impact

Some Indian strategists interpreted the U.S. invasions of Iraq and Afghanistan as demonstrating that military force has once again become a legitimate tool of foreign policy. In fact, as Indian commentator Sanjay Gupta points out, the invasion seemed to give new life to the debate on India’s use of force:

Key foreign policy players in the previous

government in New Delhi have tried to give Indian foreign policy a more pragmatic and a very different intellectual shape, thereby significantly moving beyond Nehru-influenced foreign policy paradigms. For instance, they have consistently emphasized the need to change with the times, have explicitly recognized the significance of military and economic strength as elements of national power, are far less inhibited about the use of force, and are not as dedicated to upholding multilateral norms where India’s perceived vital interests are concerned.<sup>117</sup>

The governments of China, Japan, and South Korea are all modernizing their military forces and extending their security perimeters to encompass energy imports from the Middle East.<sup>118</sup> Indians are also participating in this process of extending perceptions of their country’s national security interests. In November 2003, India’s Prime Minister said, “Our security environment ranges from the Persian Gulf to the Straits of Malacca across the Indian Ocean, including Central Asia and Afghanistan in the northwest, China in the northeast and southeast Asia. Our strategic thinking has also to extend to these horizons.”<sup>119</sup> In recent years, India has greatly expanded its defense budget. Through its military buildup, which still must overcome serious operational obstacles, India seeks to become better able to project power beyond South Asia to further Indian security interests, whether together with or independent of Washington.<sup>120</sup> A strong military would also aid in deterring Chinese military threats against India or its allies as well as countering residual military threats from Pakistan.

On May 10, 2008, Admiral Sureesh Mehta, Chief of Staff for the Indian navy, stated that India’s navy was growing as rapidly as its economy.<sup>121</sup> He mentioned recent orders for more ships, including three new aircraft carriers, and also stated that India “will certainly have nuclear capability”—i.e. nuclear missiles—in the future.<sup>122</sup> India could

have the third largest navy in the world within a few years as it becomes more active in the Indian and Pacific Oceans. Robert D. Kaplan predicts that India and China will increasingly use their navies to police these regions in order to protect their oil tanker routes.<sup>123</sup> Indian Air Chief Marshal Shashindra Pal Tyagi stated in 2006: “As India’s energy needs grow dramatically, India’s basic security interest would clearly lie in ensuring a free, uninterrupted flow of energy to fuel its economic growth.”<sup>124</sup> Already, India’s military doctrine has shifted from a Southeast Asian focus to one that “recognizes the need for a greater role in Asia.”<sup>125</sup> Indian naval doctrine in particular has been altered to give the Navy a blue water role and “an operation sphere that stretches from the Straits of Hormuz to the Straits of Malacca.”<sup>126</sup>

The main practical result of this doctrine has been significant increases in spending to build up India’s military capabilities. India already has the second largest army in the world, second only to China, but is augmenting its military technology. The Indian government has provided the Indian Armed Forces with a significant budget increase that has spanned the past few years, aimed at modernizing and expanding its capabilities. Traditionally, the Indian military has been heavily involved in UN peacekeeping work and currently has one brigade dedicated to UN work. India’s recent emphasis seems to be more on its defensive and offensive capabilities and less on optimizing its force structure to deal with complex contingencies, such as counterinsurgency operations. India has become a leading buyer of military equipment and technology in the developing world, spending more than even China and Saudi Arabia in 2005.<sup>127</sup> In 2007, a study by the Associated Chambers of Commerce and Industry of India projected that by 2012, India’s spending on military imports will reach \$30 billion.<sup>128</sup> In addition to increased military spending, India’s military has participated in joint training exercises with the militaries of

other great powers, such as America, Japan, and Australia. Since 1995, India has participated in thirteen military exercises with the U.S. military. India is also seeking to learn from Russian and Chinese military expertise through joint exercises with those countries.

India’s increased military modernization effort is in large part driven by its tilt toward realpolitik

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*“India’s increased military modernization effort is in large part driven by its tilt toward realpolitik and less toward optimizing its capabilities to deal with insurgencies and terrorists.”*

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and less toward optimizing its capabilities to deal with insurgencies and terrorists. America’s display of military force in the Iraq War has underscored to India the need to have a sophisticated and integrated combined-arms doctrine that can guarantee India’s security. The largesse of America’s military operations has also highlighted to policymakers in Delhi that the costs of large-scale armed conflict are likely to trade-off with India’s internal economic growth.

### **Domestic effects of the Iraq War**

In general, the Indian government has found that India’s alliance with the United States is relatively popular throughout the country, largely due to the economic, political, and military benefits accrued from a positive relationship with the world’s only superpower. Many see the improving U.S.-Indo

relationship as a sign that India has gained recognition from the world's only superpower of India's rising political and economic clout. While the United States is unpopular in most of the world, in the past decade Indians have consistently given "both the United States and the Bush administration very favorable marks."<sup>129</sup> According to a 2005 Pew Global Attitudes poll, the percentage of Indians who viewed the United States favorably had grown from 54 percent in 2002 to 71 percent in 2005.<sup>130</sup> The 2005 figure was the highest percentage among the 15 leading nations polled.<sup>131</sup>

However, Indian popular approval of the United States generally does not necessarily transfer to popular support for U.S. unilateral actions. The American invasion of Iraq was extremely unpopular among Indians, as was any proposal for direct Indian involvement in the war. In the summer of 2003, polls showed somewhere between 69 and 87 percent of respondents were against any involvement by Indian troops, even as peacekeepers.<sup>132</sup> Consequently, although U.S. policymakers tried to entice India to deploy up to 17,000 peacekeeping troops in Iraq to assist with post-conflict reconstruction and stability operations, the India's cabinet voted against such a step in July 2003. India's foreign minister stated that the decision had been made after careful considerations of "our longer-term national interest, our concern for the people of Iraq, our long-standing ties with the gulf region as a whole, as well as our growing dialogue and strengthened ties with the U.S."<sup>133</sup> The failure of Washington to secure a UN Security Council resolution endorsing the U.S. military intervention as well as annoyance over continued close Pakistani-American security ties may have also played a role.

The Manmohan Singh government took power after the Indian parliamentary elections of 2005. The shift in government was more a result of local state parties' failure to deliver concrete result on issues that mattered to voters—such as

unemployment, healthcare, education, infrastructure, and crime—rather than a referendum on any specific foreign policy issue. Still, the perception grew following Singh's election that India was becoming a puppet of U.S. foreign policy. This perception grew especially from the pending deal to share peaceful nuclear technology, which opponents claimed would force India to surrender its independence in return for nuclear technology. On July 24, 2008, Prime Minister Singh went so far as to explicitly affirm his government's commitment to India's political independence, stating:

Our critics falsely accuse us, that in signing these agreements, we have surrendered the independence of foreign policy and made it subservient to U.S. interests. . . . We appreciate the fact that the U.S. has taken the lead in promoting cooperation with India for nuclear energy for civilian use . . . But this does not mean that there is any explicit or implicit constraint on India to pursue an independent foreign policy determined by our own perceptions of our enlightened national interest. . . . I state categorically that our foreign policy, will at all times be determined by our own assessment of our national interest. This has been true in the past and will be true in future.<sup>134</sup>

The Indian government is already facing political problems and a lack of popular support due to a number of domestic issues, some stemming in part from external factors including the war in Iraq. Rising inflation and costs for food and energy have damaged the domestic credibility of the current government. Unable to fully shoulder the cost increases, the Indian government passed part of the increase on to consumers earlier this year. This move was extremely unpopular in India, where many people found it difficult to afford the previous prices for kerosene and gasoline. Additionally, the increased cost of fuel has raised the cost of transportation and thus helped raise the cost of food.<sup>135</sup> All of this has reduced popular support for the government—a clear lesson for the Indian

government that external factors can have a huge impact on a country's domestic affairs that in turn can hamper the current governing coalition's chances of retaining its power in the next general election, currently scheduled for May 2009.<sup>136</sup>

### **Economic effects**

India quickly felt the impact of the war in Iraq, economically and politically. In the areas of Indian trade and tourism, the Iraq war had an immediate negative effect. In the first few months following the invasion of Iraq, tourism in India dropped by 50% as visitors cancelled their planned trips.<sup>137</sup> In late March 2003 the president of the Confederation of Tourism Professionals of India, Subhash Goyal, told the BBC, "If the war continues for a few more weeks, the effect will be very bad for our industry."<sup>138</sup>

India also lost revenue from trade during the period directly following the U.S. invasion of Iraq. As mentioned previously, trade between India and Iraq before the 2003 war was estimated at \$1 billion.<sup>139</sup> These significant economic ties "took a hit after the US-led invasion in 2003."<sup>140</sup> Furthermore, immediately after the US-led invasion, the United States barred specific countries, including India, from initially bidding for many Iraqi reconstruction projects.

As with the revenue losses in the tourism industry, however, the loss of trade was impermanent and India has already begun to rebuild its economic ties with Iraq and other countries in the region. As the Federation of Indian Chambers of Commerce and Industry reported in 2005, "the number of Iraq businessmen going to India is growing," and "the imports of...items from India seem to be gaining ground."<sup>141</sup> By neither supporting nor harshly condemning the US invasion of Iraq, India kept its friends in both the Middle East and the United States. These relationships allowed India to begin reestablishing economic ties with Iraq, and continue to strengthen economic ties elsewhere in the

region.

Almost three-quarters of the oil consumed in India is imported from other countries; oil imports alone account for one-third of the total value of all of India's imports. Prior to the U.S.-led invasion of Iraq in 2003, India had worked out an agreement with Saddam Hussein's regime through the United Nations Oil for Food Program, which granted India access to Iraqi oil. This agreement ended with the invasion of Iraq, leaving India in search of other suppliers. India has pushed for the increase of oil production in Iraq.<sup>142</sup> India's Minister of External Affairs Pranab Mukherjee has publicly stated: "I believe that it would be helpful if Iraqi crude oil begins to flow once again to its full potential. Once the Iraqi oil is again in the market, the overall spin-offs are going to be large, not only for the global economy, but also for the Iraqi people."<sup>143</sup>

The current rise in oil prices has had a severe impact on India's economy.<sup>144</sup> According to Goldman Sachs, spiraling oil prices could result in a three-fold increase in India's current account deficit, to 4.7% of the GDP.<sup>145</sup> The Indian government routinely controls the price of oil sold to its citizens, as most cannot afford oil at its free market rates. These price controls were also intended to curb inflation. The government itself subsidizes kerosene and liquefied petroleum gas. It keeps other forms of petroleum, such as diesel, artificially low by forbidding state oil companies from increasing their prices as the cost of oil increases.<sup>146</sup> However, the rising prices of crude oil, which have quadrupled in the past five years, make it difficult for the government to continue these policies. This past June, the Indian government increased fuel prices by 10 percent, the second such increase this year.<sup>147</sup> Business leaders have strongly criticized these increases, arguing that it will only serve to fuel inflation, but the government has stated that the record rise in global oil prices has made the price increase unavoidable.<sup>148</sup> Prior to the price

hike in June, India's Minister of Petroleum Murli Deora stated that India's state-owned oil companies stood to lose \$58.4 billion in the 2008-2009 fiscal year alone.<sup>149</sup> The rise in domestic fuel prices is expected to impact the economy broadly, increasing transportation costs and thereby driving up the price of consumer goods as well.

The high costs of fuel could potentially lead India's current governing coalition to lose the next general election in May 2009.<sup>150</sup> The curtailment of government fuel subsidies was extremely unpopular in India. Following the price hike in June, India's communist parties called for a weeklong protest throughout the country.<sup>151</sup> Indian government leaders are seeking a reliable, affordable source of energy to ensure both that their country continues its robust economic development and that they can continue to govern India with minimal domestic political and social instability.

The war in Iraq has also affected India's tourism industry. While the years following the immediate aftermath of the Iraq War saw the greatest fall in tourism, the impact is still being felt. In 2003, some 50% of potential tourists cancelled their planned trips to India, at a time when the tourism industry was still struggling to recover from the aftermath of the September 11 attacks.<sup>152</sup> Hotel occupancy rates plummeted and the war also began to affect the airline industry. Likewise, there has been a dramatic drop in the number of passengers from India traveling to the Gulf. Before the war, thousands of Indians traveled to the Gulf countries every year seeking employment, but the figure has significantly declined since 2003. State-run airlines were on standby to evacuate tens of thousands of Indians from those countries if needed and most airlines began soon afterwards to scale back their operations.<sup>153</sup>

### **The Iraq War's effects on India**

From New Delhi's perspective, the Iraq War has brought mixed results. In response to the conflict,

Indian policymakers have tried to balance complex and often competing domestic and foreign policy considerations. At home, the war in Iraq has harmed the welfare of Indian workers in the Gulf, contributed to the rise in the price of petrol and the disruption of India's international commerce. Perhaps most distressing for New Delhi has been the rise in domestic terrorist attacks and the resultant loss of life and economic productivity. Concurrently, however, the Iraq War has provided Indian policymakers with some opportunities to cultivate new ties and enhance India's regional and global security role.

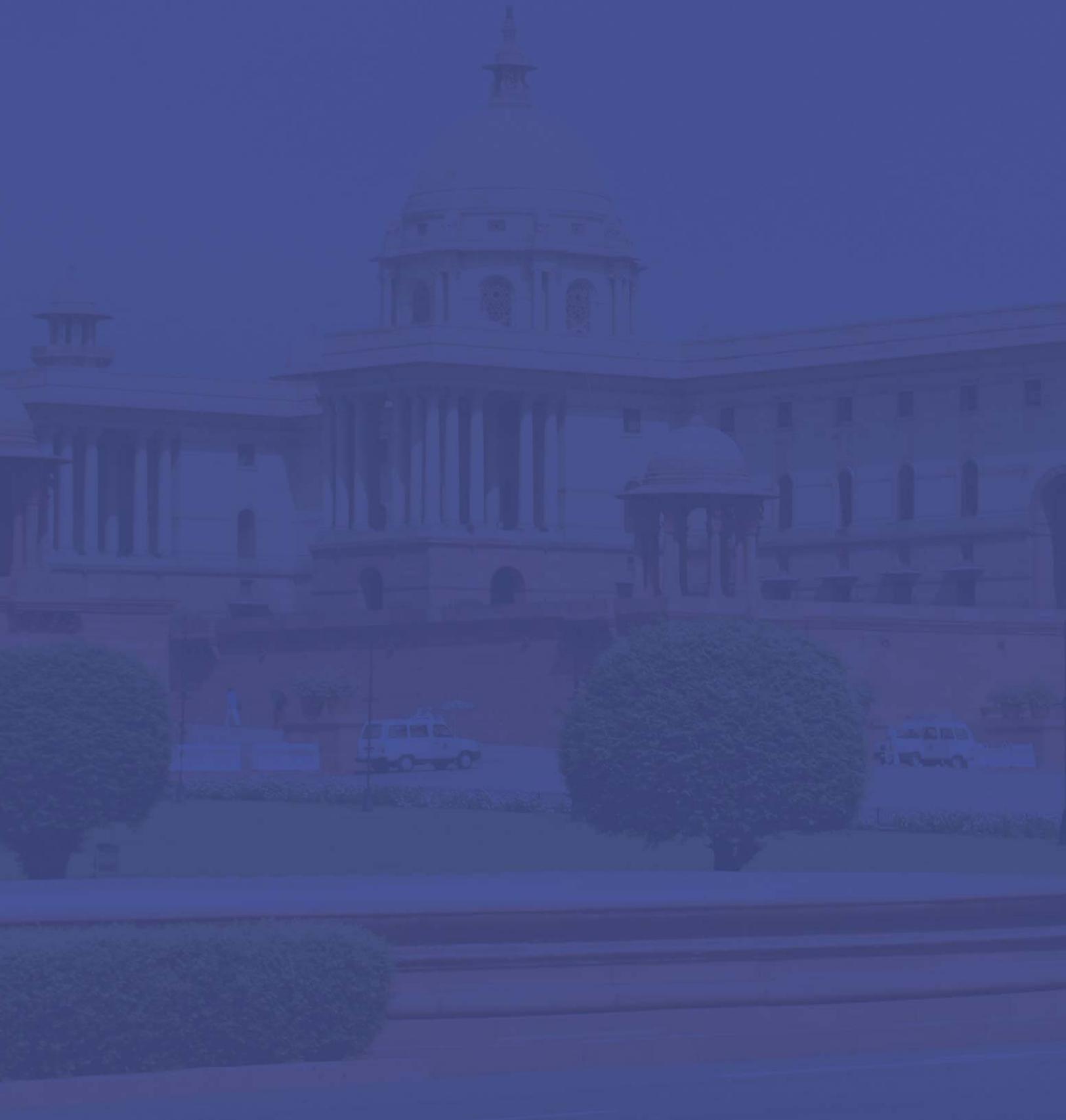
The Iraq War has presented several challenges to India. Rising oil prices following the U.S.-led invasion of Iraq have threatened India's economic growth, leading to public disapproval of the Indian government's handling of the crisis and its support of the United States. Furthermore, Washington's continued support of Islamabad as an ally in the "war on terror," despite evidence of continued Pakistani support for anti-Indian terrorism, serves to alienate many Indians from Washington. American engagement with Pakistan, including efforts to mediate between New Delhi and Islamabad, has challenged India's diplomatic sovereignty in its neighborhood. This has likely led India to take a more proactive role in Afghanistan by establishing multiple consulates, an embassy and extending foreign assistance grants. CNAS, Pakistan-Afghanistan expert, Vikram Singh, identifies this strategy as "India squeezing Pakistan" by hoping to shape a secular pro-India Afghanistan." Finally, as India strengthens its relationship with the United States while Washington pursues an unpopular war in Iraq, New Delhi has faced popular pressures to demonstrate its strategic independence from Washington, which has complicated Indian-American security ties.<sup>154</sup>

Thus far, Indian policy makers have managed these challenges well. In the five years since the U.S. invasion of Iraq, India has maintained good

relations with many Middle Eastern countries as well as the United States. Yet, the experience of the war, particularly its unwelcome challenges, have made Indian policymakers better appreciate the limits of American power, the risks of depending too heavily on Washington to ensure Indian interests in vital regions, and the value of enhancing New Delhi's power projection and other military capabilities to allow India to pursue its security interests in a wider range of regions beyond South Asia without necessarily having to rely on Washington. This has been manifested by India pursuing its look eastward foreign policy and engaging in regional multilateral forums meant to encourage diplomatic resolution of crises.

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## CONCLUSION

India's perception of American-led military operations in Iraq illuminates many important trends that are likely to animate India's future domestic and foreign policy trajectory.

### Importance of Maintaining Strategic Autonomy

India's commitment to maintaining strategic autonomy and divergent threat perceptions on some regional security issues will make New Delhi's commitment to the United States contingent on ensuring its strategic flexibility. India has shown, through its refusal to support the U.S. invasion of Iraq in 2003 and commit the peacekeeping troops the Bush administration hoped for, that it is determined to independently develop its foreign policy according to its own interests. That India has benefited from its omni-directional diplomacy means New Delhi will likely continue to pursue a balanced "middle path" in its relations with the United States and other great powers.

Indian policy makers appear to have concluded that their "middle path" diplomacy has stood them well during the Iraq War. Five years after the U.S. invasion of Iraq, India is still on friendly terms with the governments of the Middle East, including Iran. Simultaneously, New Delhi has strengthened its relationship with the United States, China, and other countries. In 2005, Japan's Prime Minister visited New Delhi to announce a new strategic partnership between Japan and India. In January 2006, Saudi King Abdullah bin Abdul-Aziz al-Saud visited India. The two countries share many common interests, which they expressed by signing a "Delhi Declaration" calling for a greater strategic partnership during King Abdullah's visit.<sup>155</sup> India will continue this policy under the larger framework and desire to retain total flexibility in its foreign policy.

### Energy Security

The Iraq War has also demonstrated that India's economic and foreign policy is heavily influenced

by New Delhi's attempts to satisfy its growing energy needs. Indian policymakers will not act in ways that jeopardize its energy supplies. By 2020, India is expected to import as much as 80 percent of its energy needs.<sup>156</sup> Economic growth, rising oil prices, and recent disruptions in oil supplies due to American military interventions in Iraq have forced the Indian government to reinvigorate its

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*"Indians will act to promote many of the beliefs and interests they share with the United States, but New Delhi will often do so independently from Washington."*

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search for secure supplies of foreign oil and natural gas.<sup>157</sup> Through diplomatic maneuvers aimed at securing transnational pipeline routes and overseas crude oil and natural gas production deals, Indian officials and companies are seeking a larger share of the world's energy resources. It is also carrying out a major restructuring of the national energy industry, including a recent plan to merge state-run oil firms.<sup>158</sup> As long as India remains dependent on foreign energy suppliers, its government will not risk alienating relations with the supplier countries. Evidence of this can be seen in India's continued economic ties with Iran, despite U.S. disapproval of the relationship.

### Alliance Power Asymmetry

The unique nature of the inherent inequality of power in the Indian-U.S. relationship is bound to cause problems. In almost all other U.S. alliances

with less powerful countries, the United States has been critical to the ally's national survival and thus played the dominant role. The dynamics of the U.S.-India relationship are different, however, because the United States needs India, despite America's greater military and economic power. Indians will act to promote many of the beliefs and interests they share with the United States, but

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*“Through its military buildup, which still must overcome serious operational obstacles, India seeks to become better able to project power beyond South Asia to further Indian security interests, whether together with or independent of Washington.*

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New Delhi will often do so independently from Washington. For example, as Indians enhance their military capacity in light of its expanding security perimeter, they will complement U.S. efforts to maintain the security of the global commons and freedom of navigation—security objectives reaffirmed in the most recent (July 2008) U.S. National Defense Strategy—in the Indian Ocean region, perhaps even to include the Malacca Strait, through which 60% of the world's energy is transported.<sup>159</sup>

### **Optimizing Force Structure to Deal with Hybrid Contingencies**

India's military has been engaged in military operations against terrorists, insurgents, and secessionist forces since its inception. However, over the course of the past decade – and perhaps catalyzed by America's invasion of Iraq and Afghanistan – the Indian Ministry of Defense has taken more steps to ensure that its military is equipped and trained to deal with more sophisticated terrorist groups who find sanctuary in Kashmir and Jammu and with insurgents who inhabit Northeast India. For example, India's special forces counter-terror unit has grown over the course of the past decade and it is now receiving advanced training from Israeli special operations forces in both direction action and search and rescue operations for kidnapped citizens. It is, however, unlikely that the Iraq war was a major driver in impelling force structure changes in India (particularly, toward more unconventional war fighting capabilities) -- primarily, because India has been a victim of terrorist attacks since its independence and because its threat perceptions span a cross-spectrum of conventional and unconventional challenges.

### **Importance of Approval from the United Nations for Peacekeeping Operations**

Although New Delhi declined to send troops to Iraq, it does not necessarily mean that India would refuse to provide forces for U.S.-led peacekeeping and nation-building efforts in other cases, particularly when such endeavors enjoy the formal endorsement of the UN Security Council. Largely for its own interests (to balance Pakistan), India has provided considerable support for post-conflict reconstruction efforts in Afghanistan.<sup>160</sup> A United Nations mandate helps New Delhi allay fears amongst politicians who fear being entrapped into an alliance with the United States. Seeking UN approval for overseas contingency operations is likely to continue for the foreseeable future.

### Other Lessons Learned

The war in Iraq heightened India's internal debate over the use of force to counter terrorism and the nature of India's relationship with Pakistan. Within the Indian government, some politicians made a case for striking against Pakistan, based on U.S. preemptive action against Iraq. After a terrorist attack in Kashmir in March 2003 left twenty-four people dead, India's Minister of External Affairs Jaswant Singh declared: "India has a much better case to go in for pre-emptive action [against Pakistan] than the U.S. had over Iraq.... If lack of democracy, possession of weapons of mass destruction and export of terrorism were reasons for a country to make a pre-emptive strike in another country, then Pakistan deserved to be tackled more than any other country."<sup>161</sup> The Indian Defense Minister George Fernandes later publicly endorsed this view.<sup>162</sup> Rising numbers of terrorist incidents originating in Pakistan and directed at India (Jammu, Kashmir, New Delhi, and in Gujarat state) are likely to push the Indian leadership to make a decision concerning retaliatory policies.

### The Limits of American Primacy

The Iraq War has also shown India (and the world) the limits to U.S. power and strength. Although the United States today is unparalleled both militarily and economically, most developing countries in the world view Iraq as a serious mistake. Some Indian observers interpreted the war as evidence that India needs to take a more active role in Middle Eastern politics to secure its distinct energy and security interests in the region.<sup>163</sup> The greatest lesson learned by Indian policy makers from the Iraq War then could be the need to pursue a more active foreign policy in regions traditionally seen in New Delhi under the security purview of the United States. In some cases greater Indian foreign and security policy activism will benefit the United States—but not always. This is likely to dominate India's foreign policy engagement with Tehran.

India will likely continue its current policy, which is at odds with America and the EU-3's negotiation position, because of its demand for energy supplies.

### Use of Force

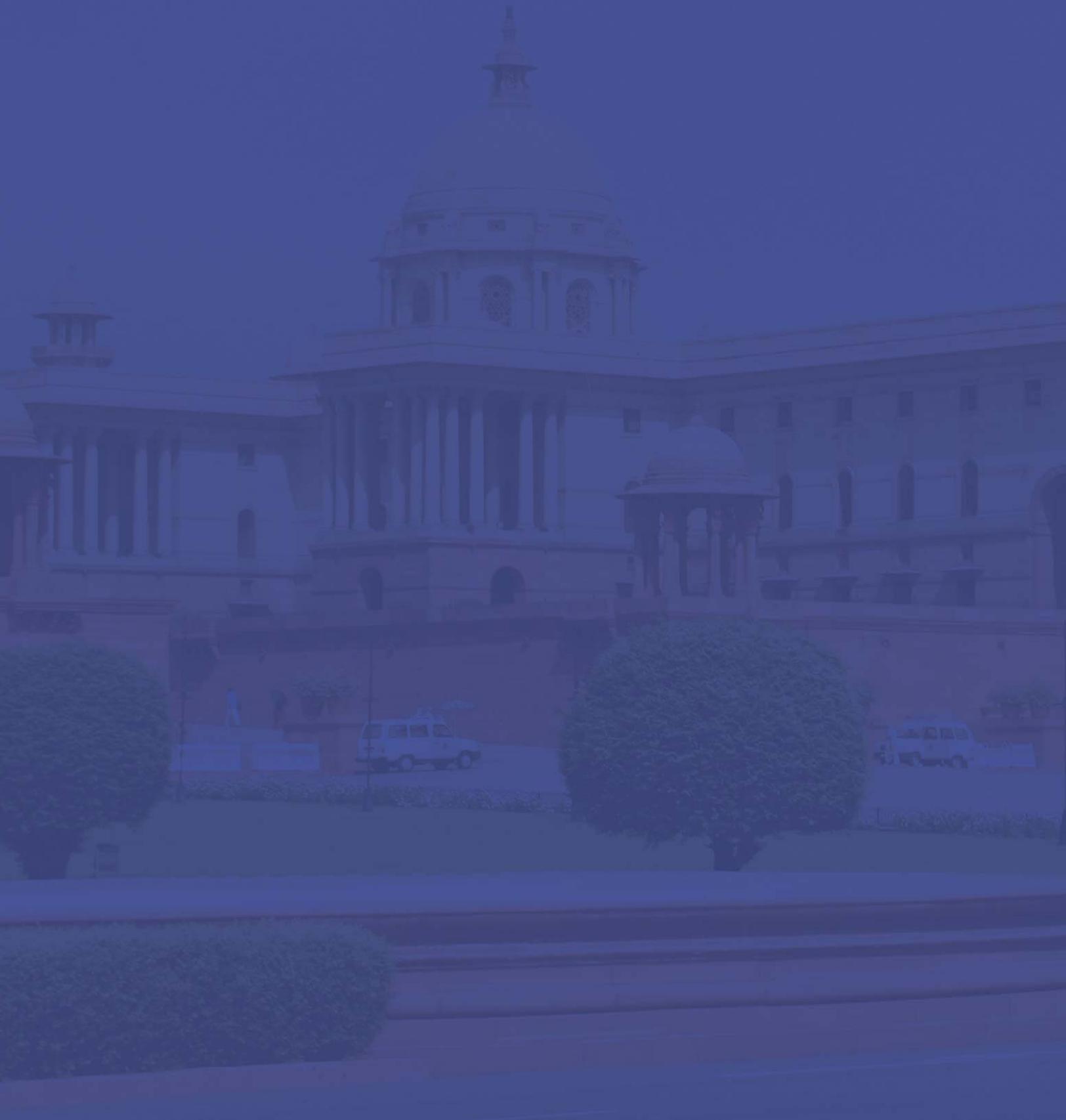
Some Indian strategists interpreted the U.S. invasions of Iraq and Afghanistan as demonstrating that military force has once again become a legitimate tool of foreign policy. In fact, as Indian commentator Sanjay Gupta points out, the invasion seemed to give new life to the debate on India's use of force.<sup>164</sup> In recent years, India has greatly expanded its defense budget. Through its military buildup, which still must overcome serious operational obstacles, India seeks to become better able to project power beyond South Asia to further Indian security interests, whether together with or independent of Washington.<sup>165</sup> India's increased military modernization effort is in large part driven by its tilt toward *realpolitik* and less toward optimizing its capabilities to deal with insurgencies and terrorists. America's display of military force in the Iraq War has underscored to India the need to have a sophisticated and integrated combined-arms doctrine that can guarantee India's security.

### Economics

The largesse of America's military operations has also highlighted to policymakers in Delhi that the costs of large-scale armed conflict are likely to trade-off with India's internal economic growth. Indian policymakers' decision calculus is likely to be greatly influenced by issues of financial cost both in terms of defense spending and on the national economy.

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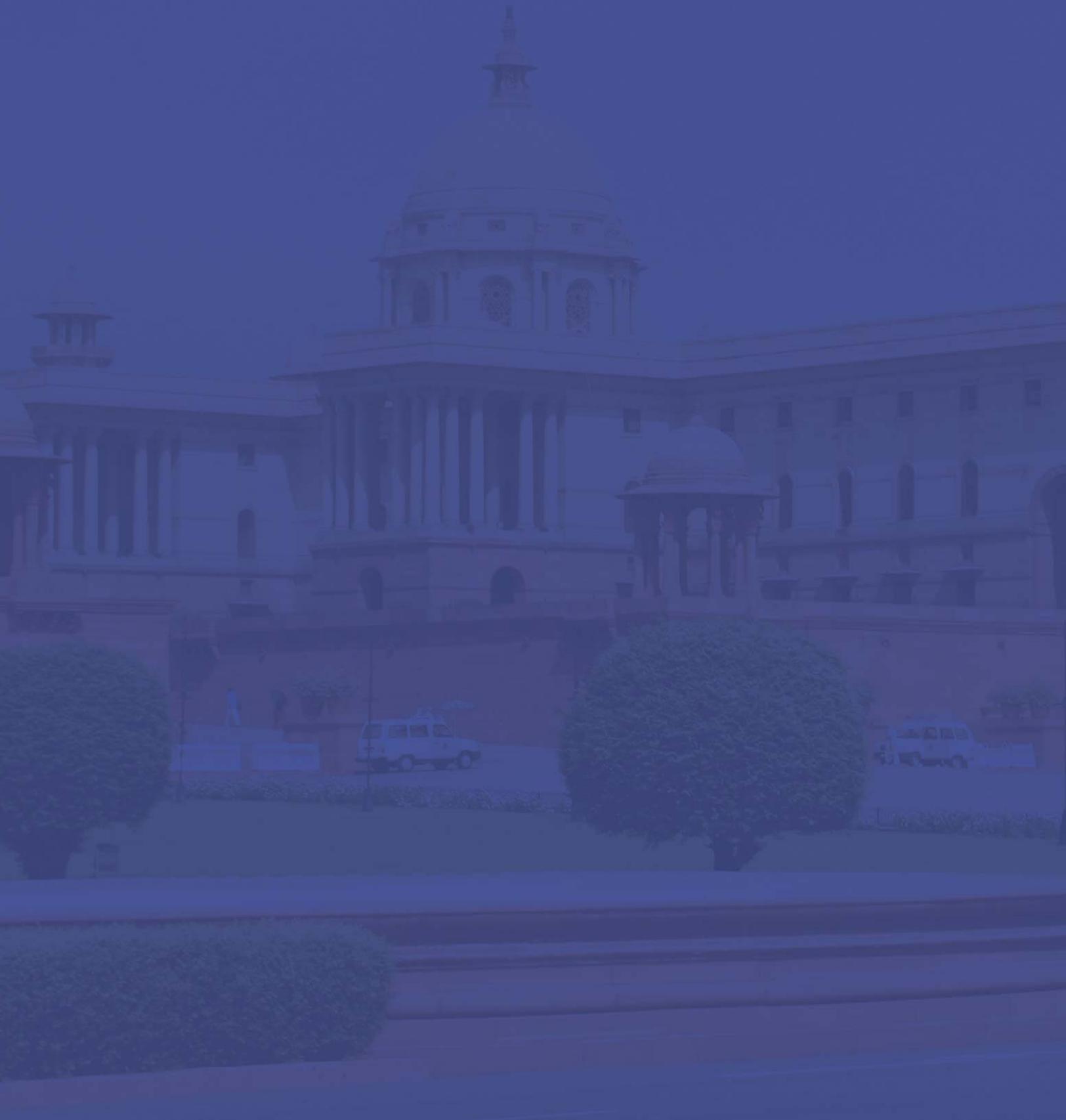
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### **Center for a New American Security**

1301 Pennsylvania Avenue, NW  
Suite 403  
Washington, DC 20004

TEL 202.457.9400  
FAX 202.457.9401  
EMAIL [info@cnas.org](mailto:info@cnas.org)  
[www.cnas.org](http://www.cnas.org)



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1301 Pennsylvania Avenue, NW  
Suite 403  
Washington, DC 20004

TEL 202.457.9400  
FAX 202.457.9401  
EMAIL [info@cnas.org](mailto:info@cnas.org)

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