

**Testimony of Dr. Aparna Pande, Director, Initiative on The Future of India and South Asia,
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American grand strategy for Asia and the Pacific, since the end of the Second World War, has centered on creating an Asian diplomatic and security architecture that ensured stability and security in the region. American preeminence ensured a rules-based order, which opposed notions of ideological dominance (such as the rise of communism) or arbitrary assertions of territorial claims and disputes (such as that relating to the status of Taiwan.) The post-World War Asian security structure has rested on American economic and military might, combined with a network of partners and allies across the region.

The economic and military rise of China over the last two decades poses a challenge to American pre-eminence. China is gradually creating a new Asian order with Chinese primacy at its heart. U.S. strategy needs to be one of renewed engagement with its partners and allies across the region --India, Japan and South East Asia-- to construct a configuration that will be able to counter the Chinese march. Currently, China’s economic and military rise faces no structured challenge. Japan’s military role is inhibited by its Constitution while many in Australia and the United States have, for years, assumed China to be a benign power and have invested in an economic relationship favoring their potential challenger.

Among Asian countries, India has consistently viewed China’s expanding influence with suspicion. This is partly a function of historical experience. India had engaged Communist China as an Asian brother from 1949 to 1962, only to become victim of its military aggression over a border dispute. Since 1962, India has noted China’s efforts to build close ties with countries on India’s periphery, thereby trying to possibly encircle it, as well as its efforts to lay the groundwork for military and naval bases throughout the Indian Ocean.

With a population of more than one billion, India is also the country with sufficient manpower to match that of China. Thus, India would have to be central to any security architecture designed to contain China or aimed at ensuring that China does not transform its considerable economic clout into threatening military muscle in the Asia-Pacific.

India’s foreign policy

Indian leaders have always seen their country as one that will play a role on the global stage but primarily in Asia. The belief in India as an Asian leader and an example to Asia has been deeply ingrained in Indian thinking for centuries.

Immediately after independence, however, India's policy makers while desirous of playing a role on the global stage, chose not to join either of two Cold War blocs adopting instead the policy of nonalignment. For decades India also remained bogged down in India's immediate vicinity, dealing with security challenges, first from Pakistan and later from China. Slow economic growth also impeded India's greater role on the world stage and resulted in an inward orientation for more than four decades.

It is only from the 1990s with the end of the Cold War, economic liberalization within and changing global situation that New Delhi started to rebuild relations with countries in Asia especially the Indo-Pacific. In recent years India's economic growth and military modernization have led to rising ambitions in international politics as well as a new set of more prominent security concerns for New Delhi, namely the deepening presence of China in India's backyard.

India's antagonistic relationship with China – its northern neighbor and rival for leadership in Asia- dates back decades but it is the not-so-peaceful rise of China that lies at the core of what is happening today. After building its economic and military potential China has over the decades encroached in a region that India has always considered its sphere of influence: South Asia and the Indian Ocean region.

Delhi has long sought to compartmentalize its disputes with all its neighbors, hoping that economic ties and people to people relations will over time build trust that will help resolve any pending border disputes. From the 1990s India and China sought to build people to people ties and economic relations and allow the border issue to remain on the backburner. Today China is one of India's top economic partners and the two countries do collaborate globally on issues like climate change and in the World Trade Organization (WTO).

While it has worked with some of its immediate smaller South Asian neighbors this policy will not necessarily work with China. China used the last four decades of peace with India to create its economic miracle and modernize its military. India's economy has, however, not grown consistently at double digits (which is critical) and its military modernization is decades behind what it should be.

India and the Chinese Challenge

Since 1989, China's annual GDP (gross domestic product) growth rate has averaged almost 10 percent. Over the same period, India's growth rate averaged half that (5.5 percent during the 1990s and early 2000s and around 7 percent over the last decade). China is an USD 11 trillion economy while India is an USD 2.3 trillion economy. In 2018 China's military budget of USD 175 billion is significantly larger than India's military budget of USD 45 billion.¹

India's immediate neighborhood of South Asia has always been India's first line of security but for decades India's policy was simply to presume that this was India's sphere of influence and

¹ All Data is World Bank Data taken from <https://data.worldbank.org/>

India's neighbors would accept that 'Delhi knows best.' Growing Chinese presence, however, have made Indian leaders aware that managing a sphere of influence is not only a function of telling others what to do but being able to expend resources that deny space to competitors.

Knowing that all of Delhi's smaller South Asian neighbors bear a latent resentment against Indian predominance in the region –a function of the circumstances under which several countries emerged from a unified India under colonial rule -- Beijing has always used the India-card in its relations with these countries. India, on the other hand, has been impeded by its inability to allocate resources comparable to those of China in India's immediate neighborhood.

While the majority of India's developmental assistance (over 85 percent) is provided to its immediate neighbors in South Asia, India has never expended enough to compete with China's assistance programs. Further, India's ability to deliver projects on time has also been hurt by complacency, bureaucratic negligence, and political indifference.

China's deep strategic and economic relationship with Pakistan exemplified in the China Pakistan Economic Corridor (or CPEC), China's assistance to Sri Lanka, Bangladesh and Nepal, China's attempts to create friction between India and Bhutan and finally Chinese actions in Maldives are all seen by India as impinging on India's sovereignty and security. Indian leaders have always resented the presence of any external power in the region unless that power accepted Indian predominance. Beijing's refusal to do so has repeatedly irked New Delhi.

China's rise has forced New Delhi to take a more active stance in containing its rival. Indian analysts have always viewed China's policy as one of strategic encirclement, often called the string of pearls theory, one designed to give the PLA (Peoples Liberation Army) an advantage in a potential conflict, and more leverage in negotiations over disputes.

New Delhi is wary of Chinese bases and ports especially in the Indian Ocean from Hambantota in Sri Lanka to Gwadar and Jiwani in Pakistan on the Persian Gulf, as well as potential bases in the Maldives and in Djibouti in the Horn of Africa. New Delhi views the One Belt One Road (OBOR) or the Belt and Road Initiative (BRI) as a continuation of China's planned encirclement of India.

In Pakistan alone, China has financed over USD 46 billion dollars of development projects. Through a combination of readily available low-interest loans, gifts to those in power, as well as generous clearance of unpaid debts, Beijing has thus created a strategic network across large parts of Asia and even Africa and Latin America. In some cases, the huge quantum of lending seems designed to lure nations into a debt trap, leaving them beholden to China for years to come.

China has over the last two decades also deepened its activities in the Indian Ocean by building military bases, securing access to ports and islands and even sent its submarines into a region that India sees as its sphere of influence. Since 2012, Chinese submarines have been sighted on

an average of four times every three months in the Indian Ocean region and in 2016 a Chinese submarine called at the Pakistani port of Karachi, just off India's coast.²

India may have been slow initially to respond to Chinese presence but is finally deploying its capabilities and resources. In early May 2018, for the first time since the Second World War, India has decided to station fighter planes in the Andaman & Nicobar Islands with the aim being to strengthen India's hold over the crucial Malacca, Sunda, and Lombok Straits and the Straits of Ombai Wetar and the eastern Indian Ocean Region.

For some years, Delhi had contemplated leveraging these strategically located island chains as its line of defense against China. Air bases in Car Nicobar and Campbell Bay have also been identified as bases for these fighter planes. The Indian Navy has positioned warships in the region and also built two floating docks to repair and refurbish warships. Delhi also plans to allow tri-service command to the Commander in Chief of Andaman and Nicobar Command (CINCAN) so that he can exercise direct control over all assets and men including those of the Indian Air Force and the Indian Army.

India, ASEAN, and the Indo Pacific

In January 2018 on the eve of India's Republic Day – when for the first time India hosted the leaders of all ten ASEAN states as chief guests at the event – Prime Minister Narendra Modi wrote in an OpEd “Indians have always looked East to see the nurturing sunrise and the light of opportunities. Now, as before, the East, or the Indo-Pacific region, will be indispensable to India's future and our common destiny.”³

India's historical and civilizational ties with South East Asia date back centuries reflected in centuries of trade ties, spread of Hinduism and Buddhism from the Indian subcontinent and an ancient Indian empire that extended its presence to South East Asia (the Chola Empire). However, it is only from the 1990s that India adopted its 'Look East' policy, aimed at building closer economic ties with the region, and only in the last decade that a security dimension has been added to this relationship.

Reflective of this 'Act East' policy India's trade with the region stands at USD 76 billion with India being a member of the proposed RCEP (Regional Comprehensive Economic Partnership) free trade agreement. India has also deepened partnerships with South East Asian countries aimed at bolstering their defense capabilities and making them strategically useful partners.

² 'China docked nuclear submarine in Karachi harbor,' <https://www.deccanchronicle.com/nation/current-affairs/060117/china-docked-advanced-nuclear-submarine-in-karachi-harbour-report.html>

³ 'Modi's OpEd published in 27 ASEAN newspapers in 10 languages' <http://indianexpress.com/article/india/indo-asean-bonhomie-pm-modis-op-ed-published-in-27-asean-newspapers-in-10-languages-5040122/>

In 2015, India and Singapore signed defense cooperation and strategic partnership agreements. The Indian armed forces helped build the capacity of their Vietnamese counterparts and in February 2017 the two sides held discussions on the sale of Surface-to-Air Akash and supersonic Brahmos missiles. New Delhi has provided over USD 500 million in credit to Vietnam to modernize their armed forces and since 2016 India has trained Vietnamese navy submariners at its naval training school.

The Malacca straits are critical for India, as they are for China, with almost 40 percent of India's trade passing through these straits. In mid-May 2018, Indonesia and India signed an agreement as part of which Indonesia has given India access to the strategically located island of Sabang, at the northern tip of Sumatra and less than 300 miles from the Malacca Straits. India will invest in the dual-use port and economic zone of Sabang and also build a hospital. Indian naval ships will also visit the port which is deep enough even for submarines.

New Delhi has also boosted relations with the Pacific Islands, again a region with which India shares civilizational ties and a large Indian diaspora. Since 2014, there have been annual conferences of the Forum for India Pacific Islands Cooperation either in India or in the region itself and New Delhi has offered massive assistance including annual Grant-in-Aid to each of the 14 Pacific countries ranging from USD 125,000 to 200,000. India has also set up a fund for adapting to climate change, capacity building of coastal surveillance systems and technical training and educational fellowships.

In the Indian Ocean region, India has deepened relations with island nations like Seychelles, Maldives and, Mauritius as well as with strategically located countries like Oman and UAE. In January 2018, India and Seychelles signed a 20-year pact whereby India would build an airstrip and a jetty for the Indian navy on Assumption Island. In February 2018 during Mr Modi's visit to Oman, a country with which India has historic ties dating back to the colonial era, New Delhi and Muscat finalized an agreement through which India gained access to the strategically located port of Duqm, on Oman's southern coast. India and the UAE conducted their first naval exercise in February 2018.

India's Emerging Partnerships

India has also sought to build deeper strategic relations with Japan, another like-minded country that seeks a similar security architecture in the Indo-Pacific region and views the rise of China as a challenge.

India and Japan have historical and civilizational ties and Japan is the largest bilateral donor to India. In 2011 the two countries signed a Comprehensive Economic Partnership Agreement (CEPA) and bilateral trade stands at USD 14 billion.

New Delhi understands the need to build infrastructure both within India but also in its immediate neighborhood and the Indian Ocean region. Delhi views Tokyo as a key partner for

the development of infrastructure through the Japan and ADB co-sponsored Expanded Partnership for Quality Infrastructure Initiative as an alternative to One Belt One Road (OBOR).

Hence, instead of accepting Chinese investment in the much-needed development of Indian infrastructure, India has preferred Japanese investment. In 2014 Japan offered to invest USD 35 billion in infrastructure projects aimed at building industrial corridors and highways and an additional USD 17 billion bullet train project being announced in 2017.

In April 2018, Japan, United States and India agreed to collaborate on infrastructure projects in South and South East Asia, primarily countries like Nepal, Bangladesh and Myanmar. India will help with the development of ports, Japan with building industrial parks and the US will focus on building power plants.

India is also deepening its relationship with the United States. For decades the United States was the predominant maritime power in the Indian and Pacific Ocean regions. The U.S. built a network of alliances with countries in the region, built the economies and defense establishments of a number of these countries, and ensured it had partners and bases to ensure freedom of navigation and protection of national security interests.

Today China has created a counter model through its One Belt One Road Initiative whereby it initially provides high interest loans with no strings attached to countries across Asia and Africa to help build their infrastructure from highways to ports. Then once the countries are indebted to China, China is able to use the ports as potential bases and ensure the country's economy is tied to the Chinese economy.

The United States and India

The rise of China means that Washington needs regional powers to buffer its own strength more than it did in the past. As a populous, democratic, market economy, India's size and values make it a natural partner for the United States.

India's rapid economic growth, around 7 percent per year for the last few years, makes it a contender for the world's fastest expanding economy. The average income in India has nearly doubled in the past ten years, and economic modernization promises to bring more jobs and advanced industry.

From being 'estranged' democracies during the Cold War, India and the US today are in the words of former Secretary of State Rex Tillerson: the "two bookends of stability – on either side of the globe - standing for greater security and prosperity for our citizens and people around the world."

This was, however, not always the case. Despite American support for Indian independence, and a common appreciation for democracy between the two nations, India's first Prime Minister Jawaharlal Nehru opted for nonalignment. While the United States provided economic

and developmental aid to India, New Delhi perceived American support to Pakistan as detrimental to Indian interests.

India's close relations with the Soviet Union was another factor that kept Delhi and Washington estranged. Right from independence India's leaders sought to build domestic capabilities whether economic, military or even educational. During the Cold War, India welcomed aid from both blocs. The United States developmental aid in the form of PL-480 loans and assistance in the setting up of India's higher educational institutions was deeply appreciated.

However, American companies were not keen on manufacturing in India whether in the economic or military arena. The Soviet Union, on the other hand, was more willing to help set up coal and steel mills and provide assistance to India's infant domestic military manufacturing complex.

Further, New Delhi perceived Moscow as an ally in the United Nations Security Council (UNSC) especially when it came to issues relating to Pakistan and Kashmir. The United States, on the other hand, was viewed as being more sympathetic to Pakistan.

From being an offshore balancer in South Asia during the Cold war and enabling Pakistan's desire for parity with India, the United States has in the last two decades seriously championed a strategic partnership with India. Washington has also acknowledged India as the dominant regional and an emerging global power.

From having almost no military relations during the Cold War to India becoming a Major Defense Partner of the United States, the two countries have come a long way. The designation of Major Defense Partner allows India to purchase advanced and sensitive technologies at par with many of America's closest allies and partners. From USD 20 billion in bilateral trade in the year 2000 the figure stands at USD 115 billion in 2018.

When the United States looks to Asia it no longer sees the peaceful rise of China, instead it sees an economic and military rival that seeks to undermine the international liberal order that the United States helped establish after the Second World War. Washington now seeks like-minded democratic free-market societies as allies and partners in upholding this rules-based order.

The US views India as a counterweight to a rising China. As the world's largest democracy with a multicultural society and expanding military heft, New Delhi has the potential to balance China's expansion westward. As the PLA Navy moves into the Indian Ocean and builds a blue water fleet, the United States sees India as a valuable partner in balancing China at sea.

Going Forward

India and the United States agree on the need for an open and inclusive Indo-Pacific and, upholding a rule based liberal international order. The January 2015 'U.S.-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region,' spoke of how the two countries seek "a

closer partnership” to promote “peace, prosperity and stability” by boosting regional economic integration, connectivity, and economic development.

India’s growing economic and security relationships and interest in the Indo-Pacific region are aligned with its deepening partnership with the United States. Two years after signing the US-India Joint Strategic Vision of 2015, India joined the Quad (a strategic grouping of the United States, India, Japan and Australia) and there is talk about making the grouping something more than an annual talk shop. In February 2018 during the visit of French President Emanuel Macron to India, New Delhi and Paris signed an agreement whereby the two countries would open their bases to warships from each other’s navies.

From being ‘estranged’ democracies during the Cold War, India and the US today share, in the words of former Secretary of State Tillerson a “growing strategic convergence.” From having almost no military relations during the Cold War India is today a Major Defense Partner of the United States. The United States increasingly also views India as a potential regional security provider and seeks to build India’s security capacity through commercial and defense cooperation between the two militaries.

Even though the India –US relationship is much deeper and multi-dimensional today than it has ever been there is still a gap in expectations of the other from both sides and the two countries are still in a process of adjusting and adapting.

Despite closer relations with the United States, India is still reluctant to join any formal alliance structure. India is a virtual American ally but is still reluctant to be a formal American ally. India is reluctant to cede power to a collective security mechanism and so is reticent to join any formal military alliance or any grouping that appears like a military alliance.

India has consistently sought freedom from external pressures. While every country seeks this kind of autonomy for India it has been a matter of policy. The colonial experience left an indelible mark on India’s collective personality. More than seven decades after Independence, seeking freedom from external pressures is as much at the core of India’s external relations as it was when India was a colony. During the Cold War the policy was referred to as nonalignment and after the Cold War it is defined as strategic autonomy.

India is a member of the Brazil, Russia, India, China and South Africa grouping (BRICS), the Russia, India and, China grouping (RIC), and the Asian Infrastructure Investment Bank (AIIB) where China is the main investor at the same time. At the same time India is against the One Belt One Road or Belt and Road Initiative (OBOR/BRI), supports Japan’s Quality Infrastructure Initiative, is a member of the Quad and views the United States as a natural ally, reflecting India’s pursuit of maximum options in foreign relations.

India seeks more global engagement at the same time as it retains strategic autonomy. India seeks to be a part of multilateral organizations but prefers bilateral relationships. So, it would

prefer bilateral relationships with the US and all its allies and is not in favor of arrangements like the Quad becoming formal military alliances.

Indians believe in the promise of India as an Asian power and future great power. They seek strong economic growth not only to become China's rival but also for socio-economic development at home. India's long drawn out military modernization is not only directed towards China but also to ensure the territorial integrity of India from both domestic and external threats.

India wants recognition of its pre-eminence in the Indian Ocean region and in South Asia but is reticent to openly confront China. New Delhi understands the threat it faces on the land and sea border from China but there is also a recognition of the limitations of its economic and military capabilities. Further, in a realist Hobbesian sense, India believes it needs to fend for itself when it comes to the China threat and does not believe any country will come to its assistance.

At the end of the day India's concerns about its immediate neighborhood remain paramount in the threat perception of India's leaders and strategists. For India, South Asia is more important than South China Sea, so concerns about American willingness to help with respect to Pakistan and Afghanistan may create differences between Washington and Delhi.

India is different from traditional American allies whether in Europe, Latin America or Asia for whom the United States was the key security provider. India would never want that kind of a relationship. Instead India seeks a relationship where Washington does for India what the United States did for China decades ago: the belief that helping build China's economic, technological and military might would make China a more responsible global player and maybe even a free market democracy.

If the U.S. wants India to play a bigger role in the Indo-Pacific, New Delhi seeks more economic investment, technological expertise and the sale and manufacture of state of the art defense equipment.

U.S. policy toward India must include the following considerations:

(1) The U.S. must recognize that India's size and history makes it different from other, smaller American allies in Asia.

(2) Instead of subjecting the India-U.S. relationship to a one-size-fits-all policy towards allies, the United States should consider a special partnership with India, which exempts India from Export Control regulations governing military sales.

(3) U.S. trade policies should also be adjusted to enable the rise of India as a strategic competitor to China.

(4) Attempts to 'balance' ties between India and other South Asian states, notably Pakistan, should be abandoned to enhance India's capacity to confront China.

Any short-term loss in dollars and cents or other, less significant nominal alliances, would be offset by the immense benefit to the United States of having a major, one-billion strong nation standing by its side to ensure that China and its closed system do not emerge dominant in the Asia-Pacific for years to come.
