U.S.-India Security Cooperation

Progress and Promise for the Next Administration

AUTHORS
Kathleen H. Hicks
Richard M. Rossow
Andrew Metrick

John Schaus
Natalie Tecimer
Sarah Watson

A Report of the
CSIS INTERNATIONAL SECURITY PROGRAM
AND THE WADHWANI CHAIR IN U.S.-INDIA STUDIES
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ISBN: 978-1-4422-5973-7 (pb); 978-1-4422-5974-4 (eBook)

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4501 Forbes Boulevard
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# Contents

<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>iv</td>
<td>Acknowledgments</td>
</tr>
<tr>
<td>v</td>
<td>Executive Summary</td>
</tr>
<tr>
<td>vii</td>
<td>Background</td>
</tr>
<tr>
<td>1</td>
<td>CHAPTER 1</td>
</tr>
<tr>
<td>2</td>
<td>Converging U.S.-India Interests</td>
</tr>
<tr>
<td>6</td>
<td>Geopolitical Outlook</td>
</tr>
<tr>
<td>6</td>
<td>East and Southeast Asia</td>
</tr>
<tr>
<td>10</td>
<td>Afghanistan and Pakistan</td>
</tr>
<tr>
<td>18</td>
<td>Afghanistan and Pakistan</td>
</tr>
<tr>
<td>25</td>
<td>Middle East</td>
</tr>
<tr>
<td>33</td>
<td>CHAPTER 2</td>
</tr>
<tr>
<td>33</td>
<td>Defense Issues</td>
</tr>
<tr>
<td>45</td>
<td>Domestic Counterterrorism</td>
</tr>
<tr>
<td>50</td>
<td>Narcotics</td>
</tr>
<tr>
<td>54</td>
<td>Global Commons</td>
</tr>
<tr>
<td>57</td>
<td>Risks</td>
</tr>
<tr>
<td>60</td>
<td>CHAPTER 3</td>
</tr>
<tr>
<td>61</td>
<td>Short-Term Recommendations</td>
</tr>
<tr>
<td>63</td>
<td>Mid-Term Recommendations</td>
</tr>
<tr>
<td>65</td>
<td>About the Authors</td>
</tr>
</tbody>
</table>
Acknowledgments

This project would not have been possible without the close cooperation and collaboration between the International Security Program and the Wadhwani Chair in U.S.-India Policy Studies, both at CSIS. Kathleen Hicks and Richard Rossow thank the many experts throughout both the Delhi and Washington policy communities who contributed to this report. The study team, led by John Schaus, and including Sarah Watson, Natalie Tecimer, and Andrew Metrick, provided the initial content and many of the concepts that ultimately resulted in this report. We would also like to thank Tanya Jain, David Hookey, and Samir Nair for research and logistical support.

We express our thanks to our partner in India, Hemant Singh of the Delhi Policy Group (then of the Indian Council for Research on International Economic Relations [ICRIER]), whose leadership and vision served as the springboard for development of this study and whose collaboration provided us the opportunity to explore a future of partnership between the United States and India with some of India's leading strategic thinkers. This study has been improved by the insights from many current and former officials and officers in both countries. In particular, the authors would like to thank Brigadier Gurmeet Kanwal (ret.), Major General P. K. Chakravorty (ret.), Major General Dhruv Katoch (ret.), and Air Vice Marshal Arvind Verma (ret.) for their time and creativity to provide specific vignettes for this report.

We would also like to thank the many individuals throughout the U.S. government and the Indian government who made themselves available to discuss issues and refine our estimation of the current status of the relationship between the United States and India, as well as the potential for it to continue to grow.

We thank the members of our Washington-based review group who provided insights, expertise, and counsel throughout the process. Their wisdom enabled us to learn from the past as we try to lay out a common path for the future.

Last, though certainly not least, we thank the John D. and Catherine T. MacArthur Foundation for the generous support that made possible this report and the study that contributed to it.

Though the conclusions and recommendations of this report remain those of the authors, the study would not have been possible without the assistance and guidance of those listed here.
Executive Summary

Overcoming the nadir that followed India’s nuclear test and the propensity toward the safety of inaction within both governments, the United States and India have forged cooperation on a range of issues, from security to economic to climate change. Defense trade has grown from zero to more than $10 billion over the past decade. The signing of the Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region, the renewal of the Defense Cooperation Framework Agreement, and the U.S. rebalance to Asia and the Pacific all widen the aperture of possibility for increasing cooperation.

Bilateral ties have strengthened noticeably since the election of Prime Minister Narendra Modi in May 2014 and his subsequent emphasis on improving the relationship—albeit within some constraints. The relationship is also helped along by mutual concern over China. Nowhere has cooperation been greater than in the area of security cooperation. The question now is whether the bureaucracy on both sides can take advantage of the opening quickly enough and thoroughly enough to make improved security relations endure.

The relationship has progressed furthest and created the most promise in defense trade, where it appears that the United States and India are on the cusp of signing foundational agreements that will allow for India to access some of the United States’ most advanced technologies and facilitate cooperation during joint exercises and potential operations. The governments agreed to the text of the first of these foundational agreements, the Logistics Exchange Memorandum of Agreement (LEMOA), in June 2016.

Despite these important achievements, many obstacles and logjams remain. After 18 months, the reinvigorated Defense Trade and Technology Initiative continues to work on an expanding set of “pathfinder” projects, but progress is slow. Joint working groups on jet engines and aircraft carrier technology remain high in potential, though long term in nature. U.S.-India cooperation on Afghanistan is growing, but remains difficult because of Pakistan’s concerns about its larger southeastern neighbor and, from the Indian perspective, U.S. engagement with Pakistan undermines the rationale for operational alignment. Delhi is also worried that a potential warming of
relations between the United States and China could quickly undercut Washington’s willingness to deepen its partnership with India. The window of opportunity in the U.S.-India relationship presented by the energy and focus of Prime Minister Modi may at some point narrow as his administration must address—and deliver—on a range of domestic priorities in advance of state and national elections.

Given the approaching end of the Obama administration and the “end of the honeymoon” for Prime Minister Modi, progress will remain difficult. The next administration should not assume this relationship will progress on its own. Developing a strong, positive personal relationship between the next U.S. president and Prime Minister Modi will be critical to advancing bilateral interests, as will proving to the United States and Indian bureaucracies that progress can be made, even if incrementally. Moreover, there are so many lines of effort between the United States and India that security cooperation risks decelerating under the weight of undue expectations. Prioritization of key initiatives is thus critical, particularly at the Joint Strategic Vision level. Here are six must-do items for the next administration:

1. Hold a presidential meeting with Prime Minister Modi in the new administration’s first 100 days in office (e.g., make clear the importance the United States continues to place on the security and economic relationship).
2. If not already concluded, complete the foundational agreements necessary to deepen defense interoperability and trade.
3. Establish a quadrilateral security dialogue involving the United States, India, Japan, and Australia.
4. Work with India to enhance its naval capabilities in the Indian Ocean to be on par with capabilities of the United States, beginning with maritime domain awareness.
5. Work with India to raise its maximum allowable foreign direct investment thresholds for the defense sector to 100 percent and widen the aperture for what qualifies as an offset.

The remainder of our report provides an overview of how U.S. and Indian security interests are aligning and where gaps remain. It also provides insight into the areas of ongoing or possible security cooperation that should be considered.

Chapter 1 provides background on the history and current state of the relationship and how the countries have arrived here. Chapter 2 examines the regional perspectives and priority-drivers for Washington and Delhi. Chapter 3 considers cross-cutting functional areas of potential value to deepen the U.S.-India relationship. Included throughout are scenarios, offered by contributing authors, to highlight plausible situations where the Indian Armed Forces could be well served in carrying out missions leveraging U.S. capabilities. These scenarios are included to illustrate specific areas of cooperation that could be focus areas in the future, based on realistic real-world situations that may arise. The final chapter of the report provides recommendations for the current and coming U.S. administrations while highlighting areas where India’s actions could create further opportunity of mutual benefit.
Background

The history of the U.S.-India relationship includes many missed opportunities and misunderstandings that have hindered attempts to improve relations between the world’s largest democracies. Despite recurring challenges to improved ties, the two countries have experienced moments of great shared achievement and since the late 1990s have generally, if unevenly, professed a mutual interest in deepening cooperation.

Even as both countries pursued divergent worldviews throughout the Cold War—with India focused on the nonaligned movement and the United States on countering the Soviet Union—the two were far from estranged. The United States quickly offered military support to India during the limited war with China in 1962.¹ Until the 1970s, India was by far the largest beneficiary of U.S. foreign aid, particularly the “food for peace” program, which allowed developing nations to purchase U.S. agricultural products at below market rates using local currency. The program was designed to encourage agricultural modernization and self-sufficiency, linking commitments of food aid to agricultural reforms.² Over the same period, U.S. foundations led a collaboration between Indian and U.S. civil society institutions to bring the “green revolution” to India, making India largely self-sufficient in grain production.³

Security issues, however, often drove the United States and India apart. The United States saw India’s early insistence on nonalignment and its later defense relationship with the Soviet Union as threats. India saw the U.S.-Pakistan partnership as well as the reopening of U.S. ties with China in the 1970s as equally threatening. Tensions peaked in 1971 when, during the civil war that resulted in the creation of Bangladesh, the United States deployed the aircraft carrier USS

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Enterprise and its strike group to the Bay of Bengal to warn India against taking drastic action against Pakistan.\textsuperscript{4}

During the 1980s, the United States and India once again found themselves on opposite sides of major events in South Asia. India’s support for the Soviet-imposed government in Afghanistan and U.S. support—through Pakistan—of rebel groups united only by their opposition to the Soviet occupation continued to reduce the mutual confidence of Indian and U.S. policymakers.\textsuperscript{5}

India’s detonation of a nuclear device in 1974 put new constraints on the bilateral relationship. Nuclear issues—and in particular nonproliferation—dominated formal relations between the United States and India for the next 30 years.\textsuperscript{6} Further tests in 1998, combined with India's formal entry into the group of nuclear-armed countries, brought more U.S. condemnation but also jolted security relations back to life by forcing the Clinton administration to make reengagement with India a priority. President Bill Clinton found a willing partner in the Bharatiya Janata Party (BJP) government of A. B. Vajpayee, and the intense dialogues between Deputy Secretary of State Strobe Talbott and India’s Minister of External Affairs Jaswant Singh led to the U.S. decision to support India’s position during the Kargil conflict and President Clinton’s visit to India in 2000.\textsuperscript{7}

The India-U.S. relationship experienced something unprecedented in 2001, when a U.S. president who saw India as a priority was succeeded by another U.S. president who shared this view—while an Indian administration that welcomed stronger ties remained in power. President George W. Bush built on Clinton’s success by insisting on dealing with India as a rising power and not simply as one of two parties to the India-Pakistan conflict, an approach known as de-hyphenation.\textsuperscript{8} The Bush administration’s early focus on India was quickly rewarded, as India became one of the first nations to support U.S. plans to create a missile defense shield.\textsuperscript{9}

The fruit of both sides’ willingness to rethink old assumptions about the relationship was the announcement in 2004 of the Next Steps in Strategic Partnership (NSSP), in which the two countries promised to expand cooperation on “civilian nuclear activities, civilian space programs, and high-technology trade” and to expand their dialogue on missile defense.\textsuperscript{10} The NSSP was quickly followed by the announcement of the governments’ intentions to work out a U.S.-India civilian nuclear deal under which the United States agreed to help India build its civil nuclear program in return for India submitting most of its nuclear program to inspection by the International Atomic

\textsuperscript{7} Strobe Talbott, Engaging India (Washington, DC: Brookings Institution, 2004).
\textsuperscript{8} Frank Carlucci et al., Taking Charge: A Bipartisan Report to the President Elect on Foreign Policy and National Security (Santa Monica, CA: RAND, 2000), 45–46.
The strategic significance of the nuclear deal was not lost on the American defense establishment. Defense companies were quick to support the effort to open civilian nuclear trade with India, trusting that defense sales would soon follow. In fact, U.S. defense companies became, in just 10 years, some of the top suppliers to India’s military, and India became one of the largest purchasers of U.S. defense articles.

Yet even as the Bush administration was working to improve ties with India, it was also sowing the seeds of future bilateral challenges. The invasion of Afghanistan necessitated a strong relationship between the United States and Pakistan on issues ranging from defeating the Taliban to counterterrorism to ground transportation routes. Between 2002 and 2015, the United States provided Pakistan more than $31 billion in aid and in military reimbursements meant to compensate it for military operations against the Taliban. The Congressional Research Service noted in 2010 that while U.S. arms sales to Pakistan included “items useful for counterterrorism and counterinsurgency operations,” they also included “a number of “big ticket” platforms more suited to conventional warfare.” For India, these sales carried shades of the 1965 war, when Pakistan used U.S. weapons against India, and they put into doubt the United States’ long-term commitment to the strategic partnership with India.

The history of the relationship in the 10 years since the nuclear deal was announced defies easy characterization. On the one hand, the improvement in ties between 2004 and 2015 is marked, even spectacular. On the other, the relationship has not progressed to nearly the point its boosters hope for, and at times it seems to move two steps back for every three steps forward.

The postlude to the nuclear deal is a case in point. The decision to sign the deal in 2005 and the subsequent submission of India’s “Nuclear Safeguards Agreement” to the International Atomic Energy Agency in 2008 nearly marked the end of then-prime minister Manmohan Singh’s political career. His parliamentary majority depended on a group of small left-wing parties suspicious of any bargain with the United States. Claiming they had not been consulted in negotiations, they threatened to withdraw from the governing Congress Party–led coalition unless the government gave up the deal. The leadership of Singh’s own Congress Party was itself never truly sold on the deal and was loath to sacrifice its parliamentary majority to defend it. Singh threatened to resign before Congress called the Left’s bluff. Congress won a no-confidence vote in

Parliament on July 22, 2008, essentially a referendum on the deal, by a margin of only 19 votes (275–256).\textsuperscript{15}

The no-confidence vote was not the end of the story. The agreement had an economic as well as a strategic rationale: it would allow international nuclear energy companies to do business in India, opening up a huge market for nuclear energy and allowing India to provide cheap, clean power to its millions of citizens without electricity. For international companies to enter India, however, India’s legislature had to pass a law governing liability in the case of a nuclear accident. The government did not introduce the legislation until 2010, and even then it had an unprecedented clause stipulating that nuclear operators (i.e., the government) could seek recourse from nuclear suppliers when “the nuclear incident has resulted from the willful act or gross negligence” of the supplier.\textsuperscript{16} Since no other nuclear energy regime includes supplier liability, this clause alone could have kept nuclear suppliers out of India. Perhaps realizing its mistake, the government attempted to soften the clause by specifying that supplier liability had to appear in writing in the contract between operator and supplier.\textsuperscript{17} But the parliamentary opposition, led by the BJP, insisted not just that the original clause be restored but that it be strengthened. This time the government was not willing to risk a no-confidence vote.\textsuperscript{18}

Arun Jaitley, the current finance minister and a BJP member, suggested a compromise that eventually appeared in the final text of the bill.\textsuperscript{19} When the dust settled, the relevant clause stipulated that the supplier face liability “where . . . the nuclear incident has resulted as a consequence of an act of supplier [sic] or his employee, which includes supply of equipment or material with patent or latent defects or substandard services.”\textsuperscript{20} Even this lower standard—which relies on legally hazy concepts such as “substandard services”—has so far kept foreign nuclear suppliers out of India.

The nuclear deal offers many lessons on how the history of U.S.-India bilateral relations affects their future. Anti-Americanism remains a viable and popular political position in India. When out of power, political parties often seek to mobilize public support against a government attempting to pursue pro-American policies.

Notwithstanding the fact that each major party in India has employed anti-American themes when out of power, the BJP will typically have a greater natural scope for partnership with the United States. The party has historically been free of the two major Congress tenets that act as obstacles to cooperation with the United States: “Nonalignment” on foreign policy and a commitment to


\textsuperscript{20} Civil Liability for Nuclear Damage Bill, chap. IV.
“State-led Socialism” as an economic development strategy. Despite this favorable ideological position, as a member of the opposition the BJP was almost as vehement as the Left in opposing the liability law. Conversely, now that the BJP is in power the Congress Party may prove to be an obstacle to strengthening relations, hoping to score political points on the grounds that the government is selling out national sovereignty. Given these constraints, no policy initiative is likely to move forward unless it has the total support of key figures in the government.

Just as domestic issues and security at home tend to be priorities within the U.S. political system, relations with the United States (and foreign relations in general) are rarely at the top of Indian policymakers’ priority list, and they are generally seen as vote-neutral at best. In 2010, for example, the political capital that might have been spent on pushing through a reasonable nuclear liability law was spent on a bill setting a minimum quota for women’s representation in legislative bodies. For future governments, distraction could come in the form of communal violence, rural distress, or corruption scandals—beyond the more predictable demands of 29 state legislative elections in every five-year cycle.

The United States will need to exercise strategic patience in its relations with India and recognize when Indian leaders are making heroic efforts, even if the outcome is disappointing. It is almost unimaginable that any U.S. president would stake his political future on a demand that Congress passed an agreement with India—yet this is effectively what Prime Minister Singh did in the run-up to the 2008 no-confidence vote. The United States would also do well to use its soft power and prestige to directly engage India’s opposition and smaller parties on other important initiatives.

Even as challenges remain and misunderstandings will be inevitable between both countries, the past 70 years also provide reason for hope: despite the forces keeping them apart, India and the United States have never totally abandoned the idea of a closer partnership. They have pursued immensely productive scientific cooperation, particularly in the field of agriculture, even when their governments were barely on speaking terms. In the past, that cooperation was largely centered on feeding India, but as India becomes richer and more self-sufficient the two sides can turn to new and more strategic endeavors.

MODI’S ELECTION AND A CHANGING INDIA

In 2014, Narendra Modi led the BJP to a striking victory in the parliamentary elections. The BJP secured a single-party majority in India’s Lok Sabha (lower house), the first time any party had achieved this status since the 1984 elections. Modi was determined that India would gain the influence to more actively shape the course of global events.


22. Williams, “Women’s Quota Bill Spells Trouble.”

Modi inspired excitement at home and abroad. His campaign generated optimism across India’s electorate that a government under his leadership could reduce corruption, streamline bureaucracy, and improve standards of living. In addition, the BJP generally, and Modi in particular, brought a different sense of India’s role in the world. Modi has pushed for India to take a more active role in South Asia and neighboring regions, including East and Southeast Asia, the Gulf States, and the Indian Ocean littorals of East Africa.

Modi has also engaged in a multipronged effort toward China. Seeking greater investment, as well as a more balanced trade relationship with China, Modi has actively promoted India as a trading partner and investment destination. He has also taken a firm line on Sino-Indian border disputes and has moved to increase India’s defense relationships with many countries in the region, including Japan, Australia, and the United States.

Modi’s emergence as a strong leader, just as the United States was seeking to consolidate its strategy of rebalance to the Asia Pacific, gave the United States an opportunity to engage with a rising leader in India, and India an opportunity to reprioritize and rethink its engagement with the world. President Barack Obama continues a bipartisan run of three presidents who have seen India as key to U.S. strategy in Asia. The Obama administration has at times been frustrated with India’s seeming inability to follow through on its promises (as seen in the challenges with the civil nuclear deal), and multiple foreign policy crises throughout his administration have pushed India lower in priority than perhaps envisioned. Obama has built a strong relationship with Modi, however, and maintained a high tempo of engagements at the highest levels. As his administration has espoused the “rebalance” to Asia and taken note of growing Chinese capabilities and regional assertiveness, U.S. engagement with India has increasingly focused on the security aspects of the relationship—and India has responded with uncharacteristic warmth to this outreach.
Interests and Outlook

The United States and India have historically held divergent positions on world affairs and policymakers in Washington and Delhi tended to view each other’s motives and objectives with suspicion. The end of the Cold War resulted in small threads of cooperation throughout the 1990s. These threads have in turn strengthened into significant ties during the first 15 years of the twenty-first century.

Improvements have, in part, been driven by changing realities within India and within the United States. As noted in the Background chapter, Presidents Clinton, Bush, and Obama recognized the strategic importance of developing strong ties with India. That was one important element. Equally important is the growing recognition within India of the potential benefits of a partnership with the United States—embodied by outreach to the United States by successive administrations under Prime Ministers A. B. Vajpayee, Manmohan Singh, and Narendra Modi.

While well known to many policymakers and scholars focusing on the U.S.-India relationship, several trends impacting India’s interactions with the world are worth highlighting, including economics, foreign education, trade, and foreign workers.

One cannot consider the changing strategic outlook throughout the Asia Pacific without focusing on the changing relative influence of various economies in the region. GDP growth for countries throughout Asia has been remarkable. Asia’s share of global GDP reached 47.93 percent in 2014. India’s economy reflects stronger growth over the past 25 years than most countries in the region. India’s GDP grew from $327 billion in 1990 to $2 trillion in 2014 and the country has emerged as the world’s ninth largest economy. In per capita terms, India’s 2014 per-person GDP was $1,581, nearly five times what it was in 1990 ($375.2). India’s economic growth coincides with the growth of India’s connections to the global economy. World Bank data from 2014 shows that foreign trade accounts for 48.7 percent of India’s economy. India has also become an increasingly attractive destination for foreign direct investment, with net inflows to India standing at $33.8 billion in 2014.

Strategic alignment is not solely based on economics, however. India has other deep ties to foreign countries, and in particular the United States. Since 2000, nearly 100,000 Indians have
studied in the United States each year. In most years, India was either the largest or second largest source for foreign students studying in the United States. The United States draws nearly half of all Indian students studying abroad each year. Citizens from India received over one million H-1B visas to work at U.S. firms over the past 15 years. Lastly, nearly 460,000 Indians became U.S. citizens between 2002 and 2011.

Prime Minister Modi has made engaging the Indian diaspora—in the United States and throughout the world—a key part of his foreign outreach. During his visits to the United States in 2014 and 2015, he held giant rallies for the diaspora in New York and Silicon Valley. Press accounts of the events described them as akin to rock concerts or political rallies, rather than the staid events typically associated with the visit of a foreign leader.

While the Indian diaspora community in the United States is largely well educated and well employed, this is not universally true for India’s diaspora. In particular, 7 million Indians live and work in the Middle East, many of them employed as guest-workers in menial jobs. This creates a different set of issues for India to manage as it looks to the Middle East—also a major source of investment into India and the origin of much of India’s imported oil and gas.

In all, Indian government statistics indicate over 21 million Indians work abroad each year. Living and working in diverse parts of the world, these millions of individuals are likely to bring back to India diverse views and experiences. In addition, the number of Indians taking short trips abroad, for work or business, has grown in recent decades, from 1.94 million trips in 1991 to 18.33 million trips in 2014. Although 18 million foreign trips represent a very small percentage of India’s overall population journeying outside the country, the growing numbers indicate a population whose exposure to foreign perspectives will rapidly expand.

Taken together, Indians working, studying, or traveling abroad, combined with those who have emigrated to countries such as the United States (or the United Kingdom, Australia, or others), and the ease with which these far-flung populations can communicate, has the potential to influence Indian views of the world.

CONVERGING U.S.-INDIA INTERESTS

Advances in U.S.-India ties during the early 2000s, notably the civil nuclear agreement, the Next Steps in Strategic Partnership, and the Defense Cooperation Framework Agreement, all heralded greater opportunity for India-U.S. cooperation. The renewal of the Defense Cooperation Framework Agreement and the signing of the Joint Strategic Vision in 2015 further solidified the gains that had been made. Noteworthy in these developments is their consistency across changes of administration and changes of party control in both India and the United States. During the course of the Obama administration, that consistency is demonstrated in the content of joint statements from the two countries. Recurrent themes and issues from these statements are presented in full in Table 1.1.

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U.S.-India Security Cooperation
### Table 1.1. Frequently Listed Priorities of U.S.-India Joint Statements

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<td>Express shared values and beliefs</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<td>x</td>
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<tr>
<td>Cooperate to increase bilateral and triangular trade</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<td>United States expresses support for India’s inclusion multilateral export control regimes</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>Joint call for Pakistan to bring to justice 2008 Mumbai attack perpetrators</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>Expand cooperation on energy security, clean energy, climate change (PACE-R, PACE-D, Clean Energy Finance, air quality)</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>Cooperate on civil nuclear power sector</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<td>Enhance connectivity between Central, South, and Southeast Asian region</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<td>Commit to work more closely with Asia-Pacific countries (including trilateral dialogue with Japan)</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<td>Promote strong, stable, prosperous Afghanistan</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<td>Cooperate on higher education</td>
<td>x</td>
<td>x</td>
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<td>Collaborate/develop and share tech approaches to defense (DTTI/CERT)</td>
<td>x</td>
<td>x</td>
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<td>Combat full spectrum of terrorist threats (AQ, ISIL, safe havens)</td>
<td>x</td>
<td>x</td>
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<td>Collaborate on agricultural innovation/food security in Africa</td>
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<td>Partnership to lead global efforts for nonproliferation of WMD, nuclear weapons, etc.</td>
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AQ, al Qaeda; CERT, Computer Emergency Response Team; DTTI, Defense Trade and Technology Initiative; ISIL, Islamic State of Iraq and Syria; PACE-D, Partnership to Advance Clean Energy Deployment; PACE-R, Partnership to Advance Clean Energy Research; WMD, weapons of mass destruction.
Highlighting areas of both commonality and divergence is important to assess the best areas for cooperation in the near and mid-term. On security issues, a small number of important issues are consistently identified as focus areas for the two countries:

- Terrorism, including issues of Afghanistan/Pakistan cross-border activity and concerns about safe havens;
- Maritime security, including preserving open access to, and freedom of navigation within, the Indian and Pacific Oceans;
- Defense cooperation, including military exchanges and exercises; arms transfer—including codevelopment, coproduction, and technology transfer; and, the Defense Trade and Technology Initiative (DTTI);
- Law enforcement cooperation, including terrorist watch list information exchanges; mutual legal and extradition support; counter-trafficking; counter-narcotics; counter-financial fraud;
- Cyber threats to both security and economic interests;
- A world free of nuclear weapons; and,
- India’s phased entry into multilateral nonproliferation and export control regimes: the Nuclear Suppliers Group (NSG); the Wassenaar Arrangement; and the Australia Group.

Despite a focused and consistent roster of priorities, progress in many areas has been slower than policymakers in both Washington and Delhi may desire. There are numerous explanations for the pace of progress, several of which are worth focusing on here: competing relationships, resource constraints, bureaucratic incentives, and internal regulations.

The first, and arguably the greatest, challenge to greater U.S.-India cooperation is the ongoing wariness of policymakers in Delhi concerning U.S. support for Pakistan, and concerns U.S. policymakers have stemming from India’s close relationship—especially in defense procurement—with Russia. U.S. relations with Pakistan and Indian ties to Russia are grounded in the history of the Cold War, and for the United States also in the realities of the NATO/ISAF effort in Afghanistan. Neither Washington nor Delhi is likely to simply “turn off” other relationships to advance the India-U.S. relationship.

Several trends suggest that current obstacles posed by competing foreign relations perspectives may begin to lose salience on both sides. With the United States planning to reduce, over time, its military presence in Afghanistan, Pakistan’s importance as the main transit corridor for equipment and supplies will decrease. As Pakistan’s value to the United States falls, the possibility increases that the United States will cut ties over an incident of state-sponsored terrorism.

The growing relationship between Russia and China may also impact India’s calculus on the value of a continued close partnership with Russia. Agreements between Moscow and Beijing over the past several years on supplies of energy and reports of growing cooperation between China and Russia on military technology do not support India’s interests, given India’s ongoing border disputes with China and concerns over China’s growing maritime presence in the Indian Ocean region.
The second challenge to further progress is the scarcity of resources. This encompasses not just the financial means for new initiatives and engagements, but—and perhaps more important—the scarcity of time and the tyranny of distance in traveling between India and the United States and managing the range of other priorities for senior leaders in both countries. Top priorities are nearly always domestic—economic growth, how to adequately provide social services and education, and how to balance the budget. When it comes to foreign affairs, the United States government tends to focus first on countries that threaten U.S. interests, or countries that play an active role in countering those threats. India currently falls into neither category. The next U.S. president will immediately face critical issues arising from the Middle East, Afghanistan, terrorism, Russia, and East Asia. There are still 40 countries with troops deployed with the Resolute Support Mission in Afghanistan—and India is not one of them. It is challenging for a new administration to devote significant time and energy on areas of ill-defined opportunity, such as India. Similarly, India’s leaders must contend with border disputes with two heavily armed neighbors, domestic insurgents, cross-border terrorism, and violent extremists within its own borders.

The third challenge to closer U.S.-India cooperation is rooted in the bureaucratic structures and cultures in each nation. U.S. bureaucratic focus is driven in large part by the regular change of elected or politically appointed leadership at many levels, with each administration appointing individuals down to at least the assistant secretary level—resulting in new leadership every two to four years. It is common for a new leader to seek to leave a record of achievement, creating a bias toward activity with short-term rewards.

India’s bureaucratic structure provides much greater power to career civil servants, with political leaders typically occupying only the very top levels within a ministry. With a relatively small number of political leaders in a given ministry, there is less opportunity for politically appointed leaders to push for new initiatives. Further, Indian bureaucrats are rotated to new postings (often in unrelated ministries, or in a state rather than national government bureau) on a rigid schedule that prevents them from acquiring deep expertise in their subject or from forming strong relationships with their counterparts.

The fourth area involves regulations and procedures in both countries that, if accepted/adhered to, would facilitate cooperation but at which both countries chafe. The United States has developed a series of agreements that essentially create frameworks within which additional cooperation and interoperability can be achieved. Most troublesome in the U.S.-India relationship has been the absence of key defense “Foundational Agreements”—a Logistics Exchange Memorandum of Understanding (LEMOA), a Basic Exchange Cooperation Agreement (BECA), and a Communications and Information Security Memorandum of Agreement (CISMOA).

Here we are suddenly seeing movement after a decade of dormancy. The Logistics Exchange Memorandum of Agreement (LEMOA)—a retitling of the long-sought Logistics Support Agreement—establishes a means for U.S. forces to receive support and logistics from another country and for the United States to provide similar support and logistics to another country. With India, this would include the receipt of fuel, supplies, and underway repairs at Indian ports for U.S. vessels, with the same for Indian vessels at U.S. ports, among other functions. In April 2016 the
United States and India signaled “in principle” agreement to LEMOA, and agreed to the actual text just two months later.

A BECA establishes the types and nature of information to be exchanged between the signatory countries and the purposes of cooperation, most often for sharing of geospatial information—typically maps and aeronautical or maritime charts. The CISMOA is an agreement establishing the parameters for sharing communications security information, standards, and even communications security equipment. Agreeing to a CISMOA enables the two countries to better share information, especially operational information, in real time as they would be using interoperable communications equipment. The communications security equipment—typically hardware that provides encryption to communications—is highly sensitive and in nearly all cases requires some level of monitoring for appropriate use by U.S. personnel. The United States enters into these agreements with foreign countries to establish a means to cooperate more quickly than if each instance of cooperation must receive approval on a case-by-case basis.

Within the focus areas for cooperation identified in various joint statements, and acknowledging the challenges that continue to impede greater cooperation between India and the United States, the remainder of this report will explore in more depth several areas where there is the greatest potential for the United States and India to achieve meaningful progress that is supportive of the national interests and objectives of both countries.

GEOPOLITICAL OUTLOOK

Despite increasing convergence on a range of issues, Washington and Delhi’s geostrategic perspectives have never fully aligned. Many of the reasons are related to the issues described previously. Others, however, stem from differing conceptions of the Asia Pacific’s center of gravity as seen from Washington or Delhi.

It is only in the past five years that “Indo” has been a consistent part of the U.S. view of the “Asia Pacific,” which historically has included U.S. allies in Northeast and Southeast Asia as well as Australia. South Asia was most often seen as strategically distinct from other parts of Asia in Washington’s worldview. India’s view of the Asia Pacific would more accurately be described as the Indo-Asia-Pacific region. In recent years, India has begun to see countries beyond South Asia as potential partners, as evidenced by the Look East/Act East policies, growing cooperation with and investment in Africa, improving ties with countries in the Persian Gulf, and Prime Minister Modi’s increased outreach to Japan and South Korea for economic and security cooperation activities.

EAST AND SOUTHEAST ASIA

Throughout East and Southeast Asia, the United States and India have areas of overlapping interest, though differing histories and outlooks leave Washington and Delhi seeking different objectives from their engagement in those regions.
U.S. interests in the Asia Pacific have, for decades, been consistently rooted in ensuring the safety and security of the United States and its allies and ensuring the free flow of commerce on which the U.S. economy depends. Despite inconsistency in articulation,2 the Obama administration’s rebalance policy is an effort to ensure that the United States commits sufficient resources in the near and mid-term to ensure the United States is able to pursue its interests in the long term.

One could conceive of U.S. security interests in the Asia Pacific roughly as concentric circles. The innermost circle is the security of the United States, its citizens, and its economy. The next—very close—circle includes treaty allies Japan, South Korea, Australia, the Philippines, and Thailand. The third circle includes U.S. partners throughout the region—nearly all other countries in Asia to some degree. China would currently be placed in the third circle; however, China’s actions and rhetoric have it moving further from the center. The final circle are those countries or organizations that have established themselves as adversaries—currently the only Asian country in this circle would be North Korea, though numerous violent extremist organizations would also reside here.

The United States’ rebalance policy builds on this general framework, seeking to shift a greater share of U.S. resources to the region and to enable the United States to be a better partner for countries whose interests align with the United States. It is well understood in policymaking circles in Washington, but bears specific note here, that the United States does not seek—nor could it afford—to convert all partnerships into treaties. Not only would this further strain U.S. defense commitments globally, it would drive countries to make choices they do not see as being in their interests.

Instead, the U.S. approach to partnership in Asia is focused on achieving practical, tangible progress in areas where there are convergent interests. This definition of partnership enables the United States to work with nearly all countries in Asia to pursue common goals, even while sustaining conversations where the United States has strong concerns about other areas or actions taken by countries.

With countries throughout the Asia-Pacific region developing economically, and increasingly militarily, the United States must pursue its interests using a range tools, including engagement, deterrence, and reassurance. The U.S.-China relationship offers an example of the United States drawing on these tools. The United States and China are the world’s largest two economies and each will benefit from the other’s successes. China’s economic rise has benefited from the enormous investment of foreign firms—including U.S. firms—in China’s economy. At the same time, China’s growing economy and increasingly global companies are shifting the foreign policy perspective from one where China was largely an observer of international activities to one where China has growing stakes in the outcomes of international issues.

The U.S.-China relationship intersects with many high-priority interests of the United States, including expanding trade and commerce; ensuring a fair playing field for all companies; the role of—and what protections there should be for—intellectual property; the nature of Internet governance; how to address and resolve territorial disputes; and the value, legitimacy, and appropriate

role for international organizations. Broadly speaking, U.S. interests with China fall into two categories: areas where the United States seeks greater partnership with China—what the administration describes as areas of cooperation—and areas where the United States and China have conflicting objectives, or what the administration describes as managing differences.

Whether and how China engages with—or within—existing international systems will influence the degree to which the United States sees China’s rise as advantageous for, or at-odds with, U.S. interests. Within the United States approach to Asia, China and its actions are often an element considered—though rarely the most important element considered—when setting priorities and taking actions. Both the United States and China bring significant capabilities to bear economically, militarily, and diplomatically to international questions. Both countries are seeking to enhance areas of cooperation—such as on nuclear nonproliferation, combating climate change, and opposing piracy—even as they seek to manage important differences in their positions on issues ranging from the applicability of international law to appropriate protection of human rights or the degree to which government should be involved in the economy.

The Sino-Indian relationship shares this tension between cooperation and competition. In addition to the unresolved border disputes with China, many in Delhi are concerned with China’s expanding naval presence—and investments—in the Indian Ocean region, especially with an increasing number of port visits by the People’s Liberation Army (PLA) Navy and efforts to establish long-term port access in Sri Lanka, Pakistan, and the Maldives. Despite the security questions Delhi has about China’s long-term actions, it regularly seeks to attract Chinese investment to India and to increase Indian exports to China to boost India’s own economy.

Beyond China, India’s interests in East and Southeast Asia are growing as well. Former Prime Minister P. V. Narasimha Rao initiated a policy known as “Look East” in 1994 to encourage Indian firms and government agencies to increase engagement with India’s eastern neighbors, specifically the countries of Southeast Asia. Carried forward by subsequent administrations, Prime Minister Modi further evolved Look East into “Act East” policies as a way to encourage greater engagement across the government and nongovernment sectors of India with countries and companies in Southeast Asia.

India has taken steps in recent years to expand its cooperation with countries in East and Southeast Asia on a range of fronts. Economically, India is expanding trade with the Association of Southeast Asian Nations (ASEAN) as it seeks to increase inbound investment from Japan, South Korea, and China. India’s state-owned oil company has signed agreements to conduct exploration with Vietnam’s state-owned oil company in the South China Sea.

Looking Ahead

Challenge: Creating and Sustaining Alignment of U.S. and Indian Views on How Best to Shape the Evolving Regional Security Environment

Economic growth in China, Southeast Asia, and India are driving changes in the relative balance of diplomatic and military power throughout the Indian and Pacific Ocean regions. Increasingly

3. Ibid., 14.
wealthy countries are exploring ways to influence regional dynamics to their advantage, from the continued efforts of countries in Southeast Asia to present a united vision for their region through ASEAN, to the establishment of the Indian Ocean Naval Symposium by India, to China’s establishment of the Asia Infrastructure Investment Bank. India and the United States will choose their own responses to each situation, but ensuring that each country’s leadership has an understanding of how the other’s leaders perceive new developments may help both countries to find—and jointly pursue—common interests.

The complexity of global challenges often requires countries to respond in concert. To facilitate the exchange of information and to promote coordinated responses when countries’ interests align, the United States, India, Japan, and Australia should hold regular quadrilateral meetings of

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**BOX 1.1. Scenario: Takeover in the Maldives**

*Maj. Gen. P. K. Chakravorty, Ret., former adviser, BrahMos*

**Situation**

About 40 armed jihadists, possibly belonging to the Islamic State of Iraq and Syria (ISIS), land in the capital Male before dawn aboard speedboats from a commercial ship and join another 30 compatriots who had entered surreptitiously earlier. In the early hours they gain control of the airport on Hulule Island, the port, and television and radio stations and declare that the Maldives has joined the Islamic Caliphate. A few key government officials, including Indian advisers, are taken hostage. The president requests India and the United States for military assistance.

**India’s Interest**

Ever since Maldives gained independence in 1966, India has developed close strategic, economic, and cultural relations with the island country. The terrorist action would compel India to act militarily as India does not want an unstable neighbor that could become a base for terror groups. Also, there are about 10,000 nonresident Indians in the Maldives. Considering that the total population of the country is about 300,000, this is a sizable number.

**India’s Equipment and/or Operational Requirements**

Indian Special Forces flying in on C-130 Super Hercules aircraft would benefit from U.S. assistance, especially surveillance by large unmanned aerial vehicles (UAVs) equipped with long-range night vision devices. A U.S. aircraft carrier in the vicinity could enable the refueling of India’s Chinook troop-carrying helicopters. If possible, U.S. special operations forces could stand by as reserves for unforeseen eventualities.

**Gaps in India’s Equipment and/or Operational Requirements**

While an Indian task force would undertake the operation, it would benefit from U.S. help regarding accurate intelligence about the numbers, weapons, and locations of the renegades who have launched the coup. Help may also be required for search and rescue.
senior civilian defense officials and senior diplomats. Ensuring open and regular dialogue will be instrumental in finding opportunities to cooperate when opportunities arise.

**Challenge: Enhancing and Building on India’s Outreach to Asian Democracies**

Prime Minister Modi’s outreach to and engagement with Korea and Mongolia deserves special attention from the United States. Korea and Mongolia are two Asian democracies with which India had only nascent relations before the Modi administration. India’s outreach to both could be characterized as showing off the nation’s “reach” to the rest of Asia—in line with America’s hope for India to act as a strong regional player. American policymakers should look for ways to support India’s emerging ties with both countries and to make future outreach as successful as possible.

**AFGHANISTAN AND PAKISTAN**

India and the United States both wish to see Afghanistan become a stable, moderate democracy that is economically well integrated into the surrounding region and is inhospitable to Islamist terror groups. Leaders for both countries could agree in hoping for a Pakistan that has relinquished its support for militant proxies. But closer collaboration between the United States and India has long been stymied by inconsistent visions for the near term and by disagreement regarding tactics rather than strategy: most importantly, U.S. reliance on Pakistan to achieve its ends in South Asia versus India’s insistence that Pakistan be treated as a rogue state. As a result, a potentially beneficial partnership between the United States and India has remained limited.

This is not a new dynamic. In 1988, nearly a decade into the U.S.-Pakistan partnership in Afghanistan against the Soviets, an Indian analyst noted that U.S. reliance on Pakistan to wage war against the USSR in Afghanistan meant that the United States was unable to use sanctions to punish Pakistan for becoming a nuclear state (as it had punished India).4 Pakistan also leveraged its role as primary point of contact with Afghan militants to acquire high-quality weapons, some of which were in turn acquired by militant proxies. Some of these groups later turned to targeting India, and many sold U.S. weapons on the secondary market.5 Since at least 1954, India’s security establishment ascribed Pakistan’s boldness in confronting India largely to U.S. support. As one Indian analyst put it in the late 1980s, “The client-state role assigned by America to Pakistan has not only given [Pakistan] stability and military strength, but has also distended her ambition to play a more active role in the affairs of this region.”6 This analyst thus found “a convergence of

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4. By some views, India saw the United States as an even greater threat than Pakistan: “Whatever the Pakistanis did, New Delhi always suspected that the United States had put them up to it.” Amaury de Riencourt, “India and Pakistan in the Shadow of Afghanistan,” *Foreign Affairs* 61, no. 2 (1982): 417.

5. Steve Coll describes how the Pakistan’s Inter Service Intelligence (ISI) agency channeled U.S. aid to favored groups such as Gulbuddin Hekmatyar’s militia during the 1980s and then used these same groups to “train and ship foreign volunteers to Kashmir.” Stinger missiles were sold to Iran and also appeared in Qatar. Alan Kuperman cites less reliable reports that both Sikh and Kashmiri militants eventually got their hands on Stingers. Steve Coll, *Ghost Wars* (New York: Penguin Books, 2004). See also Ahmed Rashid, “Pakistan After Reagan,” *Middle East Report* 155 (1988): 30–33; Alan Kuperman, “The Stinger Missile and U.S. Intervention in Afghanistan,” *Political Science Quarterly* 114, no. 2 (1999): 254.

Indian and Russian interests in upholding and strengthening the communist regime in Kabul, as opposed to what he saw as the United States and Pakistan’s joint interest in supporting an Islamic regime that would ally closely with Pakistan and could be used to foment dissent among Soviet Muslims.7

More than 20 years later, in 2010, India was still worrying that Pakistan would succeed in exploiting yet another Afghan war to enhance its regional position and that it would successfully dupe the United States into supporting Pakistan’s goals in the region, even when these were opposed to the United States’ own aims. In 2010 Y. K. Sinha, the joint secretary for Afghanistan, Pakistan, and Iran in India’s Ministry of External Affairs from 2009–2012, reportedly warned a State Department official that Pakistan would attempt to obtain U.S. support in minimizing Indian influence in

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7. Ibid., 67.
Afghanistan by adducing false evidence of Indian malfeasance. U.S. military commanders, for their part, viewed the pros and cons of Indian support to Afghanistan largely through the prism of Pakistan’s likely reaction, assessing that more Indian involvement would “exacerbate regional tensions.”

This judgment reflects the reality that the U.S. war effort in Afghanistan is dependent on Pakistan’s continued cooperation. Indian criticisms of U.S. policy towards Pakistan post-2001 too often ignore the restraints placed on U.S. freedom of action by the need to secure access to Pakistan’s ground lines of control. In 2008 three-quarters of supplies for U.S. troops in Afghanistan moved over Pakistani soil or through its airspace. Alternative routes via the Northern Distribution Network are slower, more expensive (up to $100 million more per month), and generally involve transit through Russian airspace. Pakistan’s military leadership has previously expressed a willingness to cooperate with NATO and Afghan forces, so long as doing so met Pakistan’s security needs.

Pakistan becomes noticeably more helpful and optimistic about peace when it feels that it has a strong chance of fostering a client-state in Afghanistan—as with the brief thaw in early 2015 that was prompted by Afghan President Ashraf Ghani’s friendly overtures to Pakistan. And in 2014, as the smaller troop contingents in Afghanistan lessened U.S. reliance on Pakistan’s ground lines of communication, the Pakistani military finally began to present itself as a viable counterterrorism partner with Operation Zarb-e-Azb. While controversial, the campaign has undoubtedly reduced terrorist violence in Pakistan’s cities and has degraded militant networks in Pakistan’s tribal areas, though the operation has also avoided targeting the leadership of militant groups. Ongoing U.S.-Pakistan military cooperation creates a brake on India-U.S. cooperation and trust development.

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In late 2015, in an important policy shift, India donated four Mi-25 multirole helicopters to Afghanistan, the first time that it has ever given Afghanistan lethal military equipment.\textsuperscript{16} Prior to the transfer of the Mi-25s, the most visible symbol of India’s commitment in Afghanistan was its heavy diplomatic presence: it has an embassy in Kabul and consulates in Kandahar, Jalalabad, Herat, and Mazar-e-Sharif.\textsuperscript{17} The consulates are responsible for building relationships in their areas of responsibility and are frequently alleged to be fronts for India’s intelligence agencies.\textsuperscript{18} India has maintained this presence at some cost, including in the face of multiple terrorist attacks on its consulates.\textsuperscript{19} India has also devoted significant development assistance to Afghanistan, building a road to the Iranian border, providing free medical care at Indian Medical Missions, and awarding hundreds of scholarships to Indian universities for Afghan students.\textsuperscript{20} Most recently, it funded the construction of a new Afghan Parliament building.\textsuperscript{21} Prime Minister Modi’s visit to Kabul in December 2015 capped an Afghan-Indian rapprochement that seems to have put to rest the bad feelings generated by Afghan President Ashraf Ghani’s overtures to Pakistan and China—at least temporarily.\textsuperscript{22}

More substantively, during Taliban rule India offered material assistance to the non-Pashtun leaders who banded together as the Northern Alliance. This tradition of supporting leaders of Tajik and Uzbek descent—such as current Afghan Chief Executive Abdullah Abdullah—in preference to

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Hicks, Rossow, Metrick, Schaus, Tecimer, and Watson
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leaders from the Pashtun community (who are perceived to be supported by Pakistan) has outlasted the Taliban.\textsuperscript{23}

The divergent views from Delhi and Islamabad create the possibility that either India or Pakistan could use Afghanistan as a venue for conducting a proxy campaign against the other. For Pakistan—which has supported militant proxies against the Afghan state since at least the 1950s—Afghanistan represents “strategic depth” vis-à-vis India. The Pakistani security establishment sees close relations between the Pakistani intelligence services and the tribes that span the Afghanistan-Pakistan border as an insurance policy in case Pakistan needs to respond to an Indian invasion with a guerrilla campaign.\textsuperscript{24} India, for its part, wishes to prevent Pakistan from gaining the upper hand in Afghanistan (and in a related goal, to prevent Afghanistan being used as a base for terrorist groups that seek to attack Indian territory or Indian interests).\textsuperscript{25} India would also like to make Afghanistan a market for Indian goods and perhaps to use it as a transit point for trade with Central Asia—although the lack of reliable land routes from India to Afghanistan limits Afghanistan’s importance for trade.

Discussions with current and former U.S. policymakers focused on Afghanistan repeatedly returned to the point that India’s primary prism for approaching Afghanistan was the impact Indian actions there would have on India-Pakistan relations. One former official went so far as to state that India is self-moderating in its efforts in Afghanistan in an attempt to reduce India-Pakistan tensions. A perception that India is self-moderating its actions, however, is not the same as Indian inaction. These interlocutors instead noted that India’s primary interest in Afghanistan is bolstering the Afghan government so that it remains independent of Pakistan’s control. Former officials also expressed the view that Pakistan’s primary interest is preventing India from establishing primary influence in Afghanistan.

The extent and intensity of their competition, however, has previously been limited by the presence of the United States. India, as discussed already, is skeptical of U.S. goals in Afghanistan and of the ability of the United States to resist pursuing the offered, but elusive, possibility that Pakistan may one day forgo its militant proxies. But even the most paranoid Indian security planners prefer to see Afghanistan’s main external support derive from the United States instead of Pakistan. Not surprisingly, regional tensions flare up whenever it appears that the United States might exit the region once and for all.\textsuperscript{26}

The United States presence in Afghanistan is thus a mixed blessing for the larger U.S.-India strategic relationship. To an extent, the United States acts as a third-party guarantor who ensures that the stakes of the India-Pakistan competition remain limited inside Afghanistan.\textsuperscript{27} As long as the


\textsuperscript{24} C. Christine Fair, \textit{Fighting to the End: The Pakistan Army’s Way of War} (Oxford: Oxford University Press, 2014).

\textsuperscript{25} Hanauer and Chalk, \textit{India’s and Pakistan’s Strategies in Afghanistan}, 11–13.


United States remains present, none of Afghanistan’s neighbors will be able to fully control it. Yet the price that the United States pays to maintain its status as both India and Pakistan’s “second choice” is that it must remain largely neutral in their dispute. The unwillingness of the United States to cease military cooperation with Pakistan will continue to limit the depth of the U.S.-India relationship.

At the same time, while it is widely acknowledged that Pakistan’s concerns over encirclement by India feed the conflict in Afghanistan, India will not accept U.S. mediation of India-Pakistan relations, and the United States cannot force it do so without aggravating existing suspicions that India will always be a junior partner in the relationship. India sees itself as a “normal,” peaceful state trying to defend itself against an aggressive and perfidious neighbor rather than as one-half of a fractious pair, and it resents any suggestion otherwise.

Perhaps the greatest hope for regional peace lies in the potential for an agreement between India and China to cooperate in working for peace in Afghanistan should the United States withdraw. In this scenario, China would exercise its leverage over Pakistan to force the latter state to observe the terms of the agreement. This would allow the United States to refocus resources away from the region while ensuring that it did not return to offering safe havens to terrorist groups. Although India and China have a complex relationship (discussed briefly earlier in this report), neither wants to see Afghanistan continue as a home for militants with regional ambitions, and they have shown signs of a willingness to work together there. India’s Ambassador to China told the Indian newspaper the Hindu that India and China have a “good dialogue” on the subject and that China “fully acknowledge[s]” India’s role in the Afghan peace process. China’s role was also discussed in positive terms in a gathering with Afghanistan’s deputy foreign minister hosted by the New Delhi-based think tank the Vivekananda International Foundation, which had been run by India’s current national security adviser before he joined the Modi administration. This warmth is particularly remarkable given that preventing India’s encirclement by China was one of Delhi’s main interests when it initially became involved in Afghanistan.

This need for cooperation and mutual concerns of encirclement are exacerbated in the case of direct relations with Pakistan. Even after a U.S. withdrawal from Afghanistan, Pakistan’s nuclear arsenal would make it a continued concern for U.S. policymakers. Both the United States and India would like to see this arsenal reduced or eliminated. But a tentative U.S. offer to relax controls on

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28. “The United States . . . does not seem to fully appreciate the centrality of India in Pakistani thinking about the current crisis. . . . Pakistan’s long-standing policy of seeking an allied or client state in Afghanistan has never been driven mainly by affinity for the Taliban. Rather, Pakistan’s chief motivation has been the fear of strategic encirclement by India . . . and the wish to achieve strategic depth against India.” Anatol Lieven, “The Pressures on Pakistan,” Foreign Affairs 81, no.1 (2002): 107–108.


Pakistan’s nuclear program in return for a promise to voluntarily cap growth\(^{32}\) was disturbing to Indian leaders (and many other Pakistan analysts), who are convinced that Pakistan will simply ignore or evade any restrictions on its program.\(^{33}\) Both those who support and condemn such a deal are motivated by the same concern: Pakistan has the world’s fastest-growing nuclear arsenal, with 100 to 120 nuclear weapons and enough fissile material for as many as a hundred warheads more.\(^{34}\) It recently refused to accept any limits on use of its tactical nuclear weapons, which presents particular risks because these weapons are designed to be deployed forward on the battlefield, giving commanders in the field the power to nuclearize a conflict.\(^{35}\)

Pakistan will almost certainly continue to build up its arsenal as it falls further behind India in terms of conventional military strength. Yet the United States cannot in good faith urge India to cease its military buildup because the United States hopes to see India become a net security provider in the region. As professor Daniel Markey points out, India will likely seek to expand its military as long as China is doing the same.\(^{36}\) In any event, the United States must recognize that seeking a wider strategic partnership with India will inevitably increase Pakistan’s sense of insecurity.

Looking Ahead

**Challenge: What Role for India in the Future of Afghanistan?**

Fourteen years after the fall of the Taliban, and despite the efforts of the United States and its allies, Afghanistan has yet to emerge with a cohesive national government. The Taliban now controls more territory than at any time since the U.S. invasion in 2001.\(^{37}\) The United States thus faces a central choice in developing a long-term strategy for the Afghanistan region: Will it support a peace process working toward a unity government with strong representation from Pakistan-backed armed groups? Or will it insist on an Afghanistan free of the Taliban, and thus largely of Pakistan, perhaps relying on India to help protect U.S. interests in the region?

Neither choice is perfect. If it chooses the first route, the United States will have to accept that Afghanistan will lack a strong central government (unacceptable to Pakistan) and that actors that it considers international terrorists may operate in Afghanistan and Pakistan. But these terrorists will be unlikely to strike beyond the region and will instead focus their efforts on Indian and Western interests in Afghanistan, India, and even Pakistan. India will see this move as just the

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latest example of American untrustworthiness and naïveté, possibly setting back the bilateral security relationship.

Under the second scenario, the United States will go a long way toward winning India’s trust and building the basis for a true strategic partnership—but it will isolate Pakistan, pushing it further toward China and vindicating the predictions of hard-liners who believe that Pakistan’s nuclear program is its only defense against annihilation. Isolating Pakistan also risks repeating the failed Soviet experiment of the 1980s: by installing a government in Kabul that was unfriendly to Pakistan, the Soviets magnified preexisting Pakistani fears of Afghan irredentism and ensured that Pakistan would do its utmost to overthrow the communist government.

Of the many unknowns in these calculations, one is the extent to which India will be willing to separate Pakistan from the rest of its foreign policy. As India’s emergence as a larger global player progresses, its view of world affairs through the lens of Pakistan will continue to decrease. Under this view, India will accept that the United States continues to depend on Pakistan for specific, mutually beneficial purposes as a fact of life and will still be willing to pursue cooperation in other areas. There are some good reasons why India may accept this path: the United States does act as something of a check on Pakistan’s worst excesses, and the relationship with the United States prevents Pakistan from committing fully to (from India’s perspective) a less desirable partner, such as Saudi Arabia, or a potential rival, such as China.

Pakistan continues to loom large, however, in the Indian government’s foreign policy proclamations, in the private conversations of serving and retired government officials, and in bilateral relationships with major powers like the United States and China. India has an incentive to magnify its opposition to Pakistan’s role in Afghanistan: it would benefit by keeping Pakistan out of Afghanistan, or by obtaining concessions from the United States in return for accepting Pakistan’s presence there. But at the same time India shares a long border with a nuclear-armed state from which terrorists have regularly attacked its cities and military installations. The prospect of handing a near neighbor over to such a foe would be unattractive to any country. How much of India’s rhetoric is a negotiating tactic and how much is heartfelt therefore remains unclear. India, to the extent that it speaks with a unitary voice, may not be certain itself.

Either way, if the United States continues to partner with Pakistan on a way forward for Afghanistan, it must recognize India’s basis for objecting to U.S. support for Pakistan and take steps to limit the damage this does to the bilateral relationship. The most obvious step would be to recognize India’s role as an essential partner in the Afghan peace process and to push for including India in every high-level dialogue and summit, even as an observer. U.S.-Indian cooperation in purely defensive areas, such as homeland security, would minimize India’s vulnerability to Pakistani provocations and help spare the relationship its periodic sharp shocks when Pakistan-based militant groups conduct attacks against Indian interests.

Many wild cards remain in the Afghanistan-Pakistan region. The rise of the Islamic State in Afghanistan and the continued success of the Taliban could make a total U.S. withdrawal nearly impossible for the foreseeable future. Should the Islamic State gain momentum in the area, it would offer a rare example of a _hostis humani generis_ that all three countries could unite against, changing U.S. and regional calculations completely. The military has had a leading role for most of Pakistan’s
history, and if a civilian government in Pakistan achieves robust economic growth, it may be able to chip away at popular support for the military. China’s growing stake in Afghanistan could lead to either a new hope for peace or a new proxy war, depending on the tenor of its relations with all the powers involved in the Afghanistan conflict. Navigating the future, however, will be easier for the United States if it has a clearer idea of which of Afghanistan’s realistic futures it wants to achieve and is willing to accept.

MIDDLE EAST

The United States and India seem to share a sense of bewilderment when facing today’s Middle East. Neither India’s well-established policy of balancing competing interests while remaining friendly with all parties nor the more active attempts by the United States to influence the situation appear to be having the desired effect. The United States and India share at least one vital strategic interest in the region: securing the continued supply of energy resources to enable a growing global economy—which continued economic growth of both the United States and India rely. Increasing security cooperation in this area will require a laserlike focus on energy security and a consequent willingness to disregard differences at the margins.

Shashank Joshi describes India’s cautious ("death by communique") but fairly successful Middle East policy as one of balance: between Saudi Arabia and Iran, the United States and Iran, and Israel and the Palestinians.38 The greatest innovation in this policy in India’s 70 years of independence was its recognition of Israel in 1992.39 In the 20 months since he entered office, Prime Minister Modi has attempted to revitalize India’s approach through personal diplomacy; he was the first Indian prime minister to visit the United Arab Emirates (UAE) in 34 years and, after meeting with the prime minister of Bahrain in Delhi, he looks likely to be the first-ever Indian prime minister to visit Bahrain.40 India’s President Mukherjee made the first visit by an Indian president to Israel in October 2014, and the Minister of External Affairs visited Israel in January 2016 to lay the groundwork for what might be the first-ever visit by an Indian prime minister to that country.41 That said, Modi’s focus on the economy—he secured a pledge of $75 billion in investment from the Emirates, though not tied to specific projects—and his attempt to build ties to states with large Indian diaspora communities do not represent a break from previous policy.42

India’s care (or paralysis) in conducting its relations with the Middle East is the product of its vital interests in the area. India has large coal reserves, but its domestic oil and gas production does not meet demand, and India is set to become the world’s third largest consumer of oil, roughly 4.1 million barrels per day. The low oil prices of 2015 have been an unprecedented boon for India’s economy and the government’s balance sheet; by one estimate cheap oil was responsible for 70 percent of GDP growth in 2015. The nations of the Persian Gulf provide two-thirds of India’s oil and gas, making the Strait of Hormuz a vital lifeline for India’s economy.

Beyond energy, the Persian Gulf is by far the largest source of remittances to India, the world’s largest recipient of remittances. Indian workers in the UAE, Saudi Arabia, Kuwait, Qatar, Oman, and Bahrain sent $36 billion home to India in 2014, accounting for over half of all remittances to India, and Gulf countries made up half of the top 10 destinations for Indian workers. With nearly 7 million expatriate workers in the Sunni states of the Persian Gulf, nearly all of them with at best temporary visas if not undocumented, India cannot afford to antagonize their hosts and risk a mass expulsion. Given these stakes, India is unlikely to risk rocking any boats in the Gulf.

India has suffered for its neutrality. In spring and summer 2014, the Islamic State took hostage two groups of Indian workers in Iraq: 46 nurses in Tikrit and 39 construction workers in Mosul. All of the nurses returned home safely, but as of this writing the majority of the construction workers have not returned. Although the Indian government claims that they are all safe (if incommunicado), Bangladeshi workers who were held at the same time have told reporters that all but one of the Indian construction workers were executed by the Islamic State. Whether or not the men are alive, India’s lack of response in the face of this provocation shows its reluctance to get involved in the military campaign against the Islamic State and the limited number of tools it can employ in

47. These countries were the United Arab Emirates, Saudi Arabia, Kuwait, Oman, and Qatar. The other five were the United States, Pakistan, Nepal, the United Kingdom, and Canada (in order). World Bank, “India Country Profile,” in Migration and Remittances Factbook 2016 (Washington, DC: World Bank, 2015), http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-119980790806/4549025-1450455807487/Factbook2016_Countries_A-L.pdf.
48. P. R. Kumaraswamy, interview with the authors, October 5, 2015.
this situation. Unlike the United States, India does not appear to view the group as a global terrorist threat. When India does engage with Middle Eastern leaders on terrorism, the subject is more likely to be Gulf support for Pakistan-based terror groups.52

India’s efforts to avoid choosing sides between Saudi Arabia and Iran stem from its desire both to avoid sectarian religious unrest at home53 and to maintain good relations with both states.54 India depends on Saudi Arabia for oil and remittances, but has close business and cultural ties to Iran.


54. Kumaraswamy, interview with the authors, October 5, 2015.

BOX 1.3. Scenario: Persian Gulf Blockade
Brig. Gurmeet Kanwal, Ret., Adjunct Fellow, CSIS

Situation

The U.S.-Iran nuclear deal fails; America reintroduces harsh sanctions, leading to an Iranian blockade of energy shipments through the Persian Gulf.

India’s Interest

The majority of India’s oil and gas passes through the Persian Gulf. Ensuring continued energy flows is a vital national interest. India also has a large diaspora/guest-worker community throughout the region. The safety of Indians working in the region is a key concern. In case diplomacy fails, the Indian government is likely to join a U.S.-led international coalition to remove the Iranian blockade and reopen the Persian Gulf.

India’s Equipment and/or Operational Requirements

Integrated joint operations will need to be conducted to remove the blockade. This action would entail naval patrols and escort vessels, air defense, undersea warfare capabilities, personnel transportation in case of an evacuation from one or more countries in the region, and logistics coordination. Intelligence cooperation would also be necessary so that Indian forces are apprised of Iranian military movements.

Gaps in India’s Equipment and/or Operational Requirements

The Indian forces that are part of the international coalition will need air defense cover. Intelligence sharing with other concerned players would be critical. Communications interoperability with other militaries operating in the region will be crucial.
Prior to the U.S.-India civil nuclear agreement, India hoped that it would be able to buy Iranian oil and also strike a nuclear deal with the United States. When the United States made clear that this was not an option, India reluctantly decreased oil purchases but attempted to broaden commercial ties with Iran in other arenas, such as the Chabahar Port venture. India is jointly sponsoring the development of the port with Iran, has extended Iran a $150 million line of credit to build a railroad to the site, and has announced that it is planning to invest as much as one trillion rupees (more than $15 billion) if Iran offers the right terms. Iran recently awarded a $3 billion contract to India’s state-owned energy development company to develop one of Iran’s gas fields, and the two countries continue to publicly discuss the possibility of an undersea gas pipeline that would bypass Pakistan’s Exclusive Economic Zone.

Periodic U.S. attempts to limit this burgeoning economic relationship have gone over very poorly with India’s leaders. As one prominent Indian columnist put it, "Iran was a big stick the United States used to beat India with." India was off the starting blocks even before the Iranian nuclear deal was announced: the preceding year saw multiple visits by high-level Indian officials to Iran, laying the groundwork for increased interaction, and when sanctions were lifted, oil imports from Iran surged. Beyond economic concerns, India welcomed the deal as opening the door for "strategic cooperation" between India and Iran in Afghanistan and Central Asia. Although India did not play a direct role in negotiating the agreement, C. Raja Mohan described the deal as a victory for India’s

57. Kumaraswamy, interview with the authors, October 5, 2015.
60. This rather dubious figure is likely a feint in ongoing negotiations between India and Iran over the price of natural gas, but it does give an idea of the scope of India’s interest in the Port. "India to Invest Rs. 1 Lakh Crore in Chabahar Port: Union Minister Nitin Gadkari," NDTV, September 24, 2015, http://www.ndtv.com/india-news/india-to-invest-rs-1-lakh-crore-in-chabahar-port-union-minister-nitin-gadkari-1221038.
64. Nidhi Verma, "India’s Iran Oil Imports Fall in Jan, but Feb Arrivals to Surge—Shipping Data," Reuters, February 2, 2016, http://in.reuters.com/article/india-iran-crude-idINKCN0VB00T.
“prudent strategy that acknowledged the problems with the Iranian nuclear programme, called for a peaceful resolution of the dispute, and focused on India’s own liberation from atomic sanctions.”66

India’s go-slow policy in the Middle East, as well as its skepticism toward American intentions, has led it to decline to participate in every U.S. intervention in the Middle East. The closest India ever came to supporting a U.S. campaign came in 2003, when the Vajpayee government considered the possibility of deploying an infantry division to Iraq.67 In December 2015, Defence Minister Manohar Parrikar told the media that India would join the fight against the Islamic State if it could do so under the aegis of the United Nations.68 His government immediately walked back his words, calling it “hypothetical” and stating India would consider its options, even if the UN did lead a campaign against IS.69

Despite India’s lack of hard power in the Middle East, India has managed to pursue economic ties with Iran even as it creates an ever-stronger diplomatic and military relationship with Israel. This relationship has been marked both by symbolic breakthroughs—as noted previously, in October 2014, Indian president Pranab Mukherjee became the first-ever Indian head of state to visit Israel70—and substantive steps, particularly in the field of defense sales and joint arms development. In late December 2015 the two countries successfully tested a jointly developed long-range surface-to-air missile system, the Barak 8, with two trials from Indian navy ships.71 Modi’s administration bought more arms from Israel in its first nine months in power than the Singh administration did in the preceding three years.72

Rejecting the U.S. model of intervention in the Middle East as disastrous, many Indian analysts believe that India must make its own way through the dangerous terrain of the region, forced to look out for its own interests as best it can.73 As was seen in the negotiations surrounding the civil

73. Shivshankar Menon, “India’s Changing Geopolitical Environment” (lecture, India Habitat Center, January 20, 2016), http://www.indiahabitat.org/download/2016/India_s_Changing_Geopol_ENV_Habitat_20_1_16.pdf. Menon writes, “Judging by what we have seen we cannot look to the traditional Western dominated world order, established powers
nuclear agreement, Indian politicians also believe that high-level cooperation with the United States could anger the country’s Muslim population.\textsuperscript{74} This is particularly relevant if cooperation involves using military force against Muslims in the Middle East.

Two self-reinforcing trends, one external and one internal, could change this self-perception. The first is the growing chaos of the Middle East, which makes India’s old ways of doing things seem increasingly out of date.\textsuperscript{75} Just as low oil prices have benefited the Indian economy, high prices—driven perhaps by a crisis in the Persian Gulf—could dim hope for higher growth rates. The second is the possibility of a shift in Indian public perception of the risks in the Middle East. This could be as a result of another high-profile abduction of Indian workers or an IS-sponsored attack within India, forcing the government to take more decisive action in the future. The nationalistic tone of the current government and the rise of social media among Indian youth both tend toward such an outcome. India was silent when Bahrain, home to 400,000 Indian workers, erupted in sectarian strife in 2011; what would it do if the government had collapsed?\textsuperscript{76}

In response to recent turmoil in the Middle East, some members of India’s current administration appear to be revising their views on whether the United States and India can forge greater cooperation on security issues in the Middle East.\textsuperscript{77} C. Raja Mohan sees increased security efforts in the Middle East as both a necessity and an opportunity.\textsuperscript{78} Even if such views become more widely accepted, however, India is unlikely to sign on for joint operations unless it needs something that the United States can provide—security in the Strait of Hormuz, for instance, or a joint U.S.-India airlift of U.S. and Indian citizens from a troubled country. Until that day, the two countries’ shared interest in keeping oil prices low and preventing the Shi’a-Sunni conflict from gaining further intensity provides ample space for collaboration. The United States must approach cooperation, however, with the understanding that onlookers in India have reason to doubt U.S. foreign policy competence and do not share U.S. convictions on the importance of, for instance, removing Syrian president Bashar al-Assad or containing Iran, as well as an awareness of India’s limits. India is far more likely to serve as a go-between with Iran than it is to join the U.S.-led bombing campaign against the Islamic State or to condemn Bahrain for human rights abuses against its Shi’a majority. A more assertive Indian posture in the Middle East will almost certainly have to wait for the day when India achieves a measure of energy independence.

\textsuperscript{75} Joshi, “India and the Middle East,” 253.
\textsuperscript{76} The protests were violently put down with the help of Pakistani troops. Joshi, “India and the Middle East,” 260.
\textsuperscript{77} Participant, CSIS-ICRIER Roundtable Discussion, New Delhi, September 2015.
Recent history provided an example of real-world cooperation on security issues in the Middle East, however. In 2015, India conducted noncombatant evacuation operations (NEO) to support over 5,000 people who fled Yemen amid the conflict there. In addition to over 4,000 Indian nationals, India’s navy and air carriers also evacuated over 900 foreign nationals, including citizens of the United States. The third NEO undertaken by India since 1990, it is a reminder that India’s military is highly capable in some cases and that India truly can serve as a net security provider throughout the Indian Ocean region.

Looking Ahead

Challenge: Ensuring Continued U.S.-India Alignment on Emerging Issues in the Middle East, Including Iran

India’s low profile and lack of hard power in the Middle East has allowed it to successfully pursue a policy of “benign insignificance”: it has managed to maintain publicly smooth (if not close) relations with the Assad government in Syria, for instance, without seriously angering the anti-Assad coalition; it resisted condemning the government of Bahrain during the Arab Spring without alienating its own Shi’a population; and it has embraced the Persian Gulf nations (particularly the Gulf Cooperation Council states) as sources of investment while being willing to ignore their long-standing close relationships with Pakistan. India is also managing a growing relationship with Israel, even as it increases its ties to many other countries in the Middle East. This relationship has seen Israel becoming one of India’s most important suppliers of defense material. Believing that the Islamic State is other people’s problem, India is somewhat complacent about the trajectory of its Middle East policy.

India has so far been able to pursue a soft neutrality in the region because Middle Eastern nations have not forced it to take sides. And it has achieved its own strategic objectives (constant supplies of energy and a continued outlet for excess labor) without having to invest significant effort because conditions in the Middle East have so far been conducive to the free flow of oil and people. Neither of these conditions are guaranteed in the future.

A number of crises in the region could force India’s hand. An intensified Sunni-Shi’a (or Arab-Persian) conflict could block the passage of oil through the Strait of Hormuz, vastly increasing oil prices and perhaps even making it difficult for India to obtain sufficient oil. Even worse, the parties to such a conflict could force India to choose between oil supplies and migrant workers in the Gulf and its strong and growing economic ties to Iran (as well as its defense ties to Russia, one of Iran’s patrons). The expansion of ungoverned spaces in the Middle East, and their exploitation by

79. Most Indian accounts of the Islamic State conclude that it is not a threat to India. As an example, a former secretary of the Research & Analysis Wing (R&AW), India’s version of the Central Intelligence Agency, recently reviewed the rise of the Islamic State and its ability to propagate itself through Internet propaganda and concluded that “[t]he real threat we face is from all terror groups that have their bases in Pakistan.” Vikram Sood, “Al-Qaeda, ISIS and India’s Challenges,” ORF Commentaries, July 10, 2015, http://www.orfonline.org/research/al-qaeda-isis-and-indias-challenges/. One dissenting view can be found in Alok Bansal, “New Caliphate in Iraq and Implications for India,” India Foundation Journal 2, no.5 (2014): 14–21. As a sample of the range of opinions within India’s foreign policy community, an article in the same organ (the in-house journal of a well-connected right-wing Indian think tank) alleges that the United States is providing weapons and personnel to the Islamic State.
terrorist groups, could also block oil flows and is particularly resonant with India, which has its own long history with Islamist terrorism.

Indian strategists close to the BJP appear to be coming to the conclusion that India needs to do more in the Middle East, although they are generally vague as to what form of action India should take. C. Raja Mohan has wisely advocated that India jettison its previous understanding of Middle Eastern dynamics and develop a new one based on realities on the ground; but even “open and transparent engagement with all sides,” as he recommends, will not protect Indian interests if “all sides” are at odds with one another.

The United States and India have converging interests in the Middle East when it comes to the free flow of people and commerce—especially oil. Different threat-perceptions of IS, the Assad regime, Iran, and other regional developments, as well as different levels of willingness and ability to bring national tools to bear to address those threats, will likely keep U.S. and Indian policymakers from undertaking any large-scale combined effort—whether diplomatic or military. Despite the low probability of coordinated actions, growing common interests suggest that the United States and India should, at the very least, increase consultations with one another on perceptions of issues throughout the Middle East, possibly modeled on the U.S.-India East Asia Consultations.

EAST AFRICA AND THE WESTERN INDIAN OCEAN

India has focused, well-defined interests (counterpiracy, energy, mining, agriculture, and markets) in sub-Saharan Africa and is pursuing its goals there with unusual vigor. The United States, in contrast, shows intermittent interest in the region but also some confusion about its goals and strategy. Its counterterrorism efforts are its only endeavors there that appear to attract consistent attention and resources. Africa, therefore, is one region where the United States could benefit from India’s decades of consistent engagement and its wide range of contacts. While the United States may currently be frustrated by India’s lack of security engagement beyond counterpiracy, India’s expanding interests in Africa are already expanding its prospects in the security sphere.

India’s activities in Africa benefit from decades of being on “the right side” of modern African history: Indians (famously including Mohandas Gandhi) participated in the struggle for civil rights in South Africa, and the Indian government was welcoming and supportive of African independence leaders in the 1960s and 1970s. Indian Prime Minister Jawaharlal Nehru famously referred to Africa as India’s “near abroad,” a connection that was enhanced by the long history of trade between India and the East African littoral and the large Indian diaspora that settled there before and during British rule.

80. Bansal, “New Caliphate in Iraq and Implications for India.” Bansal suggests “India should take active part in resolving the crisis in Iraq” and “augment” its task force in the Persian Gulf to equip it to evacuate Indian citizens.


In recent decades, however, India has begun to look at Africa as a crucial trading partner rather than simply a political ally in the Non-Aligned Movement. Its calculus is simple: India needs the energy and natural resources Africa possesses in order to fuel its growing economy. Indian investment in Africa has thus focused on gaining access to oil blocks and mineral resources, as well as smaller investments in commercial farming.\textsuperscript{83} Videsh, the overseas arm of state-owned oil company Oil and Natural Gas Corporation (ONGC), has currently invested $8 billion in Africa and plans to double that investment to $16 billion by 2018.\textsuperscript{84} ONGC Videsh has major stakes in fields in some of Africa’s most unstable countries, including Libya and South Sudan, and is looking to make further investments in Angola, Algeria, and Equatorial Guinea, giving it a continent-wide reach. Indian-owned Vedanta Resources has mining operations in Liberia, Zambia, Angola, and South Africa\textsuperscript{85} and is Africa’s second-largest copper producer.\textsuperscript{86} Indian firms such as telecom operator Bharti Airtel see African consumers as a large potential market; Airtel has operations in 13 African countries (down from 17); in 2010 it invested $10.7 billion to enter the African market, though it has found the market more difficult than expected.\textsuperscript{87}

Overall India-Africa trade reflects this interest. In 2013 it was worth over $71 billion and made up 9.4 percent of India’s total trade. Africa is actually more important to India as an export destination than a source of imports; it receives 10.6 percent of India’s exports but is the source of only 8.7 percent of imports.\textsuperscript{88} This imbalance, although slight, hints at the larger strategic disparity in the India-Africa relationship: India sees Africa as a source of raw goods and a market for finished products, particularly high-tech goods, while African countries are themselves trying to break away from being solely resource-exporting economies and move up the manufacturing value chain. Only 3 percent of India’s imports from sub-Saharan Africa in 2014 were consumer or capital goods, while these good made up more than 80 percent of India’s exports to Africa.\textsuperscript{89}

India has backed its economic push with diplomatic activity. India has 29 embassies or high commissions in Africa, as well as six junior diplomatic missions.\textsuperscript{90} It was one of the first nations,

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\item \textsuperscript{83} J. Peter Pham, “India’s New African Horizons: An American Perspective,” \textit{Africa Review} 5, no. 2 (2013): 93–103.
\item \textsuperscript{90} CSIS tabulation from data provided by the Ministry of External Affairs, “Indian Missions Abroad,” Government of India, accessed January 7, 2015, http://www.mea.gov.in/indian-missions-abroad.htm. Many thanks to Maria Phillip for
\end{itemize}
and the first Asian nation, to open an embassy in Juba, the capital of South Sudan.\textsuperscript{91} India has put great diplomatic weight on "south-south" multilateral organizations, like its trilateral dialogue with Brazil and South Africa, and sees itself as a leader of the developing nations at global forums such as trade negotiations and the Paris climate change talks.\textsuperscript{92} In a reminder that India’s dreams often exceed its capacity, however, it has not followed through on its promise to build 100 “India Africa Training Institutes.”\textsuperscript{93}

India’s highest-profile engagement with Africa comes via the India-Africa Forum Summit (IAFS), a biennial meeting, first held in 2008, that brings African leaders from all over the continent. The 2015 IAFS brought 40 African heads of state and 2,000 delegates to New Delhi for meetings with Modi and his ministers.\textsuperscript{94} Modi capped the event with the announcement of a $10 billion line of credit to Africa over the next 10 years.\textsuperscript{95} India also used the event to push forward its campaign for a permanent seat on the United Nations Security Council.\textsuperscript{96}

India is also beefing up its security presence in Africa under the aegis of UN-directed peacekeeping missions. India’s military has a long history of peacekeeping operations on the continent as one of the largest contributors of troops to the United Nations peacekeeping force; as of 2012, more than 80 percent of Indian troops assigned to UN peacekeeping missions were deployed in Africa.\textsuperscript{97} But India lacks the sort of boots-on-the-ground capacity in Africa that would allow it to come to the assistance of Indian nationals \textit{in extremis}—in situations such as the November 2015 Bamako hotel attack, where 20 Indians were evacuated while Malian, French, and American special forces fought the terrorists who had occupied the hotel.\textsuperscript{98} India has not engaged in any known action against Al-Shabaab, despite the fact that the 2013 terrorist attack on the Westgate Mall killed three Indian citizens.\textsuperscript{99}

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\item Pham, “India’s new African horizons,” 96–97.
\item Pham, “India’s New African horizons,” 97.
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India has made strides, however, in the piracy and counterterrorism arenas. Piracy is its main focus of activity in the western Indian Ocean; the Indian Navy has guarded more than 3,000 commercial vessels transiting the Gulf of Aden. With this problem largely under control, however, piracy has shifted to the Gulf of Guinea, an area where India has little to no ability to act.\textsuperscript{100} Cooperation with the United States in this sphere is limited because U.S. counterpiracy efforts have been focused through multinational operations in the form of Combined Task Forces 151 and 152. India has not joined those tasks forces—which are U.S.-led (and of which Pakistan is a member)—and has instead pushed for counterpiracy efforts to be led by the United Nations.\textsuperscript{101}

Terrorism concerns are becoming more prominent in India’s relations with the East African nations that also suffer from Islamist terrorism: in June 2015, India and Tanzania announced the formation of a joint working group to fight terrorism.\textsuperscript{102} Counterterrorism cooperation is a perennial theme at IAFS, but was a dominant issue in 2015, being raised in two-thirds of Modi’s one-on-one meetings with African heads of state.\textsuperscript{103} His aides noted that leaders who normally would want to discuss economic issues were instead bringing up intelligence sharing and defense modernization.

India’s growing interests in Africa fit well with its ongoing top-to-bottom rethinking of its naval strategy in the Indian Ocean.\textsuperscript{104} India and Mauritius have long had a strategic partnership, but in an important speech in March 2015, Prime Minister Modi reinvigorated India’s focus on the region, stressing the two nations’ “shared commitment to peace and security in Indian Ocean [sic]—our common maritime home,” and telling his listeners that the “Indian Ocean region is at the top of [India’s] policy priorities.”\textsuperscript{105} Modi followed his Mauritius speech with a second key address in


December 2015 in which he told India’s military commanders that “the passage to [India’s] future prosperity and security . . . lies on” the Indian Ocean and that India had “raised . . . engagement with Africa to a new level.”

Modi’s visit to the Mauritius followed years of gradual naval buildup under the previous Congress Party government. Under the leadership of Prime Minister Manmohan Singh, India began patrolling the waters of Mozambique, the Seychelles, and Mauritius and built its first offshore listening post in Madagascar. While the Congress Party was leery of collaborating with the United States in this area, Modi is more welcoming: during President Obama’s January 2015 visit to India the two sides released a “Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region” that stated their shared commitment to security, peaceful dispute resolution, economic growth, and continued regional dialogue.

Despite this flurry of activity, one prominent analyst of the Indian Ocean condemns India for nearly ignoring issues beyond piracy and for failing to provide security in areas outside its immediate zones of strategic interest, leading African nations to see its support as transactional. The Modi administration has not always been consistent in its messaging on the Indian Ocean; in late 2014, only a few months before the release of the U.S.-India Joint Strategic Vision, Modi’s national security adviser, Ajit Doval, revived a call for an Indian Ocean Zone of Peace—a concept that would prevent any nation outside the littoral region from building bases in the Indian Ocean. Doval was referring to a 1971 UN General Assembly Resolution that called on the great powers to “halt the further escalation and expansion of their military presence in the Indian Ocean” and “eliminate from the Indian Ocean all bases, military installations, and logistical supply facilities”—an initiative that would spell the end of the U.S. presence on Diego Garcia.

When it comes to Africa, the Obama administration has struggled to find the time and focus to enact the president’s vision for “a comprehensive U.S. policy that is proactive, forward-looking, and that balances our long-term interests with near-term imperatives.” The 2015 United States National Security Strategy calls for the United States to “seek peace in . . . North Africa” and “invest

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106. Press Information Bureau, Government of India, “PM Chairs Combined Commanders Conference on Board INS Vikramaditya at Sea.”

Hicks, Rossow, Metrick, Schaus, Tecimer, and Watson
in Africa's future." As these titles suggest, the document divides Africa up into two areas: the north, where the emphasis is on security and counterterrorism, and the south, where the emphasis is on governance and economic development. The 2012 U.S. Strategy Toward Sub-Saharan Africa, which treats the subject of southern Africa in more depth, defines U.S. interests in sub-Saharan Africa as ensuring the security of the United States, its citizens, and its allies and partners; promoting democratic states that are economically vibrant and strong partners of the United States on the world stage; expanding opportunities for U.S. trade and investment; preventing conflict and mass atrocities; and fostering broad-based, sustainable economic growth and poverty alleviation.

As even many of the president’s supporters admitted, however, Obama’s term has not been transformational for U.S.-Africa relations. The 2014 U.S.-Africa Leaders’ Summit, which was meant to kick-start relations, received mixed reviews and has not so far led to any breakthroughs. Obama’s signature initiative, Power Africa, has struggled to get off the ground and as of fall 2015 had not yet added any new power to Africa’s grid.

Based on the actual allocation of time and resources, the primary U.S. interests in Africa are security-focused in the north and thus have little overlap with India’s core interests on the continent, which are focused on energy and markets. (India also tends to divide Africa up into “near” and “far” Africa rather than using the Sahara as a dividing line). Indian governments, for better or worse, are under less pressure from civil society and the international community to elevate human rights in their relations with African nations. India ignored a request from the International Criminal Court that it arrest Sudanese President Omar al-Bashir, who is wanted for trial as a war criminal, during the IAFS. Al-Bashir was not invited to the 2014 Leaders’ Summit in Washington. Indians are highly aware that their interests in Africa diverge from those of the United States, making them reluctant to rely on the United States to continue to provide security—particularly maritime security—in the region. In one analyst’s view, the growth in domestic oil production in

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the United States will allow it to begin to pay less attention to the Middle East and particularly freedom of navigation in the Persian Gulf: "Regrettably, U.S. naval retrenchment from the region also means a reduced ability to confront larger threats to peace and security in West Asia."  

Whether the United States actually intends to retrench from the greater Middle East (its involvement in Syria and Iraq, its extensive diplomacy regarding Iran, and the growing chaos in Libya suggests otherwise), it is in the interests of both countries for India to increase its capacity to provide maritime security throughout the western Indian Ocean and even in the southeastern Atlantic. Cooperation and capacity building in this area could build a base from which India could develop the capacity and the confidence to launch targeted operations on land to protect Indian interests and Indian citizens in East Africa.

India and the United States also share an interest in an open, economically vibrant Africa whose resources and government are independent from Chinese control. For the time being, at least, India seems to be successfully pursuing an African strategy that, while it does not necessarily advance all U.S. priorities in the region, is at least consistent with most of them. India is building economic and defense ties to Africa without experiencing much of the backlash that has met China’s activities on the continent. While the United States and India do not necessarily see eye-to-eye on the importance of democracy promotion, India is itself a capitalist democracy and is not promoting a rival system. India’s open channels to Africa’s least attractive leaders also offer the possibility that the United States and India could take a good-cop/bad-cop approach to individual human rights and democracy issues.

Looking Ahead

Challenge: Establishing Patterns of Cooperation in the Indian Ocean

The East African littoral offers great potential for U.S.-India cooperation, not just in the security arena but on economic and diplomatic endeavors as well. The match between each country’s interests and capacities could give rise to a real partnership: India is growing ever more deeply invested in Africa but currently lacks the military and naval capacity to protect its interests there. The United States, while relatively well resourced, has only intermittent attention to spare for Africa’s economic and democratic development. The two countries should create a roadmap toward an equal sharing of general maritime security responsibility in the western Indian Ocean south of the Arabian Sea by 2027, to coincide with India’s goal of building a 200-ship navy by that year.

Making parity in the western Indian Ocean the announced goal of U.S.-Indian naval cooperation would show India that the United States is willing to support one of its most important strategic objectives and could serve to catalyze alignment of U.S. capacity-building efforts with India’s own trajectory. Giving the initiative a generous time horizon would quiet Indian fears that the United States is withdrawing from the waters south of the Persian Gulf by ensuring that India is fully prepared to assume new responsibilities there. Framing the U.S. Department of Defense


foundation agreements as necessary next steps in a broader and deeper partnership of equals could help break this long-standing logjam; agreeing to the text of a LEMOA in June 2016 was a good step.

Talk would have to be backed by action by both sides. The partnership’s success would obviously depend on the success of India’s ongoing military (in this case naval) modernization and its ability to build or acquire the necessary capabilities, including skills and ships. Both sides could build trust (and get much-needed experience working together) by initiating a second major annual bilateral naval exercise that, unlike the Malabar exercises, focuses on the East African littoral. This exercise could eventually expand to include a counterterrorism component involving the navies or coast guards of the East African littoral states. Ideally, this exercise would be able to leverage U.S. Littoral Combat Ships (frigates) on deployment through Singapore.

Both sides would benefit from a truly holistic partnership that includes large economic and diplomatic components. India’s energy interests in Africa make it a more committed player in the region and give it connections that are grounded in mutual self-interest. Indian companies are making large bets that the growing working- and middle-class population of Africa will make the continent a major market; those firms would welcome initiatives by both India and the United States that grow the consumer population and make it easier to do business in Africa. A joint India-U.S.-Africa Business Forum could provide an outlet for sharing best practices and pushing the governments involved to enact reforms.

India also shares many challenges with African countries: the need to develop infrastructure, ensure reliable power, improve health and educational outcomes, and provide jobs for hundreds of millions of young citizens. The United States should encourage (and provide financial backing to) joint Indian-African efforts to find solutions to these problems. In particular, the Obama administration’s Power Africa program is experimenting with many of the same responses to Africa’s power crisis that India is using to reach its own hundreds of millions of households without electricity. The next U.S. administration could build on these common interests and accelerate U.S. gains.
Strategic Issues

The U.S.-India security relationship must be grounded in the geopolitical interests of each country—as discussed in Chapter 1. It is clear that, at least currently, senior leaders in Washington and Delhi see the risks and opportunities throughout the Middle East, South Asia, and East Asia in increasingly similar ways. Establishing and deepening practical cooperation on real challenges would advance the security relationship and benefit both countries. Specific shared challenges include adapting military forces and processes to account for emerging challenges; managing military, law enforcement, and intelligence capabilities to disrupt and dismantle domestic extremists and foreign-influenced terrorist organizations; identifying ways to counter narcotics trafficking and use; and ensuring access to, and use of, the global commons by all.

DEFENSE ISSUES

Defense Cooperation

Defense ties between countries are often easiest to see in the context of the military-to-military relationship. For both India and the United States, however, defense cooperation begins with dialogues between civilian officials—responsible in both countries for oversight and management of the uniformed military. The U.S.-India Defense Policy Group (DPG) is the senior-most standing consultative body, chaired on the U.S.-side by the undersecretary of defense for policy and in India by the defense secretary. Under the DPG, the countries hold a number of additional dialogues focused on specific areas of cooperation.

Alongside the DPG is the Defense Trade and Technology Initiative (DTTI), chaired by the undersecretary of defense for Acquisition, Technology, and Logistics (AT&L) from the United States and by the defense secretary from India. The DTTI seeks to advance trade and technology development and exchange between both countries, deepening partnership and enhancing capabilities. Within the DTTI, the United States has established the India Rapid Reaction Cell (IRRC), a unique entity within the Department of Defense, combining personnel from across the Defense Department to
ensure cooperation with India is not slowed by cumbersome U.S. processes. The IRRC is an innovative way to address the often difficult bureaucratic challenges. It should be credited for enabling the recent high levels of cooperation. DTTI will be examined in greater detail in this chapter.

Under the civilian-led umbrella of the DPG and the DTTI, U.S.-India military cooperation is also expanding. For India, this coincides with a broadening of defense relationships throughout the Asia Pacific. India participates in the ASEAN Defense Ministers Meeting-Plus (ADMM-Plus) and holds military engagements with many other countries in the region, including the annual SIMBEX exercise with the Singapore Navy, the army exercise Garuda Shakti with Indonesia, and Cobra Gold, a 35-nation multilateral exercise hosted by Thailand.

The U.S.-India military-to-military relationship fits within this broader pattern. The two countries engage in regular military exercises and have robust senior military dialogues. The United States and India conduct regular service-level exercises, including SHATRUJEET involving the U.S. Marine Corps and Indian Army; YUDH ABBAS, an annual army-to-army exercise; and BALANCED IROQUOIS, a special forces training exercise. India, the United States, and Japan also conducted a trilateral maritime exercise in the South China Sea during March 2016—a sign of willingness from all three countries to exercise together more regularly.1

Even as U.S.-India exercises increase in number and complexity, in a March 2016 press conference, Defence Minister Parrikar noted that there are policy limitations on India’s willingness to do more than exercise, saying that India “has never taken part in any joint patrol; the question of joint patrol does not arise.”2

Ensuring a steady pace of military exercises will be important for both countries to cooperate more effectively across a range of possible scenarios, including humanitarian assistance and disaster relief and noncombatant evacuation operations. Prioritizing the funding of U.S.-India combined exercises is necessary to preserve opportunities for cooperation.

The defense relationship extends beyond military exercises and meetings of senior officers or officials. Important interactions also occur among lower-level officers and officials. The United States supports such interactions and exchanges through $1.3 million in annual International Military Education and Training (IMET) funding, used to support Indian officers’ and officials’ attendance at U.S. educational programs offered through Department of Defense and Department of State educational institutions. The amount available has seen a modest increase over the past five years, with approximately $33,000 more requested for fiscal year 2017 than was appropriated in fiscal year 2013.

Beyond the military aspects of the defense relationship, the role of intellectual property and defense trade on the broader relationship also deserves examination. India and the United States have differing perspectives on elements of each of these items.


Intellectual Property in the Defense Sector

India faces a conflict between its desires to quickly modernize its military and to build a sustainable knowledge base that will allow it to eventually achieve independence in defense production. India’s cap on foreign direct investment (FDI) in the defense sector—raised under Prime Minister Modi from 26 percent to 49 percent ownership in a firm, with some scope for higher FDI limits on a case-by-case basis—deters foreign defense contractors that want to keep ownership of their intellectual property. But the Indian government also faces intense pressure from nationalist supporters who believe that India is not getting enough intellectual property in return for its large and growing expenditures on foreign defense products.

This concern is reflected in the contours of India’s new Defence Procurement Policy (DPP). The DPP has a strong focus on building indigenous capacity in the Indian defense industry, introducing a new preferred procurement category, “Indigenously Designed, Developed, and Manufactured,” for systems where design and manufacturing were both controlled by Indian firms and where 40 percent of content is sourced in India. An additional possible complication for foreign defense manufacturers is the DPP’s Strategic Partners initiative, which will effectively create national champion firms in each of seven major subsectors within India’s defense industry. Foreign firms that wish to sell military items to India will then be required to work with the selected partner to accomplish indigenous production goals. On the plus side, however, the DPP raises the offset threshold—offsets being mandatory set-asides that foreign firms must make in government-identified priority sectors as part of the terms of winning a contract—to apply only to contracts worth more than ₹2,000 crore (roughly $300 million); previously it was imposed on all contracts worth more than ₹300 crore (roughly $45 million). And the DPP allows Indian procurement officials to pay up to 10 percent more for technically superior products, rather than being required to buy the cheapest possible products that meet the government’s requirements.

Maritime

India’s foreign trade, as noted earlier in this report, equals approximately 48 percent of its GDP. Nearly all of that trade is ocean borne. As India’s economy grows and it seeks to develop further its export sectors, the importance of sea lines of communication will grow.

6. These subsectors are aircraft; helicopters; aero engines; submarines; warships; guns and artillery; and armored vehicles. Two or three partners will be selected for metallic material and alloys; nonmetallic materials; and ammunition.
The oceans are not solely a channel of prosperity, but can also be one of vulnerability. The terrorists who perpetrated the 2008 Mumbai attack infiltrated India from the sea. In addition, piracy along the Horn of Africa was a major international concern just a few years ago. Lastly, India’s national security establishment is carefully watching the recent uptick in China’s naval activity in the Indian Ocean.

Taken together—the benefits India increasingly accrues from international trade, and the risks inherent on the world’s oceans—these trends create convergent interests between the United States and India to promote and enhance maritime security.

As discussed in Chapter 1, India has not joined multinational counter-piracy efforts in the western Indian Ocean, instead conducting its own patrols of the area, coordinated through the Shared Awareness and Deconfliction (SHADE) Conference. Although they do not operate together, the

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**BOX 2.1. Scenario: Hijacked Ship at Sea**

Avm Arvind Verma, Ret., Indian Air Force

**Situation:**

The U.S.-led coalition is making substantial gains against ISIS; the Taliban is being effectively contained in Afghanistan. Overall, al Qaeda is gradually becoming marginalized. Somali pirates with links to al Qaeda capture and hijack a U.S.-registered vessel operated by a predominantly Indian crew. The ship is carrying critical components of nuclear reactors for India as part of the Indo-U.S. Civil Nuclear Cooperation Agreement.

**India’s Interest:**

A large amount of India’s maritime trade passes through the Gulf of Aden. India has been working closely with the United States to construct nuclear power stations with the aim of boosting its economic growth using clean energy as part of its commitment given at the 21st annual Conference of the Parties (COP 21) climate change summit in Paris. If some of the critical components being transported fall into the hands of terrorist groups, it would be a dangerous development.

**India’s Equipment and/or Operational Requirements:**

The Indian Navy has been operating its warships in the antipiracy role for over a decade. While two of the ships are in the general area, their capability to board a large merchant ship under fire is limited.

**Gaps in India’s Equipment and/or Operational Requirements:**

The Indian Navy will require the augmentation of its maritime assault assets by those of the United States and other navies active in the area. Integrated joint operations will need to be conducted to neutralize the pirates, free the ship with minimal damage, and also recover the critical components of equipment. U.S. Navy Seals could provide backup support to the Indian Navy’s MARCOS team. The operation would entail the support of naval ships and escort vessels, intelligence acquisition, aerial surveillance, helicopter lift, fire support, undersea warfare capabilities, and casualty evacuation.
U.S. and Indian navies have increased bilateral cooperation. The increasingly complex MALABAR exercise has been held annually since 2002. DTII includes a line of effort on aircraft carrier development and U.S. companies have provided gas turbine engines for India’s indigenously produced aircraft carrier.

A more assertive India has begun to view itself as a security guarantor of the broader Indian Ocean. Prime Minister Modi’s remarks in the Seychelles and Mauritius reflect this. For example, in Mauritius, Modi remarked that India “will work to ensure a safe, secure, and stable Indian Ocean region.”

The convergence of U.S. and Indian interests in the Indian Ocean region are reflected in the Joint Strategic Vision issued by President Obama and Prime Minister Modi in January 2015. That document also showcased the congruent views of the United States and India on the importance of maintaining freedom of navigation in the South China Sea. Like the United States, India is also concerned with the ways in which China is employing its rising maritime power. The increasingly regular appearance of China’s PLA Navy surface vessels and Chinese submarines in the Indian Ocean undermines India’s assumption of its primacy in this region. Chinese acquisitions of and investments in commercial port facilities in Sri Lanka and Pakistan, as well as the establishment of a replenishment and resupply facility in Djibouti, contribute to India’s unease with China’s actions.

Defense Trade

Since 2004, India has acquired over $10 billion in defense articles of U.S. origin. India’s purchases have included a number of high-end assets such as the P-8 maritime surveillance and anti-submarine warfare aircraft; Apache attack helicopters; CH-47 Chinook transport helicopters; C-17 and C-130 transport airplanes; and many other systems.

Over the same period, India has made significant investments in developing its own systems and acquired highly capable systems from other countries. These efforts include the acquisition or development of advanced fourth-generation fighter aircraft, advanced submarines, modern aircraft carriers, new surface-to-air missiles, as well as India’s continuing research and development effort with Russia on a submarine-launched hypersonic cruise missile, called the BrahMos II.

Military modernization in India provides an opportunity for India and the United States to identify and cooperate on a greater range of activities. The U.S. Department of Defense (DOD) has recognized this and has initiated several efforts to increase cooperation. Most noteworthy is the Defense Trade and Technology Initiative, which was launched in 2012 by Ashton Carter while he was U.S. deputy secretary of defense, and which has gained renewed momentum under the Modi administration.

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DTTI seeks to accelerate India-U.S. cooperation on defense trade and cooperative R&D and to incentivize U.S. defense-sector investment in India.

Currently a high priority for both countries, DTTI focuses on six “pathfinder” projects: development of a chemical-biological protective ensemble for troops; development of mobile electric hybrid power stations; a next-generation small unmanned aircraft; a roll-on/roll-off intelligence and surveillance module for transport aircraft; digital helmet-mounted displays; and the joint biological tactical detection system. In addition, there are two joint working groups looking at possible cooperation on longer-term projects: one on aircraft carrier technology development and the other on jet engine technology.

Each element of the DTTI is in relatively unexplored territory for the U.S.-India relationship; progress is slow. Conversations with U.S. government officials suggest that the DTTI projects with the best opportunity for success are the chemical-biological protective ensembles, the portable power generation units, digital helmet-mounted displays, and the joint biological tactical detection system. Not coincidentally, the parties to these projects are the governments themselves, while the other two pathfinder projects announced in January 2015 are private-sector initiatives. Challenges relating to sharing of sensitive information, particularly in the absence of signed information-sharing agreements, are impeding U.S. officials from being more forward-leaning on the remaining two pathfinder projects.

In addition to DTTI, the ongoing maneuvering by international firms to secure India’s quasi-concluded tender for over 100 Medium Multi-Role Combat Aircraft (MMRCA) creates an opportunity for U.S firms. While MMRCA is officially closed, India’s current agreement with the French firm Dassault stipulates the acquisition of only 36 of the 126 aircraft initially proposed. If a larger acquisition is still possible, it will again become a transaction with strategic implications. On a trip to India in the winter of 2016, Boeing CEO Dennis Muilenburg said that the firm was having an ongoing conversation with the Indian government over the potential manufacture of F/A-18 fighters in India. Boeing’s overtures have included a statement that it is interested in building an industrial framework with possible long-term advantages for both Boeing and India. Boeing is likely interested in establishing a manufacturing capability in India with which it can gain access to India’s domestic commercial aircraft market, which Boeing’s own projections assess will add 1,850 aircraft by 2034. Lockheed Martin has a similar proposal before the Indian government to move production of the F-16 to India. At the conclusion of Defense Secretary Carter’s visit to India in April 2016, the governments noted that the United States offered two proposals to make fighter aircraft in India under the “Make in India” campaign.

These overtures could open the door to possibilities for rapid expansion of U.S.-India cooperation, given India’s interest in aircraft carrier technology and expressed desire of equipping its second ingeniously produced carrier with a catapult launch system. If India acquired F/A-18s, it would be

purchasing a proven carrier-based airframe. As part of the DTTI effort, the United States has committed to working with India on aircraft carrier design. During a visit to India in February 2016, U.S. Chief of Naval Operations Admiral John Richardson remarked that the progress to date on this collaborative effort has been good. He also left open the possibility of the United States sharing with India state-of-the-art electromagnetic launch technology, which is only now entering into service. These are all indicators of continuing and possibly deepening defense cooperation between the United States and India.

In addition to the efforts under way through DTTI, India has expressed considerable and sustained interest in acquiring large U.S. unmanned aircraft such as the Predator. India achieved an important milestone in June 2016 when it joined the Missile Technology Control Regime (MTCR) after a long period of delay. There is a perception among many in India that joining the MTCR paves the way for the procurement of large unmanned aircraft from the United States. However, the United States holds a highly restrictive view of its own responsibilities under the MTCR provisions results in the continued presumption of denial of transfer, even for states within the MTCR. The United States has sold large unmanned aircraft only to a handful of nations, all after considerable negotiations. In most cases the recipient countries are treaty allies, are engaged in ongoing operations with the United States, or both. The more advanced systems India has expressed interest in have only been sold to U.S. treaty allies.

Looking Ahead

**Challenge: Facilitating Deeper, Not Just Broader, Interactions**

When it launched in 2012, DTTI was an ambitious undertaking, as the United States and India each have institutional incentives toward caution when it comes to defense technology cooperation. The possibility for potentially long-term benefits captured the imagination—and the attention—of leadership in both countries. However, regulatory hurdles and bureaucratic inertia challenge both the United States and India in fulfilling the potential of DTTI. It has taken enormous investments of personal energy by key actors on both sides—most notably at the presidential and prime minister level. Such intense energy and focus is difficult to sustain.

Existing efforts to deepen the U.S.-India defense and military relationship impose a high "bureaucratic tax," as moving ahead with specific lines of effort often requires that a lengthy exception to policy be approved first. In many cases, these exceptions to policy would be eliminated through the signing of government-to-government agreements such as BECA, LEMOA, and CISMOA. These

agreements establish a framework and common understanding of how different types of information can be used or shared to open the door for greater cooperation using more sophisticated equipment. They can expedite deeper conversations for the DTTI, facilitate exercise planning, and could pave the way for greater information sharing on a range of issues, including countering terrorism and trafficking activities.

**Challenge: Creating Repeated Successes on Defense Trade**

Establishing a track record of success will be important for the longevity of DTTI. The initial slate of four DTTI activities—the chemical-biological protective ensembles, portable electric power generation, roll-on/roll-off kits for transport aircraft, and unmanned aerial systems—are not slated to conclude the exploratory phase until 2017 at the earliest. Only at that point will the two countries be in a position to take stock of their efforts and determine how best to move forward on concrete projects. There is much trust and confidence building going on during the exploratory phase of DTTI, but the political realities in both governments—as well as personnel turnover—will require not just progress but a demonstration of success. The administration should identify a single project among these initial four pathfinder projects and prioritize that project to be completed within the first year of the next administration. Further, the administration should identify and work with supportive members of the U.S. Congress from both parties to invest them in the long-term viability of the DTTI and its initiatives to ensure the administration’s declaration of India as a major defense partner has bipartisan support.

Beyond the four DTTI activities now under way, the United States and India should seek initiatives that align more fully with the priorities of the Joint Strategic Vision. The two governments should also seek DTTI opportunities that cross-over from the military realm to homeland security. An example might be technologies that would primarily benefit civilian port operations and that also could be integrated into military bases. The concept could include equipment related to perimeter security, container information systems, naval vessel resupply, and other integrated technologies.

Demonstrating success on defense trade will depend as much on U.S. private-sector outreach as government efforts. Identifying opportunities for state and local leaders to see defense investments as in their interests—for the jobs, revenue, and potential skill-training that will accompany the investments—will also be important to strengthening the defense relationship between the United States and India. For example, several U.S. firms have established joint ventures within India for specific elements of manufacture, including the joint venture between Tata Advanced Systems Ltd. and Lockheed Martin for the manufacture of airframe components, headquartered in Hyderabad. Other foreign firms have also established joint ventures, including EADS, Boeing, and IAI.

**Challenge: Increasing Long-Term Linkages between India and U.S. Security Establishments**

The different paths charted through the twentieth century by India and the United States as well as differing bureaucratic cultures and national interests have resulted in few opportunities for U.S. and Indian defense professionals (be they military or civilian) to establish lasting ties with one another. Increasing interactions between the two countries’ security professionals in ways that establish lasting ties and recurring interactions throughout individual careers would better enable both sides
to identify—and realize—opportunities for cooperation in the future. A relatively low-risk way to do this would be to expedite the launch of already-agreed-to academic exchanges between professional military education institutions, such as the national defense universities, as indicated in the new defense framework agreement. A good first step would be for the two countries to exchange instructors who provide courses on strategic perspectives of their home country. For instance, the United States should send to India an instructor who provides a course focused on U.S. strategic priorities and national security decisionmaking. Ideally, India would reciprocate by sending an instructor with a similar background in India’s decisionmaking. A second step would be to encourage the academic and think tank sectors in each country to jointly develop at the track 1.5 or track 2 level an India-U.S. Security Consultation that would meet twice a year to identify opportunities, discuss challenges, and serve as a ballast for the relationship during difficult times.

**Challenge: Working Together to Demonstrate Shared Commitment to International Law**

The growing convergence in the strategic outlooks of both New Delhi and Washington underscore the logic of the two countries working together to demonstrate support for international law—such as in maritime and territorial disputes. One Indian official noted to the study team the benefits of ensuring that international norms and laws are established before any potentially destabilizing acts take place in the Indian Ocean, rather than attempting to develop them after challenges are closer to India. Achieving such a goal, however, will likely require India to reevaluate many long-standing policy positions on military cooperation (such as conducting joint patrols or operations) and reassess its role as a diplomatic actor in the region. One possible area where India’s unique experience could benefit numerous countries in Southeast Asia would be an effort to share with ASEAN states India’s experience in resolving maritime boundary disputes with Bangladesh.

On security issues, India and the United States could seek, if not joint patrols or operations, at least aligned approaches for signaling support for international norms. One way to achieve this outcome would be to establish an India-hosted Indian Ocean Region Humanitarian Assistance and Disaster Relief exercise. The United States could cohost such an exercise or be invited as a participant.

**Challenge: Intellectual Property and the Role of Offsets**

Technology transfer and intellectual property issues in defense procurement are thorny questions for both countries because they impinge directly on each side’s vital interests. India’s insistence on securing bargain prices for U.S. weapons systems while also expecting to receive transfer of much of the technology behind such systems is a major stumbling block on the road to an outcome both countries say they want: a strong Indian military equipped with high-quality weapons and—from a U.S. perspective—preferably compatible with American systems.

The Modi administration has raised the FDI limit in defense production to 49 percent from 26 percent, with an option for cabinet approval of a higher percentage if India stands to receive state-of-the-art technology. Although this is lower than foreign defense contractors would like, it does represent a sizable leap from the perspective of India’s autarkic, anemic defense industrial tradition.
But Modi’s administration cannot forget that India is attempting to indigenize 70 percent of defense production (up from the current rate of around 35 percent). This long-delayed goal was first proclaimed in 1995; India has made little progress in the 20 years since then. Indian policymakers—and increasingly, the Indian people—are demanding a robust domestic defense industrial base, one that provides jobs and frees India from dependence on foreign arms sales. These obstacles are not unique to U.S.-India relations; despite a state visit by French President Francois Hollande on the occasion of India’s Republic Day, India and France were unable to finalize a deal for India to purchase 36 Rafale fighter jets.

Raising the FDI cap in defense production above 51 percent, and optimally to 100 percent, could lead to an outcome that benefits both countries: India will get American investment to build up its defense industrial base, including gaining important experience and expertise with advanced-technology military equipment, and U.S. companies would be able to better retain their intellectual property. The existing FDI law enables “case by case” approval for FDI above 49 percent; but the description of the types of investment that may qualify is only a few lines long—likely not sufficient for many defense firms to put together a robust business plan.

Achieving the goal of greater foreign investment requires satisfying Indian government concerns that India will not become captive to U.S.-based manufacturers who could pull out at any moment, crippling Indian defense production if U.S.-India relations take a turn for the worse. At the same time, in order to ensure that the United States allows U.S. firms to build the weapons India wants, India must also show the United States that it will use them in ways consistent with U.S. strategic goals. One such goal of note is to ensure a stable security situation in South Asia.

Quieting fears of overdependence on the United States requires showing Indian policymakers how co-manufacturing today will eventually lead to an independent Indian domestic capacity in the future as Indian firms develop the technical proficiency needed to design, integrate, and field cutting-edge capabilities. Defense sales could include provisions under which American firms would help India build its capacity to conduct highly skilled manufacturing in a nondefense sector that is a high priority for India’s government. By establishing training centers and, presumably over time, manufacturing facilities, India could expand its manufacturing sector into higher value-added areas such as electronics and precision machinery. U.S. Army, Navy, and/or Air Force research labs, working with leading research, engineering, and industrial design organizations such as the Defence Research and Development Organization (DRDO) or the Indian Institutes of Technology, could build Centers of Excellence in Defense Research that would train young U.S. and Indian engineers to develop the defense articles of the future, whether for India or the United States. Backed with funds from foreign defense contractors seeking to make inroads to the Indian market and major industrial and aerospace firms within India, students at the centers would have the opportunity to learn from highly skilled mid-career engineers and technical experts drawn from


academia, private industry, and the government. In the longer term, the United States should work
to identify indigenous Indian defense products that it can purchase in some quantity, ensuring a
consistent market for Indian manufacturers and high-quality articles for the U.S. military.

A specific example of such cooperation could be to develop sense-and-avoid technology for
unmanned systems in unstructured airspace. An important technology for operation of fully
autonomous airborne systems, such a partnership should be pursued on a multi-stakeholder basis
to include U.S. Navy and Air Force labs; Federal Aviation Administration (FAA) Centers of Excellence
and unmanned aerial system (UAS) test sites; and academic institutions on the U.S. side and ap-
propriate government, military, and academic institutions on the Indian side. Collaboration would
provide India expertise in systems integration, software development, and sensors research and
the United States a broader field of experimentation for this key enabling family of technologies.

Even while considering such future collaborative efforts, decisionmakers in both countries will
need to temper expectations for rapid progress. A decade of demonstrated technology coopera-
tion would not be unusual as a precursor to deep collaboration on advanced research and devel-
opment priorities. The creation of the DTTI and then the India Rapid Reaction Cell are a good
start, but these initiatives have not yet yielded significant material outcomes. India feels that by
raising the FDI cap it has made a major concession toward collaboration. It may be difficult to get
congressional approval in the United States for similar gestures such as updating policy on the
transfer of jet engine technology. Establishing a track record of success will be a necessary
precondition to expanding cooperation in ways that are of interest to both countries.

Challenge: Moving Maritime Cooperation beyond Navy-to-Navy Engagements

The U.S. Navy, with its global reach, is the primary instrument of U.S. engagement on maritime
security issues. Many important maritime issues, however, such as illegal and unregulated fishing,
dersea exploration, responsible resource management, and law enforcement, are not best
handled solely in the context of a navy-to-navy relationship. Expanding maritime cooperation
across multiple actors in both the United States and Indian governments will go a long way to
deepening and strengthening the bilateral relationship.

Enhance the partnership between the U.S. Coast Guard (USCG) and the Indian Coast Guard. This
would be a powerful first step in broadening the U.S.-India maritime partnership. Initially, partner-
ship building could occur through short-term subject matter expert exchanges. It could then
advance to exploring the potential for ship rider exchange programs, as well as the exchange of
instructors at the coast guard academies of each country.

In addition to coast guard cooperation, the two nations—through the auspices of the U.S. National
Oceanic and Atmospheric Administration and the Indian Ministry of Earth Sciences—should con-
duct joint surveys of the Indian Ocean region focused on understanding how climate change will
affect coastal regions, detailed subsurface mapping, and marine biology expeditions.

20. An Indian news service, in what could be a malapropism, called this move “a sign of increasing trustworthiness” by
the United States. “US Updates Jet-Engine Technology Transfer Policy with India,” Economic Times, December 11,
india/articleshow/50131574.cms.
As the primary transit route for seaborne commerce moving between the Middle East, Africa, or Europe in the west and Asia in the east, ensuring a clear picture of traffic in the Indian Ocean—both legal and illicit—will be important in combatting such activities as illegal fishing, human trafficking, and narcotics smuggling. Emerging technologies could enable a comprehensive approach at a lower cost than previously possible. Capitalizing on lower cost, more capable technology, and advanced capabilities in both India and the United States, the countries should jointly develop a modular maritime surveillance radar package for UAS and small manned aircraft that could be retrofitted to existing Indian and U.S. platforms. The U.S. Coast Guard already operates a dedicated maritime surveillance radar from its Reaper-derived Guardian UAS. The partnership could work toward developing an evolved form of this radar. Collaboration would provide India expertise in systems integration and radar development and the United States a capability to make its large fleet of medium-altitude, long-range UAS more relevant in the Asia Pacific.

A further step that could provide a much-needed capability for the region would be the establishment of a comprehensive maritime domain awareness network integrating and sharing data from countries throughout the Indian Ocean—either leveraging the previously described technology or as a separate step.

**Challenge: Collaborating Successfully on Regional Security Cooperation in the Indian Ocean and beyond**

The United States and India both recognize that China’s rise has the potential to alter the global order in ways they find unfavorable. In the Joint Strategic Vision, both nations identified ensuring freedom of navigation in the South China Sea as a vital interest. However, the two nations have, to date, taken different approaches in how they address China. Broadly speaking, the United States has been willing to be more direct and confrontational with China than India. India has been much more cautious in its response. This is unsurprising given India’s proximity to China and its traditional diplomatic approach.

The United States and India will have to find a mutually acceptable approach to dealing with China in the maritime domain. Increasing Chinese activity in the Indian Ocean may cause India to be more assertive and more willing to consider a broader range of actions. In the near term, the United States and India can build trust and operational proficiency through the MALABAR exercise and, potentially, through joint patrols. India appears to be reluctant to undertake such missions in the South China Sea. Instead, the United States should suggest joint patrols of less controversial areas or targeted at specific issues. A particularly promising area for joint patrol would see the United States and Indian navies countering illegal, unregulated, and unreported fishing in the Indian and Pacific Oceans. The new “Maritime Security Dialogue,” announced during Defense Secretary Carter’s visit to India in April 2016, provides a perfect platform to discuss potential missions. This new Dialogue held its first meeting just a month after its creation was announced, highlighting the mutual interest in the topic.

DOMESTIC COUNTERTERRORISM

The November 2008 terrorist attack on Mumbai galvanized counterterrorism cooperation between the United States and India. It led to the signing, in 2010, of the India-U.S. Counterterrorism Cooperation Initiative, which was meant to promote intelligence-sharing and capacity-building activities. This in turn led to the establishment of the first Homeland Security Dialogue in 2011. Counterterrorism featured prominently in the joint statement released by the United States and India after President Obama’s January 2015 visit to Delhi, as it has in five of the past six years. The two countries agreed to make the “U.S.-India partnership a defining counterterrorism relationship for the twenty-first century” and called for “joint and concerted efforts” against cross-border terrorist groups. Two highlights of the most recent, and likely final, Modi-Obama summit were the signing of agreements governing terrorism intelligence sharing and the Global Entry program.

Despite these public successes, progress remains slow and much still depends on the implementation of these agreements. Despite the attention given to counterterrorism in the 2015 Joint Statement, for instance, the two sides could not schedule a meeting of the U.S.-India Joint Working Group on Counterterrorism before the end of 2015. India and the United States have not yet finalized the exact procedure to allow Indian travelers to participate in Global Entry. And although the United States and India have agreed to share information on their terrorist watch lists, it remains to be seen whether India will provide a database that can be queried and updated in real time. Thus, although U.S.-India cooperation in counterterrorism appears to be growing, it has room for improvement.

Neither side has a history of looking at the terrorist threat to India as part of a global problem; instead, it is viewed almost entirely as India-specific and inextricably linked to the India-Pakistan rivalry. India has never experienced an attack by al Qaeda or the Islamic State; instead, major terrorist attacks in recent Indian history have been linked to actors within, or supported by, Pakistan. These include the 2001 attack on Parliament, the 2006 Mumbai train bombing that killed


over 180,\textsuperscript{28} and the 2008 Mumbai commando-style attack that killed more than 160 people and shut down India's financial capital for days.\textsuperscript{29} Within the last year, India has suffered two attacks on military and civilian targets in the northwestern state of Punjab, which shares a border with Pakistan. Both of these incidents were linked to Pakistan as well.\textsuperscript{30} While India has been the target of a few smaller attacks by homegrown terrorist groups, some such organizations are widely believed to be funded by Pakistan, a belief that is fostered by India's intelligence agencies.\textsuperscript{31} Although Americans have been caught up in terrorist attacks in India, most prominently in the 2008 Mumbai attacks, the United States is not a prime focus for these groups. This lack of a direct threat to the United States means counterterrorism cooperation with India has not been as high a priority for the United States. Moreover, India's national security establishment fears that as "long as Pakistani terrorism is not a threat" to American interests the United States "will not expend blood or treasure eliminating Pakistan-origin terrorism for India."\textsuperscript{32} Prior to the Mumbai attacks, at least, the United States has been reluctant to "embarrass" Pakistan by conveying alleged evidence of official Pakistani links to terrorists.\textsuperscript{33}

The picture is further complicated by India's many internal security threats. It suffers from several ongoing insurgencies, including the Naxalites and groups in India's northeastern states, in addition to Kashmir. Less than two years after the Mumbai attacks the former prime minister, Manmohan Singh, called the Marxist-inspired Naxalites, who operate in the underdeveloped "tribal belt" of India's eastern states, India's "biggest internal security challenge."\textsuperscript{34} India also faces a complex challenge from separatist groups in its ethnically and geographically distinct northeast. An Indian government official publicly stated that these groups are being armed on the Chinese side of the Sino-Indian border, although he stopped short of saying that China was deliberately arming them.\textsuperscript{35} Fighting insurgencies requires different capabilities and strategies than does fighting

\textsuperscript{29} Angel Rabasa et al., \textit{The Lessons of Mumbai} (Santa Monica, CA: RAND, 2009).
terrorism, and it certainly has attracted less interest in U.S.-India public statements. But India is unlikely to focus all its attention on terrorism as long as these domestic armed conflicts continue.

The key obstacle to increased counterterrorism cooperation is the complex, diffuse nature of India’s internal security apparatus. India’s constitution allocates responsibility for law and order to the states, meaning that nationwide internal security initiatives require buy-in by all 29 state governments.\(^{36}\) This arrangement has thwarted many Delhi-driven attempts to improve India’s counterterrorism capabilities. It also means that frontline responsibility for responding to terror threats

and attacks will fall to state police, who are significantly understaffed. Past attempts by Indian governments to increase the center's power to prevent terrorist attacks and conduct counterterrorism investigations were deeply controversial and are unlikely to be repeated.

Finally, not all failures can be blamed on style or apathy. The two countries have also clashed in areas where they officially share very similar goals; the United States, for instance, refused India's request to extradite David Coleman Headley, one of the plotters behind the 2008 Mumbai bombings. Accusations in the Indian press that the United States “stonewalled” Indian requests to extradite Headley to India, where his conspiracy with Lakshar-e-Taiba killed more than 150 Indians, make the United States seem disconnected from India's desire to hold him accountable, though the United States tried and convicted him of terrorism and eventually allowed India to depose him via video-link from his U.S. prison cell.

Overcoming these obstacles will require the United States to gain greater clarity on its motivations for counterterrorism cooperation with India. Does the United States simply hope to join forces against an enemy that threatens U.S. and Indian interests in Afghanistan? Is it working to make India safer from all threats? Or is counterterrorism cooperation principally a means to further cement the U.S.-India relationship and decrease Indian mistrust of American objectives? These differing goals each demand distinct policy approaches and would have different audiences both in the United States and in India.

Looking Ahead

It is in the strategic interest of the United States to help India improve its internal security posture. As the start-stop history of recent attempts to revive a dialogue between the United States and India show, even a relatively simple and unsophisticated terror attack launched from Pakistan has the

37. India's police officer to citizen ratio is less than half that of the United States and Australia and two-thirds that of Britain. Stephen Cohen and Sunil Dasgupta, Arming without Aiming: India's Military Modernization (Washington, DC: Brookings Institution, 2010), 124.

38. In January 2016, having received intelligence that terrorists were likely to strike an Indian Air Force base in Pathankot, National Security Adviser Ajit Doval ordered the army to stay away from the scene and instead sent in a central commando force, the National Security Guard (NSG). The NSG forces were not trained for the mission; they failed to prevent the infiltration and lost one of their number who attempted to move a booby-trapped corpse. Aji Shukla, “Between Mr. Doval and the Deep Blue Sea,” Business Standard, January 4, 2016, http://www.business-standard .com/article/opinion/ajai-shukla-between-mr-doval-and-the-deep-blue-sea-116010400562_1.html.

39. The Prevention of Terrorism Act 2002 gave central and state governments extraordinary powers to detain and prosecute suspected terrorists and their supporters, including fund-raisers. The law was introduced by the Vajpayee government and was passed in a highly unusual joint session of Parliament. (Only three bills in Indian history have ever been passed through a joint session, and no government has attempted the maneuver since 2002.) The law was repealed when the Congress Party government came to power in 2004. K. R. Singh, Coastal Security: Maritime Dimensions of India's Homeland Security (New Delhi: Vij Books India, 2012), 121–122.

power to halt or jeopardize talks between South Asia's nuclear powers. These attacks are not typically carried out by highly trained agents; their success instead stems from India's vulnerability. If the United States and India work together to reduce that vulnerability, they will build a stronger and more confident India that is able to compartmentalize Pakistan in its foreign policy outlook. This in turn could reduce the ongoing tensions in the U.S.-India relationship created by Washington's relationship with Pakistan.

**Challenge: Going beyond Initiatives to Concrete Cooperation**

U.S.-India cooperation in counterterrorism and law enforcement has generated numerous initiatives, programs, and working groups, and terrorism has been foregrounded as a key issue in almost every high-level U.S.-India summit. It is not obvious what these efforts have achieved, and they seem to generate only moderate enthusiasm among government officials from both sides. This is a lost opportunity, since enhanced cooperation in areas like counterterrorism, counter-narcotics (see the next section on Narcotics), and anti-money laundering would generate goodwill on both sides, put the strategic partnership on a firmer footing, offer valuable opportunities for Indian and U.S. government officials to work together, and have ancillary strategic benefits for the United States.

The likely explanation for this lack of enthusiasm is differing bureaucratic structures and priorities. Participants at the CSIS-ICRIER Roundtable on U.S.-India security cooperation noted that India places a high priority on actions that the United States Constitution prohibits government agencies from undertaking—such as taking down YouTube videos that Indian authorities find inflammatory but in the United States are constitutionally protected free speech. Interviews with U.S. officials involved in homeland security cooperation reveal that they find India's tangled internal security bureaucracy difficult to navigate and face a lack of focus and enthusiasm from Indian partners. Further, U.S. officials acknowledge that the primary mission of the Department of Homeland Security (DHS) is to ensure the security of the United States; cooperation with foreign governments to help them meet their own objectives is not, historically, an area that DHS has had the staffing or resources to pursue.

The existing mechanism for senior-level discussion on these issues is the Homeland Security Dialogue. The meeting planned for the fall of 2016 will be the first minister-level dialogue since 2013. Reinvigorating this dialogue and ensuring it is held annually will be important for developing and maintaining focus on this important issue set. One specific area that would benefit both countries is greater cooperation on science and technology development for domestic security purposes, including border protection, counterterrorism, and other areas. Cooperation in areas such as border monitoring technology—including software-based imagery analysis—as well as in sensors to detect chemical, biological, radiological, and nuclear (CBRN) materials could be avenues of useful cooperation between both countries.

**Challenge: Overcoming Bureaucratic Asymmetry**

Adding to the complexity of U.S.-India engagement on homeland security issues, the bureaucratic asymmetry of responsibility between federal/central, state, and local governments for law enforcement and security makes it difficult for relatively small DHS international offices to meaningfully
engage with the many Indian state officials who have law enforcement responsibility. Indian states offer a wide variety of responses to internal security challenges, from SWAT or special-operations-style law enforcement units to an astonishing lack of action in the face of deep-seated insurrections.

Furthermore, when it comes to homeland security, U.S.-India security cooperation has not found as enthusiastic a sponsor at the ministerial level as U.S.-India defense cooperation has found in the current U.S. Secretary of Defense Ashton Carter. DHS Secretary Jeh Johnson has not visited India in his more than two years in office; his predecessor, Janet Napolitano, made one visit midway through her term. The third Homeland Security Dialogue has been repeatedly postponed: it was first proposed in July 2014, then targeted for early 2016, and was postponed again.

NARCOTICS

Even as India works to develop the defense and counterterrorism capabilities needed to defeat regional security challenges, extremist groups, and domestic insurgents, more can be done to halt the flow of illicit trafficking of goods, money, and people that often provide revenue to the same organizations India seeks to stop. India is host to robust trafficking networks that vary from illegal logging to human trafficking. Of these networks, narcotics trafficking may pose the greatest risk to regional stability for India and reaches into domestic drug concerns of the United States.

India has two distinct drug threats: illegally exported prescription drugs and illicit drug abuse by Indians. The United States’ interest in drug trafficking in India stems directly from the increase in prescription drug abuse in the United States. India’s domestic narcotics interests, on the other hand, are more related to opium and heroin abuse by Indians. Both the United States and India have a large concern with the groups involved in the narcotics trafficking; the nexus of organized crime and terrorism embed the narcotics trafficking issue into global security interests.

The Obama administration has placed increasing attention on prescription drug abuse within the United States. On October 21, 2015, President Obama announced new steps to target prescription drug abuse that include partnerships with over 50 entities, including television networks, the National Basketball Association, and Major League Baseball, to run public service announcements to educate people of the dangers of prescription drug abuse.

Controlled prescription drugs (CPDs) have become the largest drug threat for the United States. The National Institutes of Health estimated that at least 52 million Americans have abused prescription

42. U.S. Department of State, “U.S.-India Joint Declaration on Combating Terrorism.”
drugs in their lifetimes, according to its 2014 report on drug abuse. CPD overdoses outnumber those from heroin and cocaine combined.

CPDs are increasingly a gateway drug used by people before moving on to other illegal drugs. The CPD supply comes from both licit prescription users and from black market production and trafficking. The full scope of the illicit trafficking of CPDs to the United States is not known, but international drug enforcement agencies are beginning to track the flow with individual seizures. Production of precursor chemicals is also critical to consider as they can be used for a variety of legal medications, including cough syrup and decongestants, as well as illicit synthetic narcotics, including lean and methamphetamine. The International Narcotics Control Strategy Report from the U.S. State Department’s Bureau for International Narcotics and Law Enforcement Affairs (INL) shows that India is the largest exporter of pseudoephedrine, the second largest exporter of ephedrine, and the largest importer of ephedrine. These precursor chemicals are used for both prescription drugs and the production of methamphetamine.

CPDs and precursor chemicals are often trafficked from India directly to the United States. Precursor chemicals are also trafficked to third countries that process the material into illicit substances and then export the finished product to the United States. For example, Indian ephedrine has been repeatedly found in Mexico, whose cartels are the largest supplier of methamphetamine to the United States. The limited information available suggests that the trafficking of CPDs and precursor chemicals is on the rise, which combined with rising demand in the United States could certainly make India a major seller of these substances to the United States.

On January 31 and February 1, 2015, India’s Narcotics Control Bureau (NCB) Ahmedabad Zonal Unit made a large drug seizure at M/s Provizer Pharma, a wholesale pharmaceutical seller and exporter, and Swastik Herbal Care, both in Surat, Gujarat, consisting of 272.522 kilograms of Xanax, 417 grams of methylphenidate powder, 14,310 tablets of Zolpidem, and 26.44 kilograms of opioids and other pain medication. The Ahmedabad Zonal Unit also busted an Internet pharmacy related to the pharmaceutical seller. The NCB’s Narcontrol report stated that the suspected destination was the United States and Europe; in a follow-up operation, the Ahmedabad Zonal Unit seized more illicit pharmaceuticals and confirmed the drugs’ destination was the United States.

46. Ibid., 3.
47. Lean, also known as Purple Drank, is an example of the growing abuse of cough syrup and exemplifies the many ways in which licit pharmaceuticals and over-the-counter medications can be used for harmful illicit narcotics.
51. Tecimer, “Narcotics from India to the United States: Pills, Not Poppies.”
In addition to exporting prescription drugs and precursor chemicals, India is one of the top 11 transit countries for heroin as ranked by the UN Office on Drugs and Crime (UNODC) 2015 World Drug Report. Heroin is usually smuggled from Afghanistan, through Pakistan, and into India. The high levels of corruption in border-states ease the trafficking routes in the northeastern regions. Furthermore, both licit and illicit opium cultivation in India is responsible for a large part of India’s opium and heroin supply. India’s licit opium production for pharmaceutical uses is “vulnerable to diversion for illicit use,” stressing the importance of tight regulation by the NCB.

As well as being a transit country and a producer country of opium and heroin, India is a consumer country, making counter-narcotics an important domestic priority for India. Drug addiction in India is becoming increasingly prevalent, especially addiction to opium and heroin. In his “Mann ki Baat” address on All India Radio on December 14, 2014, Prime Minister Narendra Modi discussed the drug addiction problem with the public. He said that drugs are evil and that addiction is a terrible disease. He cautioned people not to blame the addict, but to blame the drugs. He called drugs the “Three Ds”: “Darkness,” Destruction,” and “Devastation.”

In 2015, the Ministry of Social Justice and Empowerment tasked the National Sample Survey Organization with conducting a survey on the prevalence of drug abuse in India. However, the survey was not carried out and may possibly be routed to a different government agency. India has not conducted a survey since 2000–2001 and thus the extent of India’s drug addiction problems cannot be determined.

Although both the opium and illegal pharmaceutical trades are facilitated by corruption, ties to terrorist organization seem to only be with the opium and heroin trades. Afghan-grown opium that is trafficked to India is often Taliban trafficked, which is significant for U.S. counterterrorism efforts. Prominent Mumbai crime figure Dawood Ibrahim has links to the Taliban and opium trafficking; he is a leading example of the nexus of terrorism and trafficking by organized crime groups. From the illicit pharmaceutical trade, seizures suggest that this trafficking is more related to corporate and government corruption, although organized crime surely plays a large part in the transport and money laundering related to CPDs and precursor chemicals trafficking.

U.S. and Indian cooperation on counter-narcotics is limited. Although the targets of the narcotics trafficking are somewhat known, the lack of intelligence sharing between the United States and India on narcotics trafficking prevents the United States from utilizing its full capabilities in counter-narcotics and the related counterterrorism efforts in India. The Drug Enforcement Administration (DEA) of the United States and India’s NCB have sporadic intelligence sharing, which inhibits their ability to work together in supply reduction tactics. Thus, the U.S. Department of

54. Ibid.
State INL has taken the route of focusing primarily on demand reduction, because there is Indian government collaboration in that aspect of counter-narcotics. Further, India is now a participant in the Financial Action Task Force to counter money laundering and has established a Financial Intelligence Unit to monitor, analyze, and share information on potentially suspicious transactions within India’s banking sector. India and the United States have also committed to establishing a “white shipping” list to share information about shipments of precursor chemicals and prescription drugs, in an effort to reduce the flow of illicit goods between the two countries.

Even with the current steps under way, the United States and India could increase law enforcement cooperation and intelligence sharing for counter-narcotics, contributing to a reduction in the supply of opium and heroin within India, and contributing to India’s domestic interests and broadly to U.S. global counter-drug efforts.

There are few tangible instances of counter-drug collaboration between the United States in India. The most recent event occurred from September 9 to September 11, 2015. Delegates from India, Afghanistan, Bangladesh, Bhutan, Iran, Maldives, Myanmar, Nepal, Sri Lanka, and the United States met in New Delhi for the Sub-Regional Drug Focal Point Meeting of South Asia, hosted by the Colombo Plan Drug Advisory Program. The agenda included discussions and working groups on both supply and demand reduction. The United States, acting as an observer country, sent an INL representative to the conference to provide input on international efforts for demand reduction. South Asian countries focused the Colombo plan on demand reduction and specifically addiction treatment.57

The extent of India’s drug-trafficking problem is not well understood, which makes it difficult for the United States and international organizations to create a plan of action. The little effort that the United States does place in India’s counter-narcotics is in demand reduction, due in large part to the lack of intelligence sharing between the DEA and the NCB. Both organizations lack the personnel and the appropriate information-sharing agreements to conduct meaningful, real-time information sharing on a regular basis. More focus and increased allocation of resources to counter-narcotics efforts in India will undoubtedly have a positive regional impact.

Looking Ahead

India and the United States have different focuses of their counter-narcotics efforts in India. While India’s domestic concerns are on opium and heroin, the United States has a greater interest in the prescription drug and precursor chemical trade. The United States should seek to work more closely with India on the opium-trafficking problem-set in exchange for greater Indian support for efforts to monitor and stem the flow of prescription drugs and precursor chemicals.

**Challenge: Developing Mechanisms for Meaningful Law Enforcement Cooperation Consistent with Concerns about Sovereignty and Security in Both the United States and India**

Greater cooperation between Indian and U.S. law enforcement agencies, including information sharing, could enhance efficacy of counter-trafficking efforts. Some progress has been made on

57. Tecimer, “Narcotics from India to the United States: Pills, Not Poppies.”
increasing the opportunities for U.S. and Indian law enforcement organizations to work together, including on the repeated pledges to establish an information exchange mechanism on "white shipping" and commercial shipping traffic. Identifying ways to build on this effort at both the union and state levels, and expanding into counter-narcotics and counter-trafficking efforts, would be valuable.

GLOBAL COMMONS

India has become increasingly engaged on issues of the global commons as the benefits from international trade and its growing role in the global information technology sector have grown. From the law of the sea, to appropriate use of outer space, to acceptable structures with which to govern cyberspace, India has become steadily more outspoken. Each of these three areas—seas, space, and cyberspace—offer opportunities for India and the United States to cooperate more effectively, to shape global norms of behavior, and ultimately to enhance the benefits Indians and Americans derive from the use of the global commons. Maritime issues were discussed previously; this section will focus on cyber and space.

Cyber

Cyberspace is a relatively new domain for U.S.-India security cooperation and one where apparent convergence between U.S. and Indian interests mask some real and important divergences. The two nations have been engaging on this issue in an organized manner since the early 2000s, yet measurable cooperation beyond government-to-government engagement has not occurred.

Engagement on cybersecurity-related issues between the United States and India began in earnest in 2001 with the establishment of the Indo-U.S. Cyber Security Forum, a track 1.5 dialogue. The forum brought together stakeholders from both governments and from their respective private sectors to discuss and collaborate on key issues in the cyber domain. The forum has continued on a semiregular basis. However, cooperation in this domain was dealt a severe blow when India arrested three of its nationals who had participated in the forum on charges that they had been recruited by U.S. intelligence services.58

Despite this setback, the reinvigoration of U.S.-India relations over the past several years has extended to cyberspace cooperation. The two nations signed a Memorandum of Understanding (MOU) in July 2011 that formalized a relationship between the U.S. Department of Homeland Security and India's Department of Information Technology.59 The MOU was a major turning point for the relationship between these two countries in cyberspace as it established conduits to share critical information related to cyberspace incidents. The bilateral forum has also resumed with the

most recent occurrence in August 2015 and the next one scheduled for 2016. The two nations have also inaugurated a yearly strategic and commercial dialogue that covers, in part, cyberspace issues and runs in parallel to the existing Cyber Security Forum.60

India has preferred bilateral solutions for legal and cybercrime issues, keeping them largely separate from the difficult multilateral negotiations on cyberspace governance. India has signed bilateral agreements covering cyberspace with the United States, the United Kingdom, China, Malaysia, Singapore, Indonesia, and South Korea, among others.

India has engaged with the various international forums aimed at developing norms and a governance structure for cyberspace, where it has frequently taken a swing position, trying to straddle the United States and European powers on one side and Russia and China on the other.61 The former group supports a continuation of the current governance model—known as the multi-stakeholder model—that establishes a role for countries as well as the private sector and civil society in creating the standards and protocols that enable Internet communication. Critics of this approach are leery of U.S. control, especially as the Edward Snowden leak has shown the extent of cyber espionage conducted by the U.S. government. The Russia-China bloc favors greater control over Internet resources by individual nations. Critics of this approach contend that these nations would use these controls to censor the free flow of information and commerce and disrupt the global nature of the Internet.

Over the summer of 2015, India moved closer to the multi-stakeholder system by committing to support a multi-stakeholder approach through the oversight of ICANN, a key Internet governance body, once the United States gives up its oversight role, which is expected to occur no earlier than 2016.62 The multi-stakeholder approach expands internet governance beyond states by incorporating civil society and corporations. It would give stronger support to internet freedom and privacy than a state-only oversight framework, granting those companies and organizations that most benefit from the current internet structure a direct say in influencing the governance processes.

In June 2016, the United States and India announced a shared commitment to a framework for cyberspace cooperation. The framework includes 13 common principles and 21 areas of cooperation to advance the shared principles. Of note, the framework calls out a shared commitment to the multi-stakeholder model of Internet governance.63

Looking Ahead

**Challenge: Ensuring Unimpeded Cybersecurity Collaboration in the Commercial Sector**

The U.S. and Indian governments should continue their cyber dialogue and work toward enhancing information sharing as it relates to cybercrime and possibly the cyberspace activities of other nations. Unfortunately, the sensitivity surrounding military cyberspace capabilities means that this is an unlikely area for collaboration. However, there is great potential for commercial collaboration between U.S. and Indian firms on a host of cybersecurity issues.

The issue of greatest concern for commercial collaboration is the recent renegotiation of the Wassenaar Arrangement. Under the new terms, states would not be permitted to export a wide range of cybersecurity-related products including, most troubling, expertise. The United States has signaled that it is considering dropping its support of these new controls as they do not support the United States’ objectives in this domain. This is vital in allowing the U.S. commercial cybersecurity sector to thrive and subsequently to be leveraged internationally.

**Space**

As with ongoing trade and cyber communications, India increasingly derives benefits from the use of space-based assets, most notably from commercial communications and meteorological satellites. Like the United States, though to a much lesser degree, India also utilizes space-based communications systems to provide command-and-control for its military.

India and the United States have often found themselves with divergent positions regarding the appropriate use of space, though both countries seem to be moving closer together. India’s increasing utilization of space as a source of benefit, and the growing risks that an actor could—deliberately or accidentally—destroy satellites in such a way as to put at risk countries’ benefits from space, is the main driver of convergence on space at a policy level.

Additionally, the United States and India have developed a steady pace of cooperation on civilian space, led by the Indian Space Research Organization (ISRO) and the National Aeronautics and Space Administration (NASA) in the United States. Over the past decade, cooperation has included hosted payloads and joint contributions to climate change observation satellites. In 2014, NASA and ISRO committed to an ambitious effort to develop missions to further explore Mars, and in 2016, commenting on India’s successful Mars orbiter mission (MOM), the director of NASA’s Jet Propulsion Laboratory noted that “reaching the Mars orbit in first attempt was an amazing achievement and that too at such low cost.” The establishment of new joint missions allows the United States to lean forward in sharing important technologies faster than would otherwise been possible.

Policy differences in Washington and Delhi will likely keep strategic-level convergence on space issues off the table in the U.S.-India bilateral relationship. Demonstrated capability from India’s

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space program, and its continued efforts to undertake manned space flight, are areas where the United States and India should continue to seek greater cooperation.

Looking Ahead

*Challenge: Continuing to Expand Cooperation on Earth-Observation and Space Exploration Efforts, despite Regulatory Impediments to Other Types of Space Cooperation*

Citizens of both the United States and India will continue to derive large benefits from more accurate earth-sensing capabilities—including for weather, agriculture, and navigation. Cooperating on the development of these capabilities will enable both countries to have a more resilient and reliable satellite architecture. India’s manned space program is in its early stages but can be expected to mature quickly, given the progress India has made on other fronts. Sustaining bilateral cooperation on space exploration will similarly benefit both countries in the future.

Despite these areas of great potential, the United States and India are not able to fully cooperate because of restrictions on the sharing of commercial space launch technologies or capabilities. At present, U.S. cooperation with India has largely been in the form of U.S. provision of subsystems for a larger satellite to be launched or a full satellite to be launched on an Indian rocket. The dynamism in the U.S. commercial space launch industry highlights the potential for greater cooperation, should the policy and regulatory impediments be removed, especially as India’s geography provides better launch options for a number of orbits than do U.S. facilities.

**RISKS**

This report has largely focused on the growing convergence in the strategic outlooks of leaders in the United States and India. Generally we expect this convergence to strengthen over time as India’s military strength grows, India’s global interests increase, and more global actors—particularly China—expand their operations in the Indian Ocean region. But existing factors beyond these trends, such as America’s continued relationship with Pakistan, could derail or slow progress in our bilateral security partnership. A few such “risk factors” are listed here. Policymakers from both countries should actively work to prevent them from impeding progress.

*Up-or-Down Litmus Test:* India’s great fear in engaging the United States on strategic matters is that, some day, the United States will make Indian participation in a U.S.-led military operation—in which India has a relatively minor interest—a litmus test of the relationship. As India’s global interests and capacity for intervention grow over time, India may increasingly find strategic value in working with the United States in a foreign intervention. But it is unwise and dangerous to hold the relationship hostage to a “yes/ no” decision the next time the United States calls for a global coalition to exert force on a third nation.

*Cooperation in South Asia:* Today, the United States and India have comparable resources available for disaster relief operations and for development assistance. Both countries have a similar view of their own primacy/sovereignty when conducting such operations. This could lead to a risk...
where one country or the other seeks to “lead” an operation in a way that runs counter to the requirements of the other—ultimately reducing the efficacy of the operation and damaging the bilateral relationship as well.

**Similar Values, Different Approaches:** Despite the oft-stated notion that the United States and India agree on democratic, free-market principles, India’s sentiments on these points largely stop at its own borders. There is very little interest within India in democracy promotion overseas, except when doing so offers direct benefit to India (as in the case of Pakistan). The United States, on the other hand, has embarked on nation-building exercises with the implicit assumption that it can establish a better form of government—democracy—in places where such a government has not heretofore existed. As with military interventions, the United States cannot expect India to condemn other nations purely due to their government’s impingement of “liberal democratic values.” Specifically, differing approaches to a future political crisis in South Asia, such as a military overthrowing an elected government, could create tensions between the United States and India if the two countries are not coordinating approaches.

**Lack of Senior-Level Interest within the U.S. Government:** The recent (dramatic) progress in the U.S.-India relationship has been rightly identified by the relatively small community of India-watchers in Washington as an important moment in the bilateral relationship. The enthusiasm of the India-watching community has not yet been translated to a widespread embrace for deepening U.S.-India ties. Though most of Washington’s policymaking community is supportive of a stronger U.S.-India relationship in the abstract, few policymakers have embraced a strategic rationale for deepening the relationship, and the relationship lacks an enduring highly placed champion. The potential for challenges in the relationship means that it will likely require sustained attention from a Cabinet-level official in Washington to ensure progress is continued and that there is a senior official who can champion the relationship during inevitable periods of headwinds. In the current administration, Defense Secretary Ashton Carter and Commerce Secretary Penny Pritzker both embrace that role. The next administration will need similarly supportive officials to maintain the level of commitment in the relationship.

**Political Change in India with Reduced Global Focus:** A nascent consensus appears to be forming in both major parties in India that engagement with the United States is necessary and desirable. But we cannot presume that the next generation of leaders will be as strongly committed to this view as Manmohan Singh was or Narendra Modi is currently. In addition to the existing robust engagement with senior figures of major political parties in Delhi, the United States should enhance its engagement with the next generation of leaders in both major parties, as well as in the largest regional parties, to create connections with elites across the political spectrum. These relationships will ensure that the United States can quickly engage in appropriate strategic discussions should a new party come into power in the future.

**Preventing Trade Disputes from Spilling Over:** The United States and India enjoy far less convergence of views on global trade issues than on regional strategic issues. Every ministerial meeting of the World Trade Organization (WTO) breeds greater distrust among senior officials
involved in these talks. As India’s heft in the global economy increases, its voice on global trade may become more pronounced, causing greater friction with the United States. Finding common ground, or at least reducing friction, on global trade issues is critical. But even if the United States cannot find an equilibrium on trade, friction there must not be allowed to damage the strategic relationship. This point may be most applicable to the U.S. Congress, which in 2013 excoriated India through a series of hearings and reports that painted India as actively working against American economic interests.
Recommendations

The progress in the U.S.-India security relationship over the past 10 years has been sizable. Changing global, regional, and domestic dynamics will likely continue to cause Indian and U.S. policymakers to view closer cooperation—often on specific or narrow efforts—as in their own country’s interest. Translating joint statements and leaders’ agreements into tangible achievements, however, will require steady pressure from senior levels in both governments. Both sides will need to ensure that the numerous potential bureaucratic roadblocks in each country do not impede the achievement of important national goals.

Leadership in both countries will also have to accommodate differing bureaucratic and political processes. India has already shown some legal and regulatory flexibility when it adjusted its foreign direct investment regulations. For the United States, one such shift should involve resisting the bureaucratic impulse to create new initiatives to announce with each senior-level visit and instead focus effort and energy on completing a set of initiatives on a consistent timeline, rather than diluting efforts across a range of useful, but not always vital, projects. As the relationship deepens, both countries will undoubtedly encounter more areas where flexibility and creativity are necessary.

With the United States foreign policy and national security establishment currently turning its attention to the 2016 presidential and congressional elections, the United States will be able to drive few new initiatives to completion before the end of President Obama’s term. Whoever wins the presidency in 2016 should prioritize establishing a strong relationship with Prime Minister Modi and continuing the momentum in U.S.-India relations.

Acknowledging that a strong relationship between the U.S. president and the Indian prime minister is important for continued progress and that defense cooperation will necessarily be stunted until the remaining foundational agreements are signed, those two elements must take priority. Once those pieces are in place, the United States and India must focus efforts on a small number of top-priority initiatives related to bilateral defense cooperation; bilateral homeland security cooperation; building regional security dialogue; and bolstering opportunities for defense trade. Specifically, the next president should take the following actions early in his or her term.
SHORT-TERM RECOMMENDATIONS

Hold a Meeting with the U.S. President and Prime Minister Modi in the First 100 Days in Office

The first 100 days are an opportunity to signal priorities and set the agenda. There will be considerable demand for the president to meet with leaders of allies such as Japan, South Korea, the United Kingdom, Germany, France, and others. Creating a specific opportunity for the U.S. president and Indian prime minister to meet will strongly signal the importance of continuing close relations.

Ensure the Foundational Agreements Are Signed

After being kept off the bilateral agenda for a decade, the foundational agreements are moving once more. Agreement on the text of a LEMOA in June 2016 is a strong step, though progress on the other two agreements (BECA, CISMOA) will be difficult. The bilateral security relationship will remain tactical and each step will be far more difficult without these agreements. The absence of such agreements also will make it nearly impossible (if not completely impossible) for the United States to provide to India certain advanced sensing, computing, and communications technologies that India believes are necessary for its own defense capabilities.

Establish a Quadrilateral Security Dialogue

The next administration should work with Australia, India, and Japan to establish a quadrilateral security dialogue, led by the U.S. State Department and foreign ministries. The dialogue should focus on issues of common interest across the Pacific and Indian Ocean regions. It would be scoped around two- to four-year challenges that would enable the respective governments and ministries to plan and budget for the necessary tools to meet the identified and agreed-on goals.

Work with India to Enhance Its Naval Capabilities within and beyond the Indian Ocean; Prioritize Maritime Domain Awareness

India is a strong and growing country. It has the capacity to be a net provider of security. Over the next several decades, India’s economic growth will likely expand its global interests. India will be best positioned to contribute to regional and global security through the operation of a highly capable and well-trained navy, operating in accordance with international law—an effort that India has already made a high priority. The United States should encourage India’s aspirations in these areas through its security cooperation efforts.

A logical starting point for this cooperation would be to develop common maritime domain awareness processes and capabilities, including sensing and communication technologies for both shore-based, shipborne, and airborne systems (including manned and unmanned aircraft). Such a capability would have application for defense purposes; monitoring fisheries, environmental conditions, and commercial transits; counter-trafficking and counter-narcotics efforts; and maritime border protection. The United States and India should deepen announced efforts on submarine safety and anti-submarine warfare to include combined training and exercises to expand the capability of both countries as well as their interoperability with each other.
Work with India to Raise the Maximum Allowable FDI Level in Defense Sector

India is currently pursuing three valid but mutually contradictory objectives in the defense sector. First, the Make in India initiative, a signature policy of Prime Minister Modi, seeks to increase India’s attractiveness as a manufacturing destination. It seeks to leverage India’s workforce, which comprises both highly skilled engineers and scientists as well as large numbers of low-skilled workers, to drive economic growth and create jobs, and has a large defense industrial component. Second, through its strategic partners program, India is attempting to build a modern, domestic defense industry that can compete globally. Third, India seeks to modernize its armed forces’ capabilities to keep pace with and—where possible—exceed the capabilities of its neighbors and potential competitors. These efforts are hamstrung, however, by the cap on foreign direct investment in India’s defense sector, which limits foreign firms to a 49 percent share of any India-based defense manufacturer. Foreign firms possess the intellectual property and the manufacturing experience to produce the platforms and systems India desires, but in most cases they lack incentives to move production to India or to partner with Indian firms. In June 2016, India adjusted the policy governing exceptions to the 49 percent cap on foreign stakes in an Indian firm in the defense sector. The revised policy loosens the requirements to qualify for an exception, but it preserves for Indian government officials significant latitude to disallow such exceptions. Potential U.S. industrial partners are as yet unsure of their likely success in applying for exceptions under the new rules.

The disadvantages of being the minority partner in an enterprise where the foreign firm brings the vast majority of the sought-after technology are compounded by the length and uncertainty of India’s defense acquisition system. Taken together, these factors likely limit India to achieving at most two of these three objectives: increasing manufacturing in India; ensuring Indian ownership of the firms and technology; and enhancing and modernizing India’s military. By altering the FDI limit for foreign firms to 100 percent, India could enable the growth of its manufacturing sector and provide its military with domestically produced advanced equipment.

Strengthen and Expand the Homeland Security Dialogue

India and the United States have similar challenges on a range of homeland security issues, including border patrol and monitoring, and domestic and international terrorism. The expected agreement reached in 2016 on sharing information on suspected terrorists marks an important element of progress. Expanding beyond current lines of cooperation, technological advances across a number of capabilities, including biometrics and detection of chemical, biological, radiological, and nuclear weapons, are areas of promise. Both countries should establish, strengthen, and expand cooperation on developing and fielding capabilities that would be helpful for both countries’ law enforcement and border patrol agencies.

None of these efforts need come at the expense of ongoing DTTI pathfinder projects or working group initiatives. However, when choosing where to spend limited time and resources, we believe these items we have presented will have the greatest impact on the relationship in the shortest period of time—building positive momentum and creating a track record of success—and therefore should be prioritized.
MID-TERM RECOMMENDATIONS

Successfully concluding even this small number of initiatives will likely consume significant time and energy from senior leaders in the United States during their first months in office. However, remaining focused on a small number of initiatives will set the stage for broader activities over time, ideally requiring less attention from senior leadership. Once the previously listed items are nearing completion, we recommend again expanding the agenda of the bilateral relationship to include the following items.

Strategic Alignment

- Invite India to participate (as an observer or stakeholder) in the Quadrilateral Coordination Group talks with the Taliban. (Assuming the talks resume when the 2016 fighting season ends.)
- Establish a U.S.-India dialogue on the Middle East, modeled on the “East Asia Consults” of the U.S. State Department and India’s Ministry of External Affairs.

Defense and Security Cooperation

- The U.S. Department of Defense, State Department, and U.S. Agency for International Development (USAID), with India’s Defense Ministry and Ministry of External Affairs, should establish a regular multinational humanitarian assistance and disaster relief exercise for countries of the Indian Ocean.
- U.S.-India military exercises should be regularized and prioritized for budget purposes.
- As part of the National Defense Universities’ exchange program, develop a coast guard exchange program, drawing on recently retired USCG officers and senior NCOs to provide instruction at India’s coast guard schools.
- One element of a partnership to enhance maritime domain awareness in the Indian Ocean region could be cooperation on a modular maritime surveillance radar package for UAS and small manned aircraft that could be retrofitted to existing Indian and U.S. platforms. The U.S. Coast Guard already operates a dedicated maritime surveillance radar from its Reaper-derived Guardian UAS. The partnership could work toward developing an evolved form of this radar. Collaboration would provide India expertise in systems integration and radar development and the United States a capability to make its large fleet of medium-altitude, long-range UAS more relevant in the Asia Pacific.
- Codevelop sense-and-avoid technology for unmanned systems. This technology is key to achieving the successful integration of UAS into unstructured airspace, from flying large surveillance UAS to operating package delivery UAS in urban areas.

Homeland Security and Law Enforcement

- Establish agreements and expand procedures to quickly share actionable law enforcement information between relevant entities for purposes of countering terrorism and trafficking activities. Despite resistance from India, the establishment of a compatible Terrorist Screening Center should remain on the agenda for ongoing homeland security talks.
• Build on recent pledges to create a “white shipping” technical agreement to improve data sharing of commercial shipping traffic, and create a database to track shipments of precursor chemicals for law enforcement purposes.

• Establish a dialogue, between the DHS and the appropriate union and state government officials in India, to exchange lessons learned on illicit trafficking, including drugs, people, and arms.

• Reinvigorate engagement between U.S. law enforcement and Treasury officials and India’s finance ministry and appropriate law enforcement bodies to exchange information and best practices to identify and halt counterfeiting, fraud, and illicit financial flows.

Cyber and Space

• Establish a U.S.-India working group, under the cybersecurity dialogue, focused on the possible impact to cyber cooperation should the proposed changes to the Wassenaar Arrangement take effect. The proposed changes could make discussion of cyber best practices an export-controlled item, subject to the presumption of denial. In practice, this would halt all dialogue on improving cybersecurity from nations that are party to Wassenaar.

• Explore a bilateral commercial space launch agreement between the United States and India, providing U.S. firms the opportunity to use Indian launch facilities and granting Indian space launch entities access to U.S. facilities. All would have to comply with appropriate safety and regulatory restrictions of the launch-country.
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U.S.-India Security Cooperation
Progress and Promise for the Next Administration

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