

# India-US Relations: Progress Amidst Limited Convergence

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# INDIA-US RELATIONS: PROGRESS AMIDST LIMITED CONVERGENCE

Relations between India and the United States have improved significantly during the past decade. Growing defence trade and military exchanges, plus civilian commerce and sustained efforts to address each other's concerns, have helped reduce mutual suspicions which date back to the Cold War. However, the different geostrategic positions of the two countries and diverging policy priorities will continue to allow for selective cooperation only. India is bound to remain a gap in the US strategic pivot towards Asia.



US Defense Secretary Leon Panetta and India's Defence Minister A.K. Antony in New Delhi, 6 June 2012

On 6 June 2012, US Defence Secretary Leon Panetta stated in New Delhi that cooperation with India was a linchpin in American grand strategy towards Asia. Highlighting the common values that India and the United States share, he expressed willingness to expand bilateral ties. The following week, at the third annual India-US Strategic Dialogue, both countries agreed on measures to stabilise Afghanistan, combat nuclear proliferation, enhance maritime security, upgrade intelligence liaison on counterterrorism, and cooperate against organised crime.

Considering that less than 15 years ago, relations between New Delhi and Washington were frigid, the breadth of cooperation defined in the Strategic Dialogue signals a partial turnaround. Even so, there are continuities in both countries' security policies which prevent a complete transformation in the bilateral relationship.

On the Indian side, there is an ongoing commitment to 'Non-alignment' – a policy of ambiguous neutralism wherein India engages with all major powers but allies with none, unless pressed to do so by critical threats to its own interests. On the American side, there is an equally ambiguous effort to coopt India into a Pan-Asian security architecture without first addressing New Delhi's concerns about South Asian stability. Both sides want more out of the relationship than they are prepared to give.

As India-US ties develop, they will be characterised by growing complexity, wherein cooperation on some issues will have to be compartmentalised from strong differences on others. Managing expectations will be crucial to sustaining the relationship, as will candour about points of disagreement. The following will outline the troubled history of Indo-American ties,

their improvement over the past decade, and explain why two of the world's leading democracies continue to have partially divergent strategic perspectives.

## A troubled history

The basic obstacle to closer India-US ties is that both countries have a history of being friendly with each other's adversaries. India resents continuing American diplomatic protection and material support to Pakistan. It is also skeptical of current US attempts to simultaneously contain and engage with China. From New Delhi's perspective, Washington is merely seeking a dispensable junior partner that would confront Beijing on its behalf, without providing security cover against a Chinese backlash.

For its part, the US feels that India has not been true to its own democratic values. India leaned towards the Soviet Union during the Cold War, albeit partly in response to the United States entering into an anti-communist alliance with Pakistan. It has since maintained cordial ties with Iran, citing national interest on energy security. After two centuries of colonial rule, during which Indian taxpayers were forced to finance Britain's global ambitions, the country has refused to be drawn into international rivalries.

Grievances had already emerged on both sides during the early years of the Cold War. After India faced a massive Chinese invasion threat in 1962, Washington sought to exploit the country's military vulnerability by suggesting unilateral concessions for Pakistan on the Kashmir issue. It hoped that, by creating a peace of sorts between

India and Pakistan, it would gain an additional ally against communism in Asia. It miscalculated, heightening Indian suspicions of extra-regional influence in South Asia – an enduring feature of post-colonial strategic thought in New Delhi. India for its part persisted with its non-aligned position while simultaneously haranguing the West about past transgressions and seeking development aid, almost as an entitlement. To American observers, India seemed an insecure power cloaking its obvious economic frailty behind cultural arrogance and a diplomatic smokescreen.

Following the end of US-Soviet rivalry in 1991, mutual suspicion between the two democracies was replaced by drift. The United States, now the sole superpower, was not interested in courting a partner of its erstwhile adversary. South Asia became a backwater for US security policy, a situation only reversed by the Indian nuclear tests of 1998. The immediate result of the tests was a sharp deterioration in India-US ties, with sanctions being imposed on New Delhi and demands being made for a rollback of the Indian nuclear program. The sanctions, despite having limited impact, marked a new low in bilateral relations.

The decision to conduct the tests had been made by an Indian government led by the centre-right Bharatiya Janata Party (BJP), which wanted India to play a more assertive international role. However, the BJP also believed that domestic economic development could only be achieved through partnering with the United States, which paved the way for improved relations. Its strategists calculated that Washington would eventually appreciate the contribution that a strong but friendly India could bring to South Asian security. They also anticipated that fresh tensions would emerge between the US and China, which would increase India's influence in Washington.

### A slow mindset change

Compared to the Congress party which had previously ruled India, the BJP was less ideologically wedded to the concept of non-alignment. Thus, it was under BJP rule (1998–2004) that sustained contact between the policy establishments of both countries was initiated, in part due to the willingness of the new Indian leadership to label the US a 'natural ally'. There was an informal but overarching logic to the relationship: that of two democracies balancing against an authoritarian state, namely China.

From its side, Washington started to find its former partner Pakistan increasingly unreliable in the post-Cold War security environment. With no Soviet threat binding the two together, drug trafficking and international terrorism emerged as key irritants in bilateral relations. India shared American concerns on these issues and was eager to cooperate against them. With the US having tilted against Pakistan during the 1999 Kargil Crisis, the Indian security bureaucracy began to overcome its reservations about working with its American counterpart.

The forward momentum persisted despite renewed US courtship of Pakistan following the 9/11 attacks. Viewing this as a tactical move undertaken out of necessity, New Delhi did not react by scaling down security cooperation, as it might previously have done. However, it progressively grew disappointed with the United States' counterterrorist efforts, which actively targeted al-Qaida but not anti-Indian jihadist groups based on Pakistani territory.

There are three factors explaining why bilateral relations have since continued to intensify, despite Indian misgivings about Washington's Pakistan policy. First, the Congress party, which returned to power in 2004, has adopted a more pragmatic course towards Washington than previously. Even if it wishes to maintain more distance from the US than the BJP, it has recognised the positive contribution of American assistance in Indian economic development. Second, several lobby groups have emerged, advocating closer Indo-American ties. Among the most obvious is the 2.8 million strong Indian diaspora in the US. Consisting mainly of skilled professionals, its members are well-integrated into American society and many have attained positions of political and business influence. They have been crucial in expanding trade relations five-fold within ten years.

Third, India has acquired growing importance in US geostrategic considerations. In 2005, the then US Secretary of State Condoleezza Rice stated that helping India become a global power was an American policy objective. Analysts have interpreted this statement to mean that the US wanted a prosperous democratic partner in India, to help manage security in the Indo-Pacific. Dominating shipping lanes

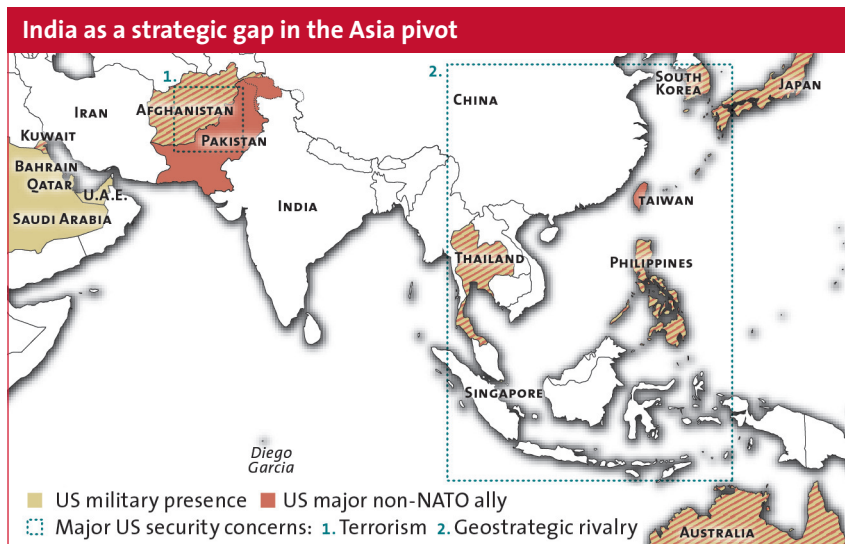
in the Indian Ocean, and well-positioned to combat maritime piracy near the Horn of Africa and the Straits of Malacca, India seems a logical choice for security cooperation. Its rivalry with China only adds to the convergence of interests, particularly since India has been keen to develop economic ties with Southeast Asian states, which requires being willing and able to venture into the South China Sea.

A reflection of growing US interest in security cooperation was evident in the exceptional nuclear deal that was formalised in 2008. This deal marked a reversal of US non-proliferation policy. It permitted international nuclear trade for peaceful purposes with India, despite that country's not having signed the Non-Proliferation Treaty. Sanctions which had existed since the first Indian nuclear test in 1974 were lifted. From being perceived as a quasi-rookie state in 1998, India was made a de facto member of the nuclear club. American support was decisive in securing a waiver for India among the Nuclear Suppliers' Group. Both China and a number of European states had long opposed the waiver.

With strains between the United States and China growing, Washington has also been eager to build up a military partnership with India. This is part of the broader American 'rebalancing' of forces towards Asia – the 'strategic pivot' referred to by US decision-makers. It is also driven to some extent by commercial motives. American firms have received orders from India for military equipment worth \$ 8.5 billion in the last decade. An equivalent value of orders is likely in the years ahead. Both sides benefit – the Indian armed forces get access to sophisticated equipment which cannot be indigenously produced, and the US gets access to one of the very few growth markets for conventional arms. There have also been a growing number of joint military exercises, with the two sides expanding yearly official interactions to unprecedented levels. For a generation of Indian officers poised to assume senior command, long-held negative stereotypes of their American counterparts are being cast aside.

However, despite the marked progress in bilateral relations in the past decade, it is worth noting that there are obvious limits to the India-US rapprochement. The new-found warmth in bilateral ties is not grounded in any sudden discovery of a

### *The US emphasises maritime security, India focuses on territorial defence*



shared worldview. Despite growing commercial and military contacts, there are continuing geostrategic disagreements as well as increasing macroeconomic disappointments, which restrict the scope for cooperation.

### Diverging perspectives

The geostrategic positions of the US and India are very different. Being a continent-sized fortress, protected by oceans and friendly neighbours on its land borders, the United States is not nearly as vulnerable to overland military attack as India. The latter country has a history of failing to defend its frontiers from invasion, and perceives itself to be diplomatically isolated since it lacks a cultural-civilizational link with other states. For this reason, the Indian security establishment is extremely reluctant to use force for purposes other than internal security and territorial defence. Although the country might have the potential to be a useful ally to the United States, its own security considerations militate against assuming such a role.

At the root of the limited scale of security cooperation is a clash between maritime and continental mindsets. Regardless of aspirations that it might become a major player in the international system, New Delhi simply cannot afford to divert attention from domestic and border security to wider Pan-Asian security. The most that it can do is lend legitimacy to an expanded American military presence in Asia, by sharing intelligence and assisting with counter-piracy and humanitarian aid missions. Beyond these symbolic commitments, India has to focus its limited military capacity on combating land-based threats. To assume a more active posture in

the maritime dimension, notwithstanding the strategic importance of safeguarding India's sea-borne trade, would risk adding to vulnerability on land.

Geographic differences are not the only reason for an expectations gap in Indo-American relations. To US businesses, India is increasingly looking as though it has been oversold as an emerging market. They are finding that the Indian economy is dominated by crony capitalism and infrastructural deficiencies and is in urgent need of reform. A tentative step in this direction – approval for foreign investment in the retail sector – was speedily reversed owing to political pressure from the Indian opposition and even the Congress party's own allies. US firms have until very recently also been unwilling to discuss nuclear trade with Indian counterparts since New Delhi has not absolved them of liability in the event of accidents. Meanwhile, growing inflation, a freefalling currency, and worsening fiscal deficits have added to perceptions that India is not the best choice for an economic partner.

For its part, New Delhi is concerned about restrictive visa regimes in the United States that keep out skilled Indian workers. It has also expressed dissatisfaction about Washington's unwillingness to permit the repatriation of short-term workers' welfare payments back to India. Other points of disagreement include high cotton subsidies to US farmers, which make Indian imports uncompetitive, and tariffs on Indian steel products. Together, such complaints have undercut the driving logic of Indo-American relations, as New Delhi sees it: that a strategic partnership with Washington would produce an eco-

nomic dividend that would translate into greater prosperity within India. In effect, both countries accuse the other of secretly being protectionist while publicly urging openness. While the United States is legitimately disappointed with India's slowness to implement economic reforms, its own economic difficulties serve to emphasise the mercantilist nature of the relationship.

India's present leadership is also aware that the Obama administration was initially less enthusiastic about upgrading bilateral ties than the Bush presidency. New Delhi suspects that Washington views it as a partner-in-reserve, whose cooperation is being sought only as insurance, in case US-China relations were to break down irretrievably. Suggestions made by some American experts in 2009 of a G-2 system, wherein the US and China would assume responsibility for managing international affairs, have not been forgotten in New Delhi. Nor has the United States' history of pressuring India not to respond militarily to attacks by terrorists based in Pakistan. Even as India and the US deepen their ties, doubts about each other's commitment to maintaining close relations, particularly in the security sphere, will remain.

### Slow and selective progress

In recent years, both sides have shown willingness to pay more attention to the other's key concerns. However, it is precisely in these cases that the limits of convergence, for all good will, have become most obvious. India for instance, has been incrementally reducing its oil imports from Iran since the late 1990s. Like the US, it is apprehensive about the emergence of yet another nuclear power in Asia. Yet, its unwillingness to completely cease importing Iranian oil, owing to burgeoning energy demand and the electoral influence of a sizeable Shia Muslim minority, is a source of irritation for the US. Likewise, Washington has been partially constricting the operational and legal space occupied by Pakistan-based terrorist groups, while being careful to avoid antagonising the Pakistani state itself. However, it has not done so at a rate or on a scale satisfactory to New Delhi, for fear of losing its already limited leverage over Islamabad. Thus, Indo-American security cooperation continues to be slow and halting, creating doubts on both sides about the strategic utility of the relationship.

Each country wants to cooperate on its own terms, and has different policy priorities. Given the vast power differential



between India and the US, there is little scope for an equitable partnership. Non-alignment remains India's default option. By confining security cooperation to select issues where both countries' interests overlap, India hopes that its economic dependence on the US would not translate into strategic diminution in South Asia. From its perspective, Washington tends to lack sensitivity to Indian strategic concerns within the immediate neighbourhood. For instance, American's continuing military assistance to Pakistan, ostensibly for counterinsurgency, is incomprehensible to New Delhi and can be interpreted as indifference to India's threat perceptions.

The US too, has reasons to maintain a distance from India. Lacking in political coherence, and now facing an economic slowdown prompted as much by bad governance as by global factors, India is not a shining developmental success compared to China. Its narrowly-defined threat perspective requires that Washington either assist it in first becoming South Asia's predominant power, thereby overturning the United States' traditional role as an off-shore balancer, or seek alternative partners in Southeast Asia. While there is no fundamental clash of interests between India and the US – a key factor in sustaining the relationship – there is at present only a limited convergence. Unless China gravely threatens India's economic interests or territorial security, New Delhi would prefer to remain uncommitted in Sino-American tensions. Thus, despite recent progress in bilateral cooperation, India will continue to remain a gap in efforts to increase American influence in Asia. The strategic pivot which US policymakers are keen to effect will feature considerable rhetoric of expanding Indo-American ties, and increasing levels of security cooperation. However, it will not translate into anything close to an alliance.

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