

# India and the future global order



November 2009

This study is a “food for thought” paper produced at the Section for Policy Planning in the Department for Security Policy, Norwegian Ministry of Defense. By nature, the paper is based on scenarios and possible trends related to the future geopolitical situation. As such, this document does not represent an official Norwegian point of view, and evaluations and judgements made cannot be attributed to the Ministry of Defense or Norwegian authorities.

## CONTENTS

1.	<b>INTRODUCTION .....</b>	7
1.1	Purpose, methodology and major findings.....	7
1.2	Concepts of power and influence.....	7
2.	<b>SECURITY STRATEGY AND DEFENSE – RENEWAL AND PAST LEGACIES .....</b>	8
2.1	General .....	8
2.2	India's National Security Strategy – In Search of a Destiny.....	8
2.3	Non-alignment and multilateralism – traditions and realpolitik .....	9
2.4	Conventional forces – modernization and limitations .....	10
2.5	The nuclear dimension – great power manifestation and hesitation .....	12
2.6	Security and defence – in summary .....	13
3.	<b>OTHER INTERNAL DRIVING FORCES AND CONSTRAINTS .....</b>	13
3.1	The Indian Mosaic – stable but under strain.....	13
3.2	Demography, resources and the environment.....	14
3.3	Economic development.....	15
3.4	Internal factors – a mixed balance sheet.....	16
4.	<b>INDIA'S REGIONAL SECURITY CHALLENGES AND GREAT POWER RELATIONS.....</b>	16
4.1	General .....	16
4.2	The regional security dynamics in Asia – and great power relations .....	17
4.3	Pakistan .....	17
4.4	The Persian Gulf – within the expanded area of interest .....	18
4.5	Central Asia – the leap across the Hindu Kush.....	19
4.6	Africa – another sign of India's global ambitions .....	20
4.7	The Indian Ocean – Mare nostrum or sea of cooperation ?.....	21

4.8	India–China – rivalry and interdependence.....	21
4.9	India–US – transformed but far from alliance .....	23
4.10	India–Russia – a less intimate but redefined relationship .....	24
4.11	India – EU .....	25
4.12	In summary – a regional power with global ambitions .....	25
5.	<b>INDIA AS PART OF THE FUTURE WORLD ORDER.....</b>	26
5.1	General .....	26
5.2	Key assumptions about the future world order.....	26
5.3	A multipolar world of peaceful competition.....	27
5.4	A world of increasing US–Sino rivalry.....	27
5.5	A Russian – Chinese partnership.....	28
5.6	Implications for the western security system.....	28
5.7	India – Norway.....	29
6.	<b>CONCLUDING REMARKS.....</b>	31

## EXECUTIVE SUMMARY

- The purpose of this study is twofold: Firstly, to study India's *potential to become a global power* within the next 15–20 years, and secondly, to discuss the *consequences of this for the future world order, including* the western security system.
- On the first question we are inclined to say that India is *not yet a global power, but it is one of the top contenders for becoming one*. India has the potential – and probably the ambition – to become a global power in due time. The country's path to global power is however far from linear. It depends on a large number of internal and external factors.
- India is undertaking extensive *military modernization*, and has also entered the club of nuclear weapon states. Military modernization has produced a relatively robust defense, measured against most of the regional and internal security challenges. In terms of becoming a true global power, however, India still lacks a clear national security strategy, and the defense sector shares some of the country's structural weaknesses. For India to become a true global power, *resources have to be matched with a clearer sense of strategic direction and also ability for global power projection*.
- *Other internal factors* are also important. Among the country's internal assets are pluralistic and secular traditions, economic growth, and a booming population. However India also has to grapple with a number of internal challenges, including widespread poverty, increasing social gaps and unrest, ethnic and religious strife and bureaucratic inertia. In the short term, the main preoccupation of the Indian authorities' will be the handling of these internal challenges, at the expense of taking a more active global role.
- India's ability to take a global role is further limited by the country's *regional security concerns*. South Asia is characterized by endemic instability, due to territorial disputes, inter-state conflict and internal instabilities. Particularly in South Asia, unresolved territorial issues and rivalry limit India's ability to take a more active global role.
- This said, we are today witnessing a clear *expansion of India's area of interest*. Driven by great power instincts and the quest for strategic raw materials, India's immediate area of interest extends well beyond the sub-continent. It stretches from the Gulf of Aden in the west to the Malacca straits in the east, and from Antarctica in the south to Central Asia in the north. India's interests around the Indian Ocean have been followed by increased military activities, including a naval build-up and ability for regional power projection. India's increasing ambitions can also be seen by a willingness to maximize the country's global influence, politically, economically and culturally.
- *Great power relations* are also becoming more important, as a reflection of India's desire to be ranked among the major powers, notably the US and China. A clear expression of this is India's demand for a seat at the UN Security Council. In its relations with other great powers, India is however looking for practical partnerships, rather than alliances. China has become the major factor in India's foreign- and security policy. There is

recognition of growing interdependence between the two powers, but they are also natural rivals. In India-US relations we are witnessing a rapprochement, but the world's two largest democracies are still a long way from a genuine security partnership. The Indian-Russian relationship is not as intimate as before, and reflects Russia's status as a revitalized regional power. The India-Russia relationship has nevertheless survived, and reflects a common interest in multi-polarity. Maintaining ties with the EU is also important for promoting India's global ambitions.

- Should India become a global power in due time, a key question is *what implications this will have for the future global order, including the western security system*. Whatever the future world order will look like, we are moving towards a more multipolar system. This will comprise not only the US but emerging global powers like China and India, and also revitalized regional powers like Russia. A more multi-polar system would in principle serve India's interests. A system dominated by great powers may however also increase the risk of great power rivalry and inter-state conflict.
- The most decisive relationship for the future global order will be US-China. There is a possibility of a world order based on peaceful competition between the two. This would serve India's interests, by allowing it to emerge as a major power, without being perceived as a threat. We cannot however exclude a more sinister scenario, based on increasing rivalry and latent conflict between the US and China.
- A key challenge in the coming years will be to induce all the emerging powers to become responsible stakeholders in the international community. China and Russia represent particular challenges in this regard, but the only option vis-à-vis both powers is to continue a policy of constructive engagement. For engagement to succeed however, it has to enjoy active support from as many countries as possible.
- Among the emerging powers, India is the *most likely candidate to support an international architecture built on good governance and multilateralism*. This makes India into an important actor by and of itself. It must however be measured against India's historical legacies related to autonomy and third world leadership, which are still strong. In the face of increasing US-China rivalry, we could expect India to take a balancing role, as this would be in line with its traditions, and cold realpolitik.
- Being a global power in today's globalized world is however not just about assuming power and preserving autonomy. It also entails taking an active part in the development of an international system based on good governance and multilateralism. Such a system will be required for solving today's major challenges, be it climate change, financial crisis, human rights, proliferation, regional instability, terrorism or even exerting influence on other emerging powers. On many of these issues India plays an important role. On some others it has some way to go.
- The other side of this argument is that we cannot expect emerging powers to take full ownership for the international system, unless they have a full seat at the table. The present multilateral system is based more on the power relations of the 20<sup>th</sup> century, than those of the 21<sup>st</sup> century. On this point the western countries have some way to go, also in relation to India.

## 1. INTRODUCTION

### 1.1 Purpose, methodology and major findings

The purpose of this study is twofold; first to discuss *India's potential to become a global power within the next 15–20 years*, and second, the *implications of India as a global power for the future global order*, including the western security system.

In dealing with these issues, we first look at internal *driving factors and constraints* in India, including security and defense, economic, political, demographic, cultural and religious factors. We go on to make an analysis of India's *security environment and policy responses*, including both regional challenges and great power relations. On the basis of this we try to answer the question of India's overall potential and ambitions. Provided India will become a global power, we discuss in the second half *the implications of this for the future world order and the western security system*. The study is based on its own assumptions, but in depicting the future world order it builds to some extent on scenarios in an earlier MOD study (2007) on China's growth and increasing global role.

Without preempting the conclusions, one of the major findings is that India is *not yet a global power, but it is one of the top contenders for becoming one*. India's path to global prominence is however not linear. It depends on a large number of internal and external factors. India has taken a prudent approach towards becoming a global power. Should India become a true global power, the implications of this for the future global order are far from clear. The key challenge for the world community in the years ahead will be to integrate all the emerging powers into the international system. Among the emerging powers, India is the most likely candidate to support an international system built on good governance and multilateralism. This fact may however be outweighed by the country's inclination to take a balancing role. Whatever future orientation India will take, one thing seems certain. India is already an important actor for the global order in general, and for the western countries in particular.

### 1.2 Concepts of power and influence

Key terms used in this study are “global power” and “great power”. “Power” is a fundamental concept in political science and international relations. For the purpose of our discussion we will use a definition consisting of basically two components: *capabilities*, and *political will* (which also includes the ability to implement policy).

Capabilities have at least four dimensions, reflecting the spectrum from hard to soft power, including: 1) military, 2) economy/technology, 3) demography, and 4) culture. The four dimensions are unevenly distributed among states, and we should be careful on concluding which is the most important. Military force is the ultimate instrument of state power, but applied in the wrong manner it may actually turn out to be counterproductive. Recent history points to one key observation. Power is, more than

ever, *multidimensional*. The more dimensions a state is able to draw on, the more powerful it will be on today's international scene.

The real challenge today is to *translate power into influence*. This takes an ability to combine capabilities and political will. Political will is the ability to identify strategic objectives, and to have the instruments to put those objectives into practice. Permanent membership of the UN Security Council has traditionally been considered a key criterion for being counted as a great power. It still is, but its significance should not be exaggerated. What really counts is the ability to combine capabilities and political will. In the end this is what determines the hierarchical order of states. Somewhat simplified, the order of states today consists of the following three categories:

- Global powers (or superpowers)
- Great (or regional) powers, but with global potential
- Great (or regional) powers

The United States is currently the only real global power, not only because of its military superiority, but because the country is strong on all four dimensions. China is a global power by economic and demographic standards, but not by military standards. The next category, "great powers, but with a global potential", is of particular interest to our study. It comprises actors whose influence is primarily regional, but with potential to take a future role as a global power. The prime example is China, but we argue, also India. The last category also includes "great powers", but whose potential to exert influence beyond their region will be limited. Examples are Russia and Brazil.

## **2. SECURITY STRATEGY AND DEFENSE – RENEWAL AND PAST LEGACIES**

### **2.1 General**

One key to understanding India's ambitions to become a global power is the country's declaratory policy, in the form of a *national security strategy*. India's current national security strategy is of relatively new date, and it has to be viewed against historical legacies based on multilateralism, autonomy and third world solidarity. To be credible, declaratory policy also has to be underpinned by capabilities. We therefore also need to look at India's *military modernization program*.

### **2.2 India's National Security Strategy – In Search of a Destiny**

In today's world, increased demands are put on India's international involvement, stretching from preventive diplomacy, economic and humanitarian assistance, to counter-insurgency, anti-piracy and peace operations. The country's ability to handle these challenges is linked to its ability to use the whole spectrum of power – including soft and hard power – as part of an *overall strategy*. Historically however, India's approach to national security has been based on broad principles, rather than on a



defined strategy. A key question for India is therefore related to the formulation of an overarching security policy, and also the means to implement that strategy.

Throughout most of the early Cold War period, India's foreign policy was based on non-alignment and leadership of the developing world, combined with emphasis on multilateralism and peaceful co-existence. The 1970s and 80s saw a certain shift in the policy, with the introduction of the Indira Doctrine. This policy was based on a more active role for India in solving regional challenges and conflicts. It also meant that external powers should have no role in the region. In keeping with this doctrine, India on more instances reverted to "hard power", by intervening militarily in the Maldives and Sri Lanka at the request of these states. The experience was mixed, leading to over 1000 casualties and ultimately to the assassination of Rajiv Gandhi (1991).

As a result of these experiences, the policy was reversed again in the 90s. The new "*Look East*" policy meant a more conciliatory approach towards India's neighbors. The aim was to raise the country's profile in Asia, but this time by economic cooperation and confidence-building. The new policy also meant a stronger emphasis on regional security cooperation within the framework of ASEAN, without abrogating India's overall policy of not entering into alliances. The constant shifts in policy could not hide the fact that to India, the end of the Cold War was a blessing in disguise. The emergence of new geopolitical realities after 1990 meant that India became the focus of attention. Hard choices were made with the intent of turning the new realities into India's advantage, but it took time before this developed into something like a strategy.

Not until 1997-98 did an *Indian security strategy* emerge. As a conceptual framework from which decisions of national security are derived, the Indian security strategy is not comparable to the US' National Security Act. The Indian strategy is general in nature and reflects a continuous debate between those who want India to pursue a traditional foreign policy based on soft power, and those emphasizing a tougher approach. The 1998 strategy was accompanied by a national security architecture consisting of a National Security Council (NSC), a Strategic Policy Group (SPG) and a National Security Advisory Board (NSAB). The aim was to facilitate a more strategic-oriented culture and a transparent institutional framework. The political system in India is very much personality oriented, however, and in practice the NSC has had limited leverage.

Compared to the US, India still lacks a coherent national security strategy. As a consequence, security and defense continues to be handled in an ad hoc manner. For India to become a true global power, *resources have to be matched with a clearer sense of strategic direction.*

### **2.3 Non-alignment and multilateralism – traditions and realpolitik**

India's current security strategy has to be viewed against the background of foreign policy traditions which date back to the nation's inception, and which are still strong. Key elements include making active use of multilateral organizations like the UN, non-

alignment and leadership of the developing world (NAM). This policy served several purposes. It resonated well with India's status as a developing country, with limited means to take an active role beyond the sub-continent. There was however also a hard core of *realpolitik* to it. Taking an active role under the umbrella of non-alignment, third-world solidarity and multilateralism, allowed India to play a role on the world stage, at minimal costs.

The end of the Cold did not diminish India's support for the UN, but important adjustments were made. More emphasis is on the *realpolitical and pragmatic* aspects of multilateralism. India currently has over 10 000 personnel in UN-led peace operations, and continues to be a champion of the Group of 77 comprising a large number of the developing countries. These affiliations not only make India into one of the largest troop contributors to the UN. They are also useful instruments in pursuing the country's strategic interest in places like Africa. The priority on becoming a permanent member on the UN Security Council is another expression of the same. India is an ardent supporter of UN-reform, with the aim of making the organization more responsive to post-Cold War realities.

Multilateralism, non-alignment and third-world solidarity have been integral parts of India's foreign policy since 1947. These legacies are still strong, and they continue to make sense. Multilateralism and third world solidarity are important parts of a strategy aimed partially at constraining the US and China. The emphasis on autonomy resonates well with the image of an emerging power. To some extent India's devotion to all these principles should therefore be seen as sincere.

## 2.4 Conventional forces – modernization and limitations

With a defense budget of 27 billion dollars and 1.3 million under arms India has today one the largest defense budgets and also one of the largest military establishments in the world. The defense budget has grown in nominal and real terms. Its share as a percentage of GDP was reduced from 2.8 percent in 2004 to 2.1 percent in 2007, due to the overall growth of the Indian economy which outpaced the growth in the defense sector. The defense budget has nevertheless increased formidably over the past decade, and all indications are that the defense sector will have high priority also in the years to come.

	Active	Reserve
Army	1 100 000	960 000
Air Force	161 000	140 000
Navy	55 000	55 000
	<b>1 316 000</b>	<b>1 155 000</b>

Figures cannot hide the fact that India faces considerable *challenges* in adapting itself to the requirements of a modern military environment. The country's ability to deploy forces outside of the mainland has increased, but the military is still Army-centric, reflecting a continued imbalance in the overall force structure. The operating budget including personnel costs still accounts for 56 percent of the budget. The level of untrained troops is high and there is a shortage of officers, mostly in the lower ranks.

Another challenge is related to defense planning, including lack of accountability and resource planning beyond the current year. The budgeting and planning process has traditionally been input oriented, with less focus on output and effect.

Until the 90s the size, composition and capabilities of the Indian Defense Forces were pretty much as they had been since independence. It was only in the late 90s that the Indian authorities were awakened to the revolution in military affairs, and saw the need for a major transformation of India's armed forces. A key objective of this transformation has been to improve the ability for mobility and power projection. This has required nothing less than a fundamental overhaul and modernization of the defense structure, including structure, strategy, and defense planning.

The precursor to military modernization was the introduction of *military doctrines*, including the Air force doctrine (1997), the draft Nuclear Doctrine (1999), the Army's "Cold Start" Doctrine (2004), and the Maritime Doctrine and Strategy (2004/2007). The new military doctrines meant a radical break with the past, by introducing a better balance between the services, and by putting more emphasis on mobility and offensive. A typical example is the new navy strategy, with an ambition to develop a blue water navy with four major roles, including 1,) nuclear deterrence, 2,) economic and energy security, 3,) forward presence and 4,) naval diplomacy. This sends a clear signal of India's maritime ambitions, built on a blue water navy capable of not only defending the homeland, but of protecting India's wider security interests in the Indian Ocean.

Acquisition of key military hardware has increased one and a half time since 2004, and this has been vital for the modernization process. Capital expenditures now exceed 40 percent of all defense-related spending. Several modernization programs comprising all services are being planned or under implementation. In line with strategic priorities the Navy and Air Force have been pointed out as priority areas. The Navy's share of the budget has risen from 13 (1991) to 18 percent. This includes big tickets items like two aircraft carriers, one of which is built in Russia and the other in India. Combined with yet another carrier, this will constitute the three carrier battle groups deemed as a minimum to fulfill India's ambitions to develop a "blue water navy". Submarines and Unmanned Aerial Vehicles (UAVs) are also underway.

A tender is closed for the purchase of over 120 combat aircrafts. Airborne Early Warning and Control System planes and command and control systems are being acquired from Israel, in addition to indigenous development of space and satellite capabilities. To meet the national target of 3800 tanks, main battle tanks are being purchased from Russia and Ukraine, in addition to artillery and helicopters. India is already one of the largest buyers of military hardware in the world, and defense procurement is estimated to reach 80 billion dollars by 2022.

Taken together, the Indian military is undergoing extensive modernization. This has produced a relatively robust defense posture measured against most regional and internal security challenges. This cannot hide the fact that the defense sector shares

many of the country's general weaknesses (ref chapter 3). The result has been serious delays of defense systems. India has a target to produce minimum 70 percent of its defense material domestically by 2010, but has achieved only 30 percent. As a result, it is critically dependent on arms purchases from Russia, the UK, Israel, the US, France and Germany. Measured against the needs of a true global power, the real litmus test for India's military modernization is the extent to which it will give the country improved *ability for power projection beyond the Indian Ocean*.

## **2.5 The nuclear dimension – great power manifestation and hesitation**

Indian efforts to acquire a nuclear capability started already in the 60s, and the country's first nuclear test in 1974 was accompanied by refusal to sign the NPT and the CTBT. This led to US and western sanctions in the form of bans on all sorts of nuclear assistance. A series of nuclear tests by India in 1998 – only two years after voting against the renewal of the CTBT – ended three decades of ambiguity and changed India's status as a nuclear weapons state from passive to active. India had gone public and given a strong signal that it equated great power status with recognition as a nuclear weapons state. The effects were immediate. In response, Pakistan conducted several underground tests. The international community was awakened to the nuclear arms race in South Asia. The UN Security Council urged both countries to show restraint, and western sanctions against India were tightened.

India's nuclear test in 1998 came at a time when India saw increasing need for economic integration with the outside world, including technology for civil nuclear energy. This eventually led to the civil nuclear cooperation agreement between the US and India in 2006, allowing for transfer of nuclear technology for civil use. In return India had to give increased transparency on its nuclear activities, and also seek to limit indigenous reprocessing capabilities. The US-India nuclear deal is important in several respects. It has removed the sanctions and given India access to nuclear technology needed to fill the country's energy needs. To the US it is of high symbolic importance, confirming the global rapprochement between the world's oldest and largest democracy. The deal is also important by turning one of the most ardent critics of the NPT-regime into a basic supporter of non-proliferation. India has been given tacit entry into the nuclear club and associated itself with the spirit of the NPT, without being a member of it.

We should have few illusions about the deal's limiting effect on India's path to becoming a full-fledged nuclear weapons state. India shows little inclination to support the CTBT, and is well on its way to acquire a strategic nuclear triad comprising land, sea and air based systems. Fighter-bombers remain the primary delivery platform, but India is also close to having nuclear-capable, intermediate-range ballistic missiles. This was demonstrated by test firings in 2008 of AGNI III missiles (range of 3000 km), which are expected to enter service in 2010/2011. Land-based intercontinental ballistic missiles with a range of more than 5,500 km are under development. The Indian Navy is also developing submarine-launched ballistic-missiles, and nuclear-powered attack submarines are entering into service.

In parallel with this India has established an institutional framework in the National Security Advisory Board, with the task of addressing questions of nuclear command and control, and doctrine. A two-layered structure called the Nuclear Command Authority, headed by the Prime Minister, is responsible for civil control of the nuclear related command structure. A draft Nuclear Weapons doctrine was presented in 2003, based on “minimum deterrence” and “No First Use”. India’s understanding of “minimum deterrence” has yet to be clarified, however, and judged by the force structure alone it has elements which are primarily intended for battlefield use.

For many years India had the capability of a nuclear weapons state. Indian authorities officially admitted to possessing such a capability only in 1998, and then forced by external events. The nuclear testing of the late 1990s was central for the country in being taken seriously as an emerging global power, and India is well on its way to becoming a full fledged nuclear weapons state. Overall, however, the history of India becoming a nuclear power seems to be one of *hesitation, rather than consistent strategy* or as deterrence against any one country.

## **2.6 Security and defence – in summary**

India’s military modernization program is a clear expression of increasing potential and ambitions. It has already produced a relatively robust defense measured against any regional or internal security challenge. For an emerging global power, military capabilities must however also be measured against ambitions which go beyond homeland defense. India’s demand for a permanent seat at the UN Security Council is a clear indication of the country’s desire to be ranked among the major powers. Acquiring global status is however not just about a seat at the table. It requires a clear *strategic direction, and military capabilities sufficient for projecting power beyond own region*. Measured against this, India’s military modernization program is indicative of a rather prudent approach towards acquiring global power status.

## **3. OTHER INTERNAL DRIVING FORCES AND CONSTRAINTS**

### **3.1 The Indian Mosaic – stable but under strain**

India is not only the largest democracy in the world with a population of over 1.1 billion; it is also a religiously and culturally *complex society*. Hindus make up the largest confessional group (80.5 percent), but there is a huge Muslim population (150-200 million) and also a Christian minority. English and Hindi are majority languages, but supplemented by a wide variety of minority languages. Ethnically the Indo-Aryans constitute a clear majority (72 percent) but with a sizeable ethnic minority of Dravidians. Religious, linguistic and ethnic dividing lines are combined with a caste system and regional differences which tend to deepen social and geographical cleavages. It has also led to a more fragmented political landscape. The traditional dominance of the Indian National Congress (INC) party has given way to a multi-party

system with intricate coalition politics, which complicate policy-making both at the national and regional level.

In spite of these diversities, India has managed to distil an overarching national identity based on *pluralism and secularism*. The glue of Indian society has been the ability of Indians of separate background to live together in a composite culture, and to be assimilated into something distinctively Indian. Deeply embedded in this culture are the principles of non-violence that have had a huge bearing on Indian society and political culture. This tradition also put its imprint on Indian foreign policy through most of the 20<sup>th</sup> century, based upon the principles of non-alignment, global norm-setting, multilateralism and leadership of the Third World.

India's political system has also been remarkably stable and resilient. One reason is the existence of a functioning parliamentary system and free elections. Another reason is the legacy of British colonial rule in the form of a vast bureaucracy, which ensures continuity. The bureaucracy is however also the embodiment of a system of political patronage and bureaucratic inertia. The growing middle class is raising demands for modernization of the bureaucracy and for better governance. Some progress has been made, but there is still much to be desired.

In recent years India's internal stability has come under increasing attack from sectarianism, religious strife and caste tensions. Separatist movements in Kashmir have been mobilizing support for their cause and are orchestrating terrorist attacks deep inside India. This has fuelled Hindu nationalism, leading to increased attacks against the Muslim and Christian minorities. A Maoist group called the Naxalites is feeding on the extreme poverty in parts of India, and the group has taken its low level insurgency to the heartland of the country. India as a whole is relatively stable, but the authorities spend an increasing amount of time and resources in seeking to prevent these internal challenges from becoming a threat to internal stability.

### **3.2 Demography, resources and the environment**

Demographic projections estimate that India will become the most populous nation in the world by 2030, surpassing China. 250 million young people will be added to the labor pool by 2020. Population growth has been considered to be a comparative advantage, by providing India with a young future work force. If job creation does not keep pace with the population growth, however, demographics could become a threat to internal stability. This danger is all the more real in light of the fact that 200 million Indians live in extreme poverty (under 2 dollars/day).

India is also facing challenges in the field of public services such as health care and schools. Literacy standards and education have improved significantly over the past decades, but with literacy rates at 61 percent India still lags far behind China (90 percent). High growth and a rapidly increasing population is putting increasing strains on scarce resources, including energy, food, clean water and other raw materials. The

combination of environmental degradation, poor health and literacy standards impacts negatively on the quality of the labor force, and thereby also on economic growth.

India's population growth presents both opportunities and challenges. For an emerging power a booming population is an asset. Since the 1990s, millions of Indians have been brought out of extreme poverty and into a new and growing middle class. This cannot hide that fact that many of the country's current problems stem from so-called growing pains attributed to a huge population increase. The country's public structures have to a large extent been unable to meet the expectations from a rapidly rising population.

### **3.3 Economic development**

Following a policy of withdrawal from the global economy for close to five decades, a severe foreign exchange crisis in the early 90s prompted the Indian government to embark on a series of economic reforms. This dramatically shifted India's economic policies and direction from socialism and economic nationalism, towards an export driven market economy and high growth rates.

Key goals of the 1991 reforms were economic stabilization and structural adjustment of the country's financial institutions. This meant disassembling a burdensome licensing system, liberalizing the foreign investment regime, reducing tariffs and other trade barriers, modernizing the financial sector and foreign exchange regime, and making significant adjustments in government monetary and fiscal policies. Direct foreign investment in India, which had traditionally been low, tripled to \$16 billion in 2006. As a result, India managed within a few years after 1991 to achieve high economic growth, and has managed to sustain annual growth rates of roughly 6-8 percent.

One of the most dynamic contributors to the country's economic growth has been the information technology sector, employing 1.2 million workers and with spin-off effect to other sectors like bio-pharmacy, healthcare and finance. It's most important effect is psychological, by creating aspirations and self-confidence in the rising middle class. This new class is very important, as the primary factor in India's economic and political development. It has created a class of domestic consumers with a growing purchasing power, but also a self-conscious group with increasing demands for public services.

In spite of huge leaps forward, India's economy has serious deficiencies which have to be overcome in order to ensure sustainable economic growth. A high level of public debt limits the ability of the authorities to produce public services. Agriculture continues to employ 60 percent of the labor force, but contributes only 18 percent of GDP. Industrial diversification is hampered by the lack of advanced technical and managerial skills. It is further constrained by India's lack of indigenous strategic raw materials, which has to be found outside the country's own borders.

India produces more food than is needed for internal consumption, but is nevertheless a net importer of food. This is due to lack of access to local markets, and a huge waste of food. The main reason is a weak logistical system, caused by inadequate funding for critical infrastructure like sea and airports, railways, roads, power grids and telecommunications. This has led to severe bottlenecks that inhibit both growth and efficiency. Investments needed for critical infrastructure in the next five to seven years range from \$320 - 500 billion. Some major projects are underway, including the National Highway Development Project which will be a 6 000 km high-density corridor connecting major cities like Delhi, Mumbai, Chennai and Kolkhata.

### **3.4 Internal factors – a mixed balance sheet**

India is a country of extreme contrasts. Traditions and modernity function side by side. Among the country's greatest internal assets is a democratic form of government, pluralistic, secular and non-violent traditions, and consistent economic growth. India's economic growth has been slower than China's, but it may in the long term prove to be more resilient. The growing middle class strides with self-confidence on behalf of an emerging self-conscious power. India's booming population should also first and foremost be considered as an asset.

India however also suffers from serious internal challenges. Inequality and poverty characterize the lives of millions. Rapid economic growth has led to widening social gaps and social unrest. Ethnic and religious cleavages have resulted in a surge of sectarian violence. India also suffers from structural weaknesses which constrain economic growth and stability, including bureaucratic inertia, and lack of infrastructure and basic public services. Demography can be a threat to stability if job creation does not keep pace with the population growth.

A key driver behind India's new role on the world stage is the need for strategic raw materials required for maintaining continued economic growth. Economic growth is in turn a prerequisite for handling the myriads of internal challenges, and maintaining internal stability. India as a whole is relatively stable, but taken together the internal challenges pose a formidable challenge. *For India – at least in the short and medium term – the handling of these internal challenges seems to have priority over acquiring global power status.*

## **4. INDIA'S REGIONAL SECURITY CHALLENGES AND GREAT POWER RELATIONS**

### **4.1 General**

Internal factors are important. But even more important for India's global ambitions is the security environment. India has traditionally been considered as a regional power, with focus on South Asia and the Indian Ocean. This still holds true. However today we also see a *clear expansion of the country's sphere of interests*, to include Central-Asia, the



Gulf region and parts of the African littoral. *Great power relations* have become more important, notably relations with China and the US, and to a lesser extent also Russia and the EU. We also see new ambitions on the part of India to *maximize the country's global influence*, both politically, economically and culturally.

#### **4.2 The regional security dynamics in Asia – and great powers relations**

Asia is one of the potentially most unstable continents on earth. There are several reasons for this. Historical rivalries and a lack of common threat perception have resulted in a strong sense of mutual suspicion among many of the states on the continent. Inter-state rivalry is aggravated by a host of internal problems including poor governance, ethnic and religious cleavages and organized crime.

The potential for instability in Asia is aggravated by the absence of effective regional security institutions. Such institutions do exist, such as the Association of Southeast Asian Nations (ASEAN), The Regional Forum (ARF) and Shanghai Cooperation Organization (SCO). However, they tend to be weak, and most of them have charters that limit the degree to which security can be discussed. In Asia, multilateral cooperation is first and foremost a question of promoting national interests. South Asia is no exception to this overall picture. Attempts to introduce regional confidence building measures have largely failed, and also India's security cooperation with other nations in the region has been mostly bilateral in nature.

Since the 90s there have been some signs of change. Asia has got the full brunt of globalization threats including financial crises, epidemics, proliferation and terrorism. This has forced Asian leaders to recognize that we live in an interdependent world. The process was given new impetus with 9/11, when the US took steps to the formation of regional groupings of states with common interests. India was seen as an important partner, and New Delhi responded by providing the US with overflight, port and base rights. India had to start rethinking its existing security arrangements.

#### **4.3 Pakistan**

India's primary security challenges are still regional, and understandably so. India and Pakistan have been adversaries since partition of the sub-continent in the late 40s. During their short history, the two countries have fought three large wars and one minor. Tensions resurfaced in 2002, resulting in a military stand-off. The epicenter of the antagonism is the territorial dispute over the Jammu and Kashmir region. The conflict is real and present. Nearly 40 000 people have lost their lives, and India still has 3-400 000 troops stationed in the region. The conflict is intimately related to militant Islam and Hindu nationalism, which represent an increasing threat to the internal stability of both countries, and bilateral relations.

The Indian-Pakistani relationship has to be understood in terms of its *asymmetric nature*. Even if both countries have large numbers of troops stationed along their

common border, India is far superior in terms of population, economy and military power. India's security outlook is therefore also very different from Pakistan's. India's self-image is primarily that of a global, rather than regional, power. China – and not Pakistan – is the primary factor in India's overall security policy. If India is to take a role beyond South Asia, however, it has to enjoy peaceful relations with its neighbors, particularly Pakistan.



Pakistan's ambitions are limited to the region. Pakistan's main preoccupation is on sustaining a sufficient military capacity towards India, and countering Indian encirclement. This has resulted in extensive modernization of the Pakistani military. It is also the main reason for Pakistan's increasing ties to China. Beijing is about to replace Washington as Pakistan's most important supplier of military hardware.

India's underground nuclear tests in 1998 were quickly followed by similar tests by Pakistan. India and Pakistan are today both actively pursuing nuclear weapons and missile programs, and both have refused to sign the CTBT. Nuclear

weapons have become part of the security landscape in South Asia. This is worrying, but we should not be alarmist. Its true significance lies in the fact that a nuclear dimension has been added to a regional conventional rivalry. It is of course also worrying from a general non-proliferation point of view.

India and Pakistan seem to agree on the objective of a normalized relationship, but they disagree deeply on how to get there. Pakistan prefers to deal with the Kashmir issue first, while India wants to put priority on less sensitive issues and is skeptical of 3<sup>rd</sup> party involvement. The relationship is further complicated by internal instability in Pakistan, and suspected complicity of Pakistan in terrorist acts on Indian soil. Islamabad is skeptical of India's long-term objectives towards Pakistan. Mutual suspicion runs deep, and demilitarization of the common border seems unlikely any time soon. Indian authorities have to devote lots of resources to keep control in their own backyard. *The Kashmir issue is not only a potential threat to regional stability. It will also – until resolved – limit India's ability to assume a more active global role.*

#### 4.4 The Persian Gulf – within the expanded area of interest

India currently meets 70 percent of its energy demands through crude oil imports, and the dependence on oil is expected to rise in step with a growing economy. Over 70

percent of the crude oil is imported from the Middle East, with Saudi Arabia as the biggest supplier. Most of the oil is transported through the Strait of Hormuz. Protection of the sea lines of communication through the Arabian Sea and into the Persian Gulf has become a matter of vital importance to India's economy and national security.

The security situation in the Gulf region is more than ever dominated by the US, illustrated by the large American military presence. This is not necessarily a challenge to India. US-Indian relations have improved considerably, and the two countries have a common interest in protecting the sea lines of communication. Ideally this could form the basis for cooperative security arrangement and increased burden-sharing in the Gulf region. The current anti-piracy operations in the Gulf of Aden involving both the US and India is an interesting first step in this regard.

Driven by energy security India has come to realize the importance of establishing good relations also with other littoral Gulf States, including *Iran*. Relations between India and Iran have traditionally been good, and India's energy needs and Iran's natural gas reserves led in 2005 to the establishment of strategic cooperation comprising energy, trade and economic issues. This cooperation includes the planned construction of gas pipelines from Iran through Pakistan, which has triggered negative US reactions.

India is still essentially a regional power, but it seems clear that the *Gulf region has become part of that power's extended area of interest*. This reflects both energy security needs, and the increasing radius of an emerging power. India's engagement in the Gulf is however not necessarily indicative of a comprehensive strategy. India has focused on very different type of countries, from the US and Israel, to Muslim countries that are vital for India's energy security. In trying to please all, India is walking a tightrope

#### **4.5 Central Asia – the leap across the Hindu Kush**

Another sign of India's growing regional role is its engagements in Central Asia. The establishment of independent states in Central Asia in the early 90s also meant the return of many of the region's traditional problems, including weak authoritarian regimes, ethnic and religious strife, power vacuum and competition between major outside powers for influence. The importance of Central Asia today stems from several factors. The most important is geopolitical and related to energy, but the region is increasingly important also as a source of Islamic fundamentalism spilling over into neighboring regions, including South Asia.

Among the outside powers engaged in Central Asia, China and Russia are the most active, and with the SCO as an important instrument. Their strategic interests in the region are fairly similar, i.e. to prevent religious instability from spilling over to their own territory, to secure the region's strategic raw materials, and also to limit the role of other major powers like the US (but in effect also each other). The US interest in the region is first of all a function of the US/NATO-led military presence in Afghanistan.

India is also raising its profile in Central-Asia. This is done both by establishing bilateral trade and military partnerships, and through observer status in the SCO. India's engagement is also driven by the need to prevent the spreading of religious fundamentalism, and a bid for energy resources. A major problem in this regard is the absence of transport routes to India, and New Delhi is supporting a giant regional transport project involving the establishment of a sea port in Chahbahar in Iran. India's access to bases in Tajikistan is driven by the same need for regional influence.

India's increasing involvement in Central-Asia must also be seen in connection with its involvement in Afghanistan. India's engagement in Afghanistan since 2001 has been of a non-military nature. Afghanistan has nevertheless become an important part of India's security calculus for the whole South and Central Asian region, with the overall aim of preventing the spreading of Islamic fundamentalism, and also as an expression of regional competition with Pakistan.

Central-Asia has been reaffirmed as a region of great geopolitical importance, not only because of the energy resources, but because of its proximity to Afghanistan and its potential as a source of regional instability. All indications are that it will be an area of increasing great power rivalry. India is no exception and has made the leap over the Hindu Kush, with the intent of being *one of the contenders for influence in the region*.

#### **4.6 Africa – another sign of India's global ambitions**

India's focus after the Cold War has been primarily on North America and Europe. This changed during the 90s, when *Africa's energy and mineral resources* became important for satisfying the needs of a booming Indian economy. India's activities on the African continent has concentrated on countries which are rich in strategic resources, notably South Africa, Egypt, Libya, Nigeria, Sudan and Gabon. Increased Indian naval presence in the Indian Ocean and participation in anti-piracy operations has spurred security cooperation with countries along the East African ocean rim, including the Seychelles, South Africa, Madagascar, Mauritius, Mozambique and Somalia.

India has taken a rather sophisticated approach in Africa, with emphasis on capacity-building, technology transfer and peace operations. By so doing, India has managed to build on the goodwill it acquired during its third world leadership. Africa is also about to become an arena for Indian-Chinese rivalry. China operates in many of the same countries, and Chinese investments and projects in Africa actually far exceed those of India. India was awakened to Chinese influence in 2006 when Beijing hosted the China-Africa Cooperation Forum with over 40 African heads of state. In response, India two years later organized an India-Africa Forum Summit.

India's engagement in Africa is one more *indication of the country's increasing geopolitical interests*, driven by both access to raw materials, and as a manifestation of great power ambitions. Securing lines of communication to Africa has in turn become a motive for maintaining a robust military presence throughout the Indian Ocean.

#### **4.7 The Indian Ocean – Mare nostrum or sea of cooperation?**

With the Himalayas as a natural barrier to the north, the Indian Ocean is India's gateway to the rest of the world. The Indian Ocean rim also encompasses much of what has become India's immediate area of interest, stretching from the Gulf of Aden in the west to the Malacca straits in the east, and from Antarctica in the south to Central Asia in the north. This has led to increased Indian military presence in the region, in order to protect lines of communication and as an expression of great power prestige. India is assisting Iran in upgrading the deep-sea port of Chahbahar, which is close to the Strait of Hormuz and which could provide future access to Central Asia and Eastern Europe via a planned highway and railway system.

The ability to project power throughout the huge Indian Ocean region depends first and foremost on naval capabilities. This has sparked an Indian naval build-up, with the intention of acquiring a "blue water navy" built around carriers. A "blue water navy" depends on forward support sites for logistical and intelligence support. India has already established a number of strategic support sites throughout the Indian Ocean, including on the Lakshadweep islands to the west of the mainland, the Andaman and Nicobar Islands to the east of the mainland, and monitoring stations in Madagascar. India has also signaled an interest to lease the Agalega Islands from Mauritius.

India is however not alone in the Indian Ocean. China is also active in building up a "blue water navy", and is demonstrating increasing ability to operate in the Indian Ocean and beyond. China is also investing in forward bases and infrastructure in the region, including listening posts in Coco Island and Mawlamyaing in Myanmar, the Hambantota port project in Sri Lanka, Chittagong in Bangladesh and Gwadar in Pakistan. The Gwadar deep-sea port in Pakistan can be seen as a rival to Chabahar in Iran, which is heavily financed by India.

Looking ahead, India and China are both redefining their strategic space, and adopting a more assertive military strategy. Increased Chinese presence in the Indian Ocean is challenging India's traditional regional dominance. If both powers acquire full-fledged blue water navies, these will be powerful instruments of power projection and naval nationalism. The potential for rivalry is increased by the triangular nature of Asian politics. In a situation where China is emerging as the dominant continental power, the US is seeking to strengthen relations with a number of countries on the Asian-Pacific rim, including India. India will however most likely continue to take a balancing role. There are also indications that India does not consider the Indian Ocean as its exclusive sphere of influence, but a huge ocean where New Delhi has to tolerate and cooperate with other powers and littoral states.

#### **4.8 India-China – rivalry and interdependence**

Even if India is still primarily a regional power, it increasingly defines itself in relation to other major powers like the US and China, and to a lesser degree also Russia and the EU. For most of the 20<sup>th</sup> century India's relations with the rest of Asia were limited. This

is changing, as a result of India's rising ambitions, and increased trade within Asia. The new economic dynamic is gradually translated into new political realities. Japan is being replaced by China as the dominant Asian power, around which most of the smaller nations are revolving. China and India are becoming the dominant continental powers, and their relationship is increasingly important for overall stability in Asia. Of all the other major powers, China has become the most important also to India.

Relations between India and China during most of the post-war period were coloured by the 1962 war in the Himalaya's. It was only with the visit of former Prime Minister Rajiv Gandhi to China in 1988 that we saw a gradual warming of relations. The following rapprochement took place in parallel with formidable economic transformation in both countries. Trade is an important element in today's Indian-Chinese relationship, and this has created a strong sense of interdependence. Trade can however also be source of friction. China's gross domestic product per capita is double that of India. China is India's second largest trading partner, but India represents only 1 per cent of China's global trade. India runs a growing trade deficit with China, and Indians are worried that Chinese goods will undermine domestic manufacturing. The quest for raw materials is a key driver behind both states' global ambitions, and hence a source of global rivalry.

India and China also have a number of potential territorial disputes. The 4 500 km frontier between India and China in the Himalayas remains largely undefined. Talks on territorial settlements have gone on for a quarter of a century. The gridlock was partly broken in 2003 by China's implicit recognition of Sikkim as part of India, in turn for Indian recognition of Tibet as part of China. Recent attempts to resolve the outstanding issues have been without much progress, however.

Beijing continues to harbor skepticism about India's role in Tibet, and India has concerns about Chinese influence south of the Himalayas. Indian concerns are confirmed by China's access to ports and airfields and the establishment of diplomatic relationships, throughout South Asia. This gives China the ability to deploy military forces from the South China Sea through the Straits of Malacca, across the India Ocean, and on to the Persian Gulf. Tibet is the origin of Asia's largest rivers that flow towards the Indian subcontinent. With these water resources under its control, China is able to construct large hydro-power plants and redirect water resources for irrigation purposes. India's reliance on the same water resources makes this into an issue of strategic importance.



For all these reasons, *China has become the most important factor* in India's security policy. To New Delhi this makes countries like the USA, Vietnam and Indonesia all the more important. China is concerned that India is being co-opted by the US, and this has increased Pakistan's significance as a strategic partner for Beijing. *Triangular relationships* have become a key element in the security dynamic of South Asia. This was illustrated by the US-India agreement on civil nuclear cooperation, which immediately led to a new agreement between China and Pakistan. It is also seen in the case of Myanmar. Myanmar is of particular significance to China, given China's present dependency on the vulnerable Malacca straits for access to the westward sea lines of communication. Beijing has been engaged in an active policy of economic assistance, including planned construction of transit routes across Myanmar territory and ports on the Bay of Bengal. This has raised fears that China will establish naval bases in the Bay of Bengal, traditionally dominated by India.

India and China both have an interest in avoiding rivalry and conflict. The two powers have seen a normalization of relations, and there is mutual recognition of their *growing interdependence* and the need to resolve diverging interests by non-military means. China's main expansion has been towards Central Asia and the South-China Sea, whereas India's strategic window is towards the Indian and Arabian Seas. The direct line of contact – the Himalayas – forms a natural barrier and does not lend itself to large scale military confrontation. This cannot hide the fact that Asia is one of the *potentially most unstable* regions of the world. India and China are natural rivals for regional hegemony, and both are emerging powers with global ambitions.

#### **4.9 India-US – transformed but far from alliance**

During the Cold War the India-US relationship was characterized by distance. India looked towards the Soviet Union, and Pakistan became a de facto ally of the US. The relationship reached an all-time low with the third Indian-Pakistani War in 1971, when the US deployed warships to the Bay of Bengal. It was only with the end of the Cold War and the gradual development of economic ties, that we saw a gradual warming of relations. The major change came after 9/11 when India offered support for the US-led war on terrorism. This laid the basis for a transformation of the relationship, leading to cooperation in a broad range of sectors including trade, high-technology, nuclear energy, space and defense.

The current Indian-US relationship rests on several pillars. One common interest – which should not be overlooked – is the convergence of fundamental values such as democracy, rule of law and human rights. The real driving force behind the rapprochement is however realpolitik. The clearest expression of this was the bilateral agreement in 2006 on transfer of nuclear technology. The deal should be seen as US recognition of India's new geopolitical significance. To India, the US can play a useful role in balancing China. The strategic interests of the two countries are increasingly congruent, including the fight against terrorism, proliferation, Afghanistan/Pakistan and freedom of navigation.



The new relationship can be seen also in the form of intensified defense cooperation. The gradual build-up by India of a blue water navy has made it possible to start joint military exercises in the Indian Ocean. US arms sales and technology transfers to India have increased, bringing mutual advantages. It gives the US access to a huge defense market, and underpins a growing partnership. For India a key motive is to diversify defense procurements and gain access to state of the art technology.

It is at the same time important to note that current US-India defense cooperation is limited to practical cooperation. The broader *security implications* are as yet unclear. We are still a long way from a genuine security partnership. The two countries have a common interest in stemming China, but India is sensitive to being used by the US as a buffer. There are also diverging views on Pakistan. The new US administration's attention to CTBT is not welcomed. India's growing energy ties with Iran, Sudan, Venezuela and Myanmar have caused misgivings in Washington.

Bridging the chasm of the Cold War has not been unproblematic. The US-India nuclear deal took years to negotiate, much due to Indian hesitation. This reflects an important underlying fact. India is not looking for an alliance with the US, but a *limited partnership*. Having said this, both countries recognize the importance of the new partnership. For India it gives leverage against China, and confirmation as a major power. For the US it is important in moving India – as one of the emerging powers – to make the right strategic choices.

#### **4.10 India–Russia – a less intimate but redefined relationship**

During the Cold War, India and Russia enjoyed close relations, based largely on a common interest in countering the U.S. It was very much a client-relationship, with Russia as India's diplomatic supporter, major trading partner and supplier of military hardware. The break-up of the Soviet Union in 1991 had implications also for relations with India. The immediate effect was a drastic reduction in bilateral trade and dilution of diplomatic relations. The relationship lost much of its intimate character, but it never ceased to exist. Based on the broad Cold War cooperation the relationship was revitalized at the end of the 90s. This ultimately led to the establishment in 2002 of a strategic partnership supported by economic and defense cooperation agreements.

It is important to note that today's India-Russia relationship is not a direct continuation of the Cold War relationship. It is not as intimate, and it has moved from a client to more of an equal partnership. It is however still underpinned by certain common interests. Both have an interest in working for a more multipolar world. Russia is one of India's staunchest supporters for a seat in the UN Security Council. Russia continues to play an important role in India's defense procurement, even if New Delhi puts increased importance on diversification. Russia could also take a role in India's energy strategy, as a result of Indian investments in oil and gas projects on Sakhalin. In Central Asia they have a common interest in preventing radical Islam from spilling over.



The Indian-Russian relationship has not only survived, but it has been redefined to serve common interests. It is not a question of forming an alliance, but of establishing a practical partnership. It reflects the interests of two emerging powers. A key question is of course Russia's ability to actually deliver. This concern is however not sufficient grounds for India to replace Russia with the US. The Indian-Russian partnership is resilient exactly because it *is limited in nature, and it serves certain common interests*.

#### **4.11 India – EU**

India and the EU established diplomatic relations in 1963, with trade as the key component. Since then economic cooperation has expanded, to the point where the EU has become India's largest trading partner and one of the largest sources of foreign investment. India enjoys good relations with all EU-members, and relations have broadened from trade to long-term economic development, political areas and culture. This led in 2004 to the establishment of a formal Strategic Partnership, encompassing a broad action plan covering economic as well as foreign and security policy.

The EU-Indian relationship rests on several pillars. It is similar to the US-Indian relationship in that they all share fundamental values related to democracy, the rule of law and human rights. In addition, the EU and India have common interests in their strong support for multilateralism. Both are proponents of a multipolar world order, and the increasing role of the EU is welcomed by India exactly because it is seen a step in this direction. The EU draws on a wide range of instruments, including both soft and hard power. This has also resonated well with India's views, and laid the basis for a cooperative security relationship including a wide range of areas, such as counter-terrorism, energy, environment, non-proliferation and UN reform.

Maintaining close ties with the EU is an important element in promoting India's ambitions as an emerging global power. Establishing closer relations is however not free of challenges. There is disagreement on issues like subsidies, the EU's lukewarm support for India's bid for a seat on the UN Security Council, Kashmir, and EU unease over the US-Indian nuclear deal. Perhaps most serious is the fact that India and Europe live in different worlds when it comes to their perceptions of key security challenges. The EU's strong emphasis on supra-nationalism is a long way from Asian realities. The result is a *dialogue which still does not address the real security challenges* in Asia.

#### **4.12 In summary – a regional power with global ambitions**

India's main security concerns are still regional. Until those concerns are resolved – which will probably not happen any time soon – the country's ability to take a more active global role will be limited. At the same time we are witnessing an expansion of India's area of interest. Driven by great power instincts and the quest for strategic raw materials, India is engaged in an area stretching from East Africa in the west to the Malacca straits in the east, and from Antarctica in the south to Central Asia in the north. Great power relations are also becoming more important, even if India prefers to

maintain a balancing role. Taken together, India will in the *short and medium term remain a regional power, but it has the potential – and probably also the ambition – to become a global power.*

## 5. INDIA AS PART OF THE FUTURE WORLD ORDER

### 5.1 General

Should India be able to release its potential and become a global power, a key question is *what implications this will have for the future global order, including the western security system.* This depends both on what that future order will look like, and India's orientation within that order. Predictions about the world order 15-20 years from now is of course wrought with uncertainty. Certain projections are nevertheless possible:

### 5.2 Key assumptions about the future world order

During the last decade of the 20<sup>th</sup> century the global centre of gravity was the western hemisphere, led by the US. At the beginning of the 21<sup>st</sup> century there is a need for revising this picture. We are in the midst of *major geopolitical changes.* The most important factor is the growth and increasing global influence of China, and India. It is reinforced by Europe's increased role through the EU, the revitalization of regional powers like Russia, and also the emergence of wholly new powers like Brazil.

As a consequence of all this, the notion of a unipolar world under US lead is no longer valid. We are moving towards a more multipolar system. This future system will most likely be dominated by *4-5 great powers*, including in the first instance the US and China, and to a lesser extent also India, Russia and the EU. A multipolar world order should by definition serve India's interests, provided of course that it succeeds in securing itself a place among the major powers.

We seem safe to assume that the *US-China relationship* will be the most decisive for this future global order. The degree of cooperation – versus rivalry – between these two, will to a large degree also determine if the overall system will be characterized by cooperation, or great power rivalry and latent conflict. A world order dominated by great powers may undoubtedly increase the risk of *great power rivalry and realpolitik.* We already see signs of this, which also means that multilateralism may come under increasing pressure.

It seems meaningful to list *three illustrative scenarios* for the full spectrum of possible scenarios for the future world order. First, we should not rule out the possibility of a multipolar system based on *peaceful competition* and cooperation between the US and China. We cannot however exclude a more sinister scenario, based on increased *rivalry and latent conflict* between China and the US. A third albeit less likely scenario is a strategic *partnership between China and Russia.*

### 5.3 A multipolar world of peaceful competition

A best-case scenario would no doubt be a *multipolar world order based on peaceful competition and cooperation*. The basis for such a system would be the large degree of economic interdependence between the US and China, and the absence of an expansionist Chinese foreign policy. The consequences for the world at large would be positive. The two leading powers would have a common interest in maintaining global stability, and in solving diverging interests through a common set of rules.

Such a world order would also serve India's interests. It would allow India – with its emphasis on non-military means – to emerge as a global power, but without being perceived as a threat. The absence of great power confrontation should also allow for multilateralism to play a certain role, and this would resonate well with India's foreign policy traditions. The scene could be set for India to become a global power and a full-fledged "stakeholder" in the international system.

A world order dominated by the US and China is however not without challenges. It will inevitably overshadow other major actors like India, Russia and the EU. These actors will work hard to make their voices heard, with the aim of reducing the influence of the US and China. In Asia there is room for continued rivalry between India and China. This would be particularly so if China's increasing engagement in the region was seen as a threat to India's vital interests, particularly in South Asia and the Indian Ocean.

### 5.4 A world of increasing US–Sino rivalry

At the other extreme, we cannot exclude a global system based on a new form of unipolarity under Chinese leadership. This could produce a long transition period of increasing mutual suspicion, confrontation and latent conflict between the US and China. We will likely see a reorientation of US policy, where the current engagement-policy is abandoned in favor of some form of containment. The potential for conflict will increase by different forms of government, lack of openness in China and the absence of regional security arrangements in Asia.

The consequences for the world in general would be negative indeed. Even if both of the world's two leading powers will be keen to avoid open conflict, the military dimension will figure prominently. Faced with a monolithic continental challenge the US will likely put increased focus on maintaining influence and control in the Asian littoral. This will likely include efforts to bolster defense cooperation with traditional allies like Japan, Taiwan and South Korea, and also potential allies like India.

India shares many of the US' long-term concerns over China. We should however not deduce from this that India would support the US in the future. As an emerging power, India will want to define a policy of its own. China and India have shown military restraint in their mutual relations. India will therefore most likely maintain a balancing role, even in the face of increasing US-Chinese rivalry.

## 5.5 A Russian – Chinese partnership

Even if not very likely, we should not rule out a scenario based on a *strategic partnership between China and Russia*. The establishment of such a partnership will need as its basis some common interests, related in the first instance to the fight against a unipolar world and non-interference in internal affairs. The implications of a strategic alliance between China and Russia would be considerable. Economically they would complement each other by Chinese know-how and Russian resources. Politically they would set the agenda on key issues, inter alia through their permanent seats in the Security Council. Even if not underpinned by an expansionist foreign policy, such an alliance would cast its shadow over most of the Euro-Asian continent.

A Russian-Chinese partnership would not serve India's interests. China would be confirmed as India's main strategic rival. Beyond this, the influence on Indian policy would depend on the degree of animosity in the US-China/Russia relationship. The historic relationship between India and Russia seems to indicate that a Russian-Chinese bloc would have to be perceived as outright threatening, before New Delhi defined Moscow as a strategic opponent.

## 5.6 Implications for the western security system

Provided India becomes a global power, the question of its likely orientation within the future world order is of considerable interest. The implications of this for organizations like NATO and the EU are unclear, but they may be significant. India was until recently of limited interest to most western countries. In relation to the key security challenges facing the western countries in the 20<sup>th</sup> century – containing communism and managing regional instability in Europe's immediate periphery – India was seen as distant and irrelevant.

This has changed, for a number of reasons. First, NATO's area of operations now reaches to the doorstep of India. Second, many of today's security challenges are global in nature. They cannot be solved by the western countries alone. All the major powers have to participate. Third, we are today confronted with a number of emerging powers all demanding a seat at the table. This should first and foremost be seen as an opportunity. But it also means new challenges. These challenges are underscored by the fact that most of them are authoritarian powers. India is the major exception. That makes India important. Among the emerging powers, India is the *most likely candidate to support an international architecture built on good governance and multilateralism*. India and the NATO/EU-countries would both seem to benefit from increased dialogue on a number of key security issues, including Afghanistan, piracy and terrorism.

It would however be naïve to conclude that India will be counted among the western countries in the future. India continues to be consumed by regional security concerns, and historical legacies related to autonomy linger strong. On issues like non-proliferation there are diverging views. The other side of this equation is that we cannot expect emerging powers like India to take full responsibility for the international order,

unless they have a full say in that same order. Today's institutional framework is based more on the realities of the post-WW II period, than on the realities of the 21<sup>st</sup> century. The gradual move from G-8 to G-20 is an expression of a new trend, but on this point the major western countries also have some way to go.

## 5.7 India – Norway

As a reflection of India's economic growth and increasing global role, the bilateral relationship between India and Norway is experiencing a dynamic never seen before. We are moving from a limited to a broad bilateral relationship covering multiple sectors, including trade, environment, research, education and most recently also defense. Since 2003 trade has skyrocketed, reaching \$ 1 billion in 2007. The primary reason for this is increased Indian demands for Norwegian export products like oil rigs and machinery. Another opportunity for Norwegian companies is related to exploration of oil and natural gas in the Indian exclusive economic zone. In the autumn of 2009 a Norwegian strategic plan for India was presented, with the aim of strengthening cooperation in most of the above sectors, and also defense.

In taking the Norwegian-Indian relationship forward, we should not forget that this is an *uneven relationship*. A regional power of 1.3 billion people with a declared support for multilateralism but with increasing global ambitions, compared to a small European country dedicated to free trade, multilateralism and Trans Atlantic security. Norway's policy towards India should first and foremost be based on our national interests. However the asymmetry dictates a degree of realism on our part. Our starting point should be that Norway's ability to influence major powers like India may be limited, but it is not non-existent.

- In the wake of State Secretary of Defense Eide's visit to India in 2008, bilateral cooperation between India and Norway has been expanded to include dialogue and cooperation on *security and defense*. There are good reasons for this. Norway's basic security needs will rest with NATO. However we can no longer confine our security dialogue to the North Atlantic circle. We have to increase our contacts with the emerging new powers, in order to stay abreast of – and influence – their thinking. In a globalized world this must include security issues in the broadest sense of the word. *Bilateral consultations on security policy* should become a regular feature.
- One key issue on the global agenda is the role of *multilateralism*, which is vital to solving many of today's global challenges. Here India has a role to play. We should ask no less than full Indian participation in all multilateral forums which are vital for the solution of all today's major global challenges, be they economic, environmental, political or security related.
- Support for multilateralism has found its expression also in the defense sector, as seen by both countries' strong support of the *UN's role in crisis management*

- *Afghanistan* is another common concern. While India is primarily focusing on civil reconstruction, Norway's engagement in Afghanistan has both a civilian and a military component. However, both countries have a strong common interest in a stable Afghanistan. This common interest is strengthened by recognition that the security challenges of Afghanistan and Pakistan are deeply intertwined (AFPAK). India has a deeper understanding of the whole Afghanistan/Pakistan region than most ISAF-nations. We should draw on this, both bilaterally and through ISAF.
- As sea-faring nations with strong maritime interests and export-oriented economies, India and Norway have strong national interests related to *maritime security and freedom of navigation*. These interests are today challenged by the reemergence of piracy, particularly in and around the Gulf of Aden and the eastern coast of Africa. India and Norway have a common interest in countering this new threat to international commerce. Both countries participate in the international anti-piracy operations in the region, Norway by means of a frigate to the EU Atalanta operation. Norway has a clear interest in active Indian participation in international anti-piracy operations, and more generally in Indian forward presence in the Indian Ocean.
- Based on our common interest in maritime security, time would also seem ripe for deepening *operational cooperation between the Norwegian and the Indian Navy*, including by port visits and also possible coast guard/policing cooperation. *Seminars on maritime transport*, sea lines of communication and energy security could also be considered.
- Within *education and research*, extended cooperation between the Indian National Defence College and the Norwegian Defence University College, as well as increased cooperation between defence research institutes, should be considered.
- Norway has little or no *export of defense materiel* to India due to a strict licensing regime, although so-called B-material can be exported on a case-by-case basis.

## 6. CONCLUDING REMARKS

India is *not yet a global power, but it is one of the top contenders for becoming one*. India's has the potential – and probably also the ambition – to become a global power. India's path to global power status is however not linear. It is constrained by a number of internal and external limiting factors.

Internally the country has a number of economic and social challenges. These challenges force the authorities to direct their main attention inward. The Indian military is undergoing extensive modernization, but it also suffers from some of the country's structural weaknesses. For India to become a global military power, resources have to be matched with a clearer sense of strategic direction and improved ability for power projection. India's main security concerns continue to be regional, and unresolved territorial issues and rivalry limit the country's ability to take a more active global role.

In spite of these limitations, we are witnessing a clear expansion of India's area of interest. Driven by great power instincts and the quest for strategic raw materials, India's immediate area of interest now extends well beyond the sub-continent. India also seeks to maximize its influence globally, both politically, economically and culturally. As a reflection of this, relations with other major powers are becoming more important, notably China and the US, but to a lesser extent also Russia and the EU. India seems however keen to avoid alliances, and maintain a balancing role.

Should India become a global power in due time, the implications for the future international order and the western security system are far from clear, but they could be far-reaching. One thing seems certain. We are moving towards a more multipolar system, comprising not only the US but also emerging global powers like China and India, and to a lesser extent regional powers like Russia and Brazil.

In a more multi-polar world, one of the key challenges will be to induce all the emerging powers to assume the role of responsible stakeholder in the international system. Among all the emerging powers, India is the most likely candidate to support an international system built on good governance and multilateralism. This fact alone makes India important. However it has to be weighed against historical traditions and cold realpolitik, which may just as well lead India to continue to take a balancing role.

Being a global power in today's globalized world is however not just about assuming power and preserving autonomy. It also entails taking responsibility for an international system based on good governance, multilateralism and human rights. Such a system will be required for solving today's major challenges, be it, climate change, financial crisis, human rights, proliferation, terrorism or even inducing other emerging powers to take the role of responsible international actors.

The other side of this argument is of course that we cannot expect emerging powers to take full ownership for the international system, unless they have a full say in that

system. There is an increasing mismatch between representation in the current institutional system – based on the realities of the 20<sup>th</sup> century – and the new geopolitical realities of the 21<sup>st</sup> century. The move from G-8 to G-20 is indicative of a new trend, but on this point the western countries themselves have some way to go.

India has taken a prudent approach towards becoming a global power. It has an ambivalent attitude towards the use of military power. Most of the world welcomes the rise of India. We should not deplore that its path forward is not linear. Today's Russia shows that hard power does not by itself lead to global influence. In the long term, India may show more stability than the other emerging powers, exactly because of its openness to diversity and new ideas. We are back to our introductory point. In today's world, emerging powers need to have an understanding of the *complex nature of power*. This may ultimately be India's biggest asset in releasing its potential to become a global power, and in assuming all the responsibilities we expect from such a power.

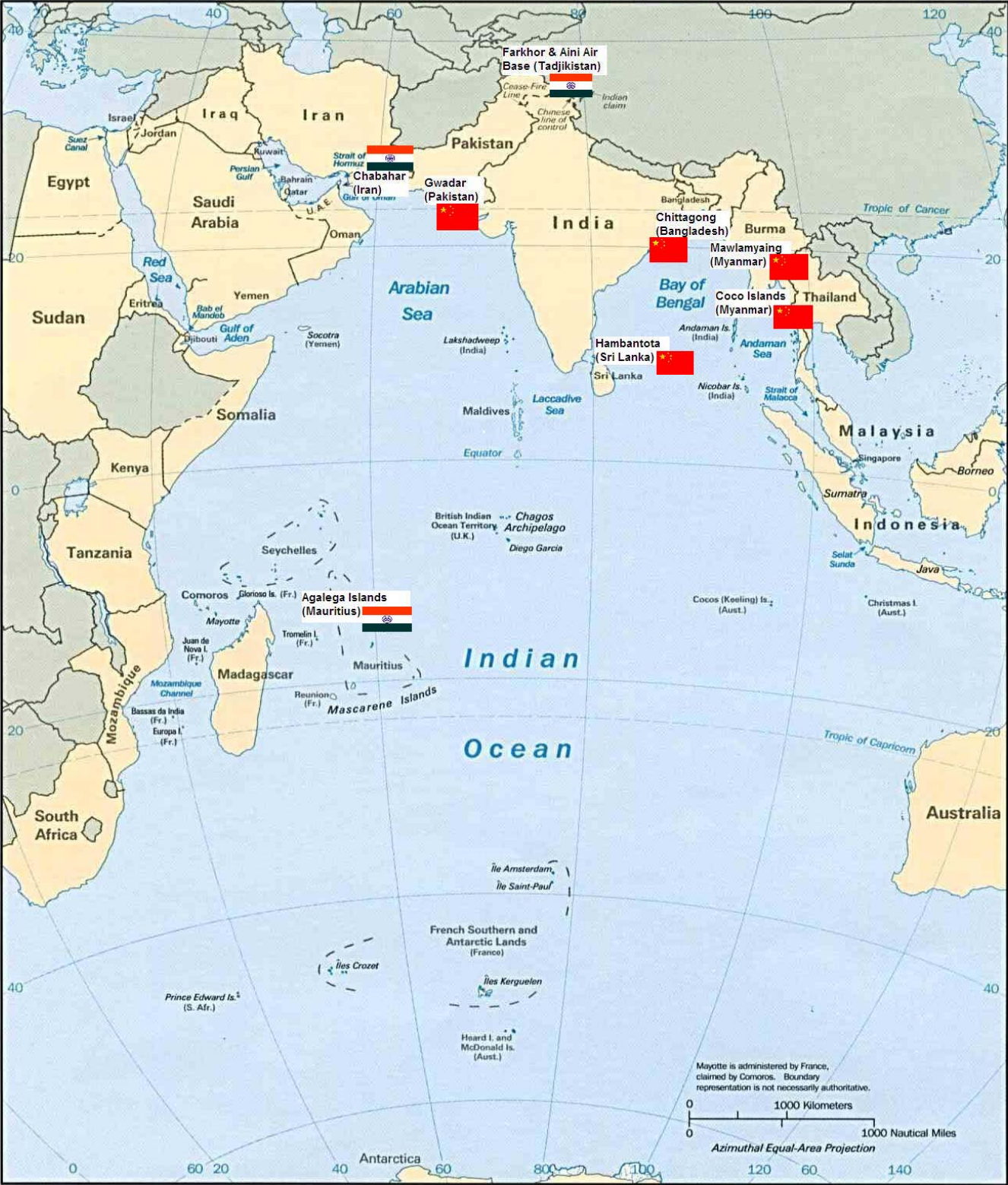
The jury may still be out on the question of India's ultimate orientation within, and impact on, the future global system. But one thing seems clear. India is already an important actor for the global order in general, and for the western countries in particular. Ignoring India will carry a price already today, not to mention tomorrow.

\* \* \*



# Strategic Map over Indian Ocean

## Indian Ocean Area



802126 (R00367) 5-93