

# India's Strategic Partners: A Comparative Assessment

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# India's Strategic Partners: A Comparative Assessment

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## Introduction

The 21<sup>st</sup> century has witnessed a new pattern of international relationships in which nations enter into freewheeling partnerships with other nations based on complementarity of interests in specific but vital areas. These partnerships, unlike the Cold War type of alliances, do not bind nations to support each other on all strategic issues in all situations. The partnerships are entered into in those areas of common interest where mutual help and collaboration can be of long-term benefit to both. Being bilateral in nature, they do not have the stigma of a multilateral alliance, which may be presumed to be a power bloc meant to countervail some big power or another power bloc. These partnerships are considered strategic in nature because of the importance of the issues involved and the long-term nature of cooperation that is visualised.

India has entered into strategic partnerships with more than a dozen countries in the last 10 years. They pertain to core areas of national interest like supply of defence equipment and technology, military exercises, cooperation in the field of nuclear energy, trade and investments, diplomatic support on critical issues, cooperation in science and technology, education, agriculture, information and communication technology, banking, insurance, and various other sectors. Each partnership has a specific character focusing on certain issues. It is in the nature of things that some partnerships are more comprehensive than others, depending on the number of areas in which the two sides can fruitfully and actively engage to mutual benefit and the scope and depth of their relations.

In view of the large number of these partnerships and the importance of issues involved, we thought it necessary to undertake an assessment of how well these partnerships are working and what kind of potential they have in future. To begin with, as a pilot study, we decided to select those partnerships which are most active in the fields of defence cooperation, economic cooperation and political-diplomatic cooperation. That led us to identify the following six countries for this study: United States, Russia, France, United Kingdom, Germany, and Japan.

Thus, strategic partnerships with all these countries would be evaluated on the basis of three variables, namely, defence cooperation, economic cooperation and political cooperation. Each variable would be subjected to three parameters, i.e. one, how substantial the cooperation has been in the last 10 years; two, how sustained the cooperation has been; and three, how much potential it has for future.

The performance of each strategic partner on each parameter in the respective variable would then be evaluated on a 10-point scale. The total score out of 90 points (see table) will indicate the trend with regard to the overall value of each strategic partner. The scores will be decided on the basis of a consensus among a team of five experts well known in their respective fields of specialisation.

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\* The Group of Experts was headed by Prof. Satish Kumar, Director, FNSR, and included Dr S.D. Pradhan, former Secretary, NSC Secretariat and Chairman, JIC, Amb. Kanwal Sibal, former Foreign Secretary, Mr Rahul Bedi, Correspondent, Jane's Defence Weekly, and Ms Bidisha Ganguly, Head, Economic Research, CII. The Research Staff included Vineet Thakur, Naresh Kumar, Priyadarshini Ghosh and Shalini Prasad.

## **Political and Diplomatic Cooperation**

The extent of support provided by a foreign country to India on issues that are critical to its national security is a measure of how useful a partner that country is. In this context, we identified three major issues on which India expected diplomatic support from its strategic partners in the last 10 years. These issues are: (i) India's policy with regard to Pakistan/Afghanistan/Kashmir and Terrorism; (ii) India's Nuclear Policy; and (iii) India's bid for a permanent seat in the UN Security Council. The country-wise analysis given below examines the extent of support received by India on each issue on the basis of three parameters: (a) how substantial the support was; (b) how sustained it was; and (c) how potentially important it is.

### ***United States***

India and the US entered into a Strategic Partnership in 2004, although the thaw in an otherwise estranged relationship had begun during President Clinton's visit to India in 2000. The 'Next Steps in Strategic Partnership', initiated in January 2004, became the building block of a deeper bilateral relationship that now included civil nuclear activities, civil space programmes, high technology trade and missile defence. Post-defence and civil nuclear agreements in 2005, India-US ties have seen a qualitative transformation, and the successive US administrations have repeatedly claimed that they would help India emerge as a major world power in the 21<sup>st</sup> century. The underlying motives of the US engagement with India are varied. Convergence of geo-political interests vis-à-vis China's rise, the dynamics of the new great game being played in Af-Pak, India's rising economic prowess, and America's search for new allies, especially after the relative decline of its old European allies are the main drivers of this new partnership. An important contributor to India-US ties in the past decade has been the Indian diaspora in the US. The Indian community in the US has grown to 2.84 million, which includes a large number of professionals, educationists, entrepreneurs, and politicians. The Indian Caucus in the US has emerged as an important lobby, influencing policy decisions.

On issues such as Pakistan, Afghanistan, terrorism and Kashmir, the US' support to India has been insubstantial and inconsistent. In the post-9/11 phase, US policy on Pakistan has been ambivalent. It sees Pakistan as an ally in Af-Pak while recognising that it is also a source of terror. So the US has consistently funded Pakistan in the name of the war on terror, without doing much to ensure that these funds are not used to procure arms against India. The US has intermittently issued strong statements against terror emanating from Pakistan, but has done little to force the Pakistani government and the ISI to desist from supporting such acts. Of late, frustrated with the inadequacy and insincerity of Pakistan's anti-terror operations in Af-Pak, the US has become more demanding of Pakistan in this respect, and this may have a positive fallout for India. On Kashmir, despite Pakistan's demand for the US' intervention, the US has been sensitive to India's position that it was a bilateral issue.

On nuclear issues, the US' position has undergone a most perceptive change only recently. Traditionally, the US has insisted that India sign Non-Proliferation Treaty (NPT), Comprehensive Test Ban Treaty (CTBT) and Fissile Material Cut-off Treaty (FMCT). The US still continues to pressurise India to sign these, but it has been significantly diluted with the de facto recognition of India's entry into the nuclear club post the civilian nuclear deal with India. During President Obama's visit to India in 2010,

he announced US support to India's membership to global non-proliferation regimes like the Wassenaar Arrangement, Australia Group, Missile Technology Control Regime and the Nuclear Suppliers Group (NSG). However, the US' attitude on restrictions imposed by the NSG in June 2011 with regard to the export of enrichment and reprocessing (ENR) technologies was far from satisfactory.

On India's candidature for UNSC permanent membership, US support is weakest among the other strategic partners. However, from the days when it refused to commit anything to President Obama's state visit in November 2010, when it supported India's candidature, the change in position is significant. The support meanwhile came with a caveat that no timeframe was specified.

In view of the deep interest taken by the US in developing a strong strategic partnership with India in recent years, more so because it is driven by the shifting power balance in the world, we think that there is considerable potential in the growth of this partnership as far as political and diplomatic cooperation is concerned.

Based on the above analysis, we have graded the US support to India on 10-point scale at five on how substantial it was, five on how sustained it was and eight on how much potential it has.

### ***Russia***

A Strategic Partnership between India and Russia exists since 2000. Following the dip in ties in the short interlude between the end of the Cold War and the arrival of the new millennium, this declaration in 2000 set the tone for robust ties in the next decade. As a strategic partner, Russia has consistently taken a pro-India stand on most issues and has been most comfortable with India's rise. The two countries also have common concerns on the implications of China's rise. While they engage with China on platforms such as RIC and BRICS to herald a new multi-polar global order, Russia has shared India's worries on China's aggressive moves, such as China's ASAT test in 2007. In the last couple of years, however, India-Russia relations had taken a slight dip. This was attributed partly to Russia's discomfort with India's growing closeness to the United States. Some of the India-Russia defence deals also looked in trouble. But with President Medvedev's visit in December 2010 everything seemed back to normal. In a year, when the top leadership of all five P-5 members visited India, Russia was reassured that it shares a privileged position with India. Russia has come to be more appreciative of India-US ties, considering it has major positive spin offs for the India-Russia relationship too. Nuclear trade is a case in point.

On Pakistan, Afghanistan, Kashmir and terrorism, Russia's support to India has been forthright and consistent. It has strongly argued against any third party intervention in Kashmir, and supported a resolution based on the Shimla and Lahore accords, with an unconditional respect for the Line of Control (LoC). It has condemned cross-border terrorism in Kashmir. It has more than once criticised Pakistan for aiding, abetting and supporting terrorism, and denounced it for its unwillingness to handover the accused of 26/11 to India. On Afghanistan, India and Russia have endeavored to form a joint strategy since 2000. Ever since, Russia's position on the Taliban has also been consistent with India. Both refute the Good Taliban-Bad Taliban theory.

On nuclear issues, again Russia has been India's most consistent supporter. During President Vladimir Putin's visit to India in October 2000, Putin breached the

long-standing international nuclear blockade against India by committing his country to expanding atomic energy cooperation with India, and signed a Memorandum of Understanding (MoU) on peaceful uses of nuclear energy. It has already provided for two nuclear reactors at Kundankulam, and agreed to provide four more with a lifetime guarantee of fuel supply. Russia has assured that it could eventually supply up to 20 reactors. Most importantly, and unlike other strategic partners, the civilian nuclear agreement with Russia, signed in 2009, goes beyond the bounds of the 123 pact with the US and provides important takeaways for India in the form of unbridled fuel guarantees. Russia also stated that it would not accept any foreign-imposed restrictions on its nuclear cooperation with India. This makes a civil nuclear agreement with Russia most far-reaching and accommodating of India's needs. It has also expressed readiness to assist and facilitate India's membership in the NSG, Missile Technology Control Regime (MTCR) and the Wassenaar Arrangement.

Russia has been a firm supporter of India's candidature for UNSC permanent membership. The position was made clear in the strategic partnership declaration of 2000 by claiming that India was 'a strong and appropriate candidate' for UNSC permanent membership. Ever since, Russia has maintained that India is a deserving candidate for UNSC membership.

Given the consistency of Russia's support on the whole range of political and diplomatic issues and absence of any conflict of interest between the two countries, we see a high potential in the growth of a strategic partnership between India and Russia.

The above analysis would indicate that Russia deserves to be graded for its support at eight in respect of how substantial it was, eight on how sustained it was, and seven on how much potential it has.

### ***France***

The India–France strategic partnership pre-dates all others, as it began in 1998. The strategic partnership between the two countries is based on three important pillars, i.e. civil nuclear cooperation, defence relations and to some extent terrorism. As a strategic partner, French support to India has been unflinching. In fact, along with Russia, it had desisted from issuing a strong condemnation and imposing wide ranging sanctions against India after the 1998 nuclear tests.

Indo-French technological collaboration also covers a wide number of areas like solar thermal technology, robotics and control systems, besides defence technology. India has also depended on France for many years for the launching of its heavy satellites.

In the last decade, France has consistently condemned terrorist killings in India being conducted at the behest of Pakistan. Post-26/11, it has backed the evidence that India had given to Pakistan on the Mumbai attacks. In his visit in 2010, President Sarkozy strongly condemned Pakistan for providing a safe haven to terror outfits, stating that this was 'unacceptable'. He also minced no words in stating that terrorism emanating from Afghanistan and Pakistan was the major source of instability in the world, and strongly argued against the return of the Taliban in the name of reconciliation. Recently, in May 2011, France has also signaled a temporary freeze on arms sales to Pakistan.

The major thrust of French engagement with India is usually accorded to its interest in nuclear trade with India. Unsurprisingly, therefore, it was a major supporter of granting an exception to India at the NSG. In fact, it became the first country to sign a

civil nuclear agreement with India in September 2008, which included provisions for the transfer of technology. However, France has voiced concerns about nuclear liability laws in India. Meanwhile, France, like the US and Russia, has also supported India's candidature for the four multilateral export control regimes.

France has also been not only a consistent but also an enthusiastic supporter of India's candidature at the UNSC. It pledged its support to India as early as 2000.

The recognition of India's importance by France in recent years, its technological prowess in certain critical areas of relevance to India and its capacity to take independent decisions unencumbered by the thinking of its allies does indicate a high potential in the growth of the Indo-French strategic partnership.

The above analysis of French support to India would suggest that France deserves to be graded at seven on how substantial the support was, six on how sustained it was, and seven as regards its future potential.

### ***United Kingdom***

India and the UK signed a 'Comprehensive Strategic Partnership' in September 2004. As one of the Atlantic powers that has seen its power and influence in the world dwindling, the UK has sought to benefit from its historical and cultural linkages with India in terms of fashioning a strong partnership. Top level visits to India have been quite frequent and it has offered support to India on several issues. Both sides have stressed on the importance of increasing defence cooperation. In the last decade, it has often taken a positive stand on Kashmir issue. The only exception being Foreign Secretary David Miliband's remarks in 2009, when he linked regional terrorism to the resolution of Kashmir. The UK takes the view that Pakistan-inspired cross-border violence should come to an end. In fact, in July 2010, Prime Minister David Cameron warned Pakistan against promoting 'export of terror' to India. He also promised India that he would discuss with Pakistan 'frankly, clearly and openly' on the need to eliminate terror aimed at India.

UK's stand on India's nuclear policy was in line with that of US'. From time to time it had urged India to sign the NPT. It was only after India started negotiating the civil nuclear deal with the US that there was a visible change in their stand. In 2005, Britain decided to ease sanctions against India relating to civilian nuclear energy. Notably, it came just after the 18 July civil nuclear deal between India and the US. On 4 February 2010, India and the UK agreed on the text of the civil nuclear agreement deal.

Britain has constantly supported India's candidature for UNSC permanent membership. In the joint declaration signed in 2004, Britain promised to work for India's permanent seat in the Security Council and reaffirmed its position every now and then.

On issues pertaining to India's nuclear policy and its endeavour for a permanent seat in the UNSC, the UK will most likely go slow and watch the attitudes of other major powers. On the Kashmir question, it will be guided by the impact of substantial numbers of Pakistanis and Kashmiris on domestic electoral politics. On terrorism, however, because of its own experience, it will strongly agree with India's approach. Therefore, the growth potential in the Indo-UK strategic partnership is only moderately high.

Based on these indicators of support, the UK has been graded on the 10-point scale at five in respect of how substantial it was, five in respect of how sustained it was, and five with regard to its future potential.

### ***Japan***

India and Japan established a 'Strategic and Global Partnership' in 2006. Ever since, their relations have continued to evolve and they are jointly exploring ways to strengthen their strategic ties. In this regard, an action plan covering security and counter-terrorism exchanges was unveiled in 2009. Japan's appreciation of India as a strategic partner stems out of the geopolitical concerns it faces with regard to China's rise and the North Korean threat. India has been an important axis of most Japanese initiatives in Asia such as the Quadrilateral Initiative in 2007. Moreover, Japan is also aware of the importance of the Indian Navy in ensuring the security of the Sea Lanes of Communication (SLOCs) in the Indian Ocean and across the Strait of Malacca, which ensures a regular supply of oil for Japan. For India, Japan's importance is primarily economic. Its strategic importance, however, is gradually unfolding.

Japan's support on sensitive political issues has varied. In April 2000, during the height of India-Pakistan tensions, Japan obliquely offered to mediate between India and Pakistan to resolve their differences for establishing peace in South Asia. However, it soon drew back from that position. Over the years, as its own worries about Pakistan's nuclear support to the North Korean nuclear programme have surfaced, it has given a few statements that indirectly condemn Pakistan. However, there is no clear stand. In 2007, it affirmed its support for the full implementation of the UN Global Counter-Terrorism Strategy and called for expeditious conclusion of the ongoing negotiations on a comprehensive convention on international terrorism.

Given its sensitivities to nuclear issues, Japan has consistently lobbied with India to sign CTBT. However, there is a marginal dilution of its stand on the issue. It supported India at the NSG on the nuclear issue and in the year 2010, Japan and India entered into talks on the possibility of nuclear trade from Japan to India. These are surely encouraging signs. Despite this, however, the strategic content of the India-Japan partnership still remains quite shallow.

Japan and India have been joint contenders for the permanent membership of UNSC, along with Germany and Brazil. Japan therefore supports Indian's position. In fact, in 2003, when United States had clearly aligned its support for Japan, Japan refused to break ranks with G-4 and individually seek membership.

There is scope for cooperation with Japan in the field of maritime security. However, Japan's lack of interest in India's concerns pertaining to Kashmir and terrorism, its deep reservations on the development of nuclear power and its limited capacity to play a meaningful role in India's bid for a permanent UNSC seat would suggest that the potential in their strategic partnership will be slow to realise.

On 10-point scale, therefore, Japan's support to India can be graded at four in respect of how substantial it was, four on how sustained it was, and six on how much potential it has for future.

### ***Germany***

Although India and Germany have declared a strategic partnership since 2001, as far as its content is concerned it is way below potential. Germany is a significant trading, investment and technology partner of India, but the strategic content is still undefined, weak and insubstantial. There is a regular exchange of visits from both sides, and even a

joint statement on the further development of the strategic and global partnership was issued in 2007. There are multiple institutionalised arrangements of bilateral talks between the two countries, including a strategic dialogue, and India and Germany also signed a strategic defence agreement. But it is unclear as to what strategic importance each country holds for the other.

Germany has only recently come to appreciate India's position with regard to terrorism, especially after it has itself been faced with terrorism. In December 2010, German Chancellor Angela Merkel set aside the nuanced German approach to Pakistan and told it not to use terrorism as a 'means to solve political problems'. On nuclear issues, India and Germany had started discussing the possibility of civilian nuclear cooperation in 2010. However, in May 2011, Germany has announced its plans to shut all its nuclear power reactors by 2022, which would have wide-ranging ramifications for India-Germany nuclear cooperation. Germany supports India's candidature at the UNSC, as India and Germany are joint contenders for UNSC permanent membership since 2004.

Germany has been a somewhat silent spectator to the rise of India in the last 20 years. Very recently, perhaps influenced by the attitudes of some other major powers, it has realised the need to understand India and its critical concerns like terrorism, nuclear energy and the UNSC seat. While it is important to keep engaged with Germany on all these issues, the potential for German support should be deemed to be rather low.

Given the above situation, Germany can be graded at four only with regard to how substantial its support was, four in respect of how sustained it was, and four with regard to its future potential.

### **Defence Cooperation**

For an emerging power like India, self-reliance in defence is an important prerequisite to strategic autonomy, which by itself is a basic attribute of sovereignty. While absolute self-reliance is not an achievable goal, India has attempted to enhance its defence capability under the rubric of 'modernisation' by importing equipment from leading arms manufacturers and establishing joint ventures with them in the hope of receiving the latest technology. The level of satisfaction vis-à-vis each supplier country varies according to the political imperatives of the country concerned, national regulatory laws of each country, and the interests of the private sector wherever it is relevant on the supplier side. While making an assessment of how well our strategic partners have performed in the area of defence cooperation, we again shall take into account how substantial their supplies have been in the last ten years, how sustained they were, and going by past records, how much potential each country has for future cooperation.

### ***Unites States***

In the last decade, the US has already delivered 12 AN/TPQ-37 (V)3 Firefinder Radar, INS Jalashwa (formerly USS Trenton) along with six embarked UH-3H Sea King helicopters, Five of six C-130J 'Super Hercules' transport aircraft, 41 General Electric F-404-GE-IN20 after burner engines for Tejas LCA, and 3 Boeing 737 Business Jets for Indian Air Force's (IAF) VVIP squadron. In all, since 2004, India has concluded military contracts worth over \$11 billion with the US. Impending transfers include 145 BAE Systems M777 155mm/39 caliber Howitzers and Laser Inertial Artillery Pointing Systems, 8 P-81 long range maritime reconnaissance aircraft, and 10 C-17 Globemaster

III Very Heavy Lift Transport Aircraft. Moreover, India and US are negotiating for add-on C-130Js and C-17s.

Although Lockheed Martin and Boeing were recently eliminated from the IAF's Medium Multi-role Combat Aircraft (MMRCA) contract for fighters, the Pentagon has now offered to sell the IAF the fifth generation, single-seat, single-engine, stealth-capable F-35 Lightning II Joint Strike Fighter. This proposal stems not only from hard-headed financial motives aimed at defraying the F 35's spiraling developmental costs but also from Washington's desire to embrace Delhi as a strategic ally and emerging continental power.

Alongside the F 35, the Pentagon has also offered the prospect of jointly developing a range of military products and systems, an indicator of the massive potential India holds for the US as it sets about modernising its services equipment profile. In the pipeline from the US are onboard systems and components like EW systems, radar for aircraft, ships, tanks and land vehicles from companies like Raytheon, Lockheed Martin, Honeywell, Northrop Grumman, Boeing and United Technologies. These were offered to India on purely commercial terms.

The US remains a favoured potential supplier for not only hardware but critical military technologies, which India requires and in which it undeniably will remain the world leader for decades. The little understood offset route in which the US is poised to become a major player is one certain avenue for India's military technological development, which if exploited has immense symbiotic potential. This would, doubtless, be sustained by a commonality of regional interests and backed by bilateral exercises, particularly those involving the Indian Navy, which the United States Navy (USN) is keen to see develop into a stabilising force in the Indian Ocean Region, in view of China's emphasis on the enhancement of its naval power.

In short, the US presents an opportunity to provide India a quantum jump in both materiel and technology, but this is unlikely to affect its commercial military ties with Moscow.

Taking into account these factors, we have rated the US at five and six points respectively with regard to how substantial and how sustained its supplies were. But we assess its potential for defence supplies to be seven.

### ***Russia***

Since 2001, India and Russia have entered into a number of major deals. They include Admiral Gorshkov, Project 971 (Akula II-class) nuclear submarine, INS Nerpa (K-152), 45 MiG-29KuB naval fighters, 140–150 Su-30 MKI multi-role fighter aircraft in 2001, to which a further 42 were added in 2010, 657 T90S MBTs, 120 Mi-17-V medium lift helicopters, 3 Talwar class frigates (3 more under construction), multiple rocket launch systems, joint production of BrahMos missiles, mid-life upgrades of INS Kilo-class submarines, upgradation of 67 'Fulcrum' MiG-29B/S fighters and upgradation of five Ilyushin II 38 maritime reconnaissance aircraft to the IL-38SD configuration.

India annually conducts \$1.5 billion worth of defence business with Russia and, since the early 1960s has acquired military goods worth over \$40 billion from it. These comprise over 70 per cent of India's military inventory and include combat and transport aircraft, submarines, surface warships, tanks, artillery systems, infantry combat vehicles, heavy lift and attack helicopters and a varied range of ordnance and missiles. According

to the Russian Centre for Analysis of International Weapons Trade in 2010–2013, India would account for 54.4 per cent of Russian weapons exports estimated at over \$15 billion.

A future indicator of this relationship is the India–Russia joint development of the Fifth Generation Fighter Aircraft (FGFA) in a deal estimated at over \$35 billion. Some 250–300 FGFA will eventually form the backbone of the IAF's 39-odd fighter squadrons alongside around 280 Russian Su-30MKI multi-role combat fighters.

Keeping in mind competition in defence sales from Israel, the US and Europe, Russia has also broadly hinted that it could provide India strategic military know-how, an offer Delhi might carefully consider in view of the evolving Pakistan–China strategic dynamics in the region through augmentation of their atomic arsenals, including battlefield nuclear weapons. The imminent arrival from Russia of the K 152 Akula-II (Bars)-class nuclear powered submarine (SSN) on a 10-year lease to the Indian Navy is an example of this steadfast cooperation, unmatched by any other State.

Even though Russian military equipment may lack the sophistication of several US systems and Moscow is sometimes unable to ensure efficient product support, and despite the difficulties experienced in India's acquisition of Admiral Gorshkov, the Kiev-class aircraft carrier, Russia will without doubt remain India's primary materiel supplier. Sustained and outstanding record in defence supplies leads us to grade Russia at eight in each of the three parameters.

### ***France***

Understandably, European defence manufacturers are enlarging their Indian operations to tap into the \$80–100 billion New Delhi has earmarked for defence modernisation and procurements till the end of the 13<sup>th</sup> Plan in 2022.

Paris' abiding interest in India stems from a survey undertaken by French ambassadors in the late 1990s, in which they identified it as one of the 'future powers' of the 21<sup>st</sup> century along with Russia, China and Japan. French support for India's 1998 nuclear tests in the face of international condemnation and sanctions by the US also lent an impetus to increased military sales leading, consequently, to the Indian Navy inking the \$4.11 billion contract in October 2005 to locally build six Scorpene diesel-electric patrol submarines. But an enthusiastic India was disappointed when France was reported to have refused the Defence Research and Development Organisation's (DRDO) help in overcoming technical problems in miniaturising the reactor to power the locally designed SSN, the classified Advanced Technology Vessel. Russia eventually stepped in.

France has been a major provider of military hardware to India since 1953, when Dassault Aviation sold to the newly formed IAF some 100 Ouragan fighters, followed by Mystere IVA's a few years later. It also supplied the Alouette III (Chetak) and SA-315B Lama (Cheetah) light utility helicopters — which were also built locally under licence by Hindustan Aeronautics Limited.

In the mid-1980s Dassault once again supplied the IAF some 50 single and dual-seat Mirage 2000H's. These, as per a recently signed agreement, are to soon undergo a major upgrade to Mirage 2000-5 levels for around \$2.4 billion. Moreover, the Rafale is one of two MMRCA shortlisted for the IAF alongside EADS' Eurofighter. French equipments have also been fitted into a number of other projects like the MiG-21

upgrade, Su-30 MKI, HAL constructed Advanced Light Helicopter 'Dhruv', Milan/Milan 2 anti-tank guided missiles, and the Russian T90s (Bhishma) MBT.

France, by virtue of its independent policies and sophisticated military-industrial complex, is an important potential supplier of defence equipment to India. Unlike the US it is also not loath to transferring technology to India in addition to providing competent after sales support of equipment supplied, as the IAF's experience with the Mirage-2000H's shows. However, the pitfalls remain as French companies tend to demand high prices of mid-life upgrades for their weapon systems. This being so we would rate France's previous record of defence supplies at six on how substantial they were, five on how sustained they were and six with regard to their future potential.

### ***United Kingdom***

Defence ties between the two countries have come a long way from the post-Independence era when India was majorly dependent on the UK for military materiel. The only major deal in the last decade was when IAF acquired 66 Advanced Jet Trainers (AJTs) in 2004 from the UK in fly away condition, with a provision for 42 to be assembled locally. A deal for 57 additional AJTs was signed in 2010.

Ties with the UK will remain in direct proportion to the restricted range of military equipment it can provide, like advanced jet trainers, aircraft engines and limited add-ons like tactical communication systems, nuclear biological and chemical detection and protection kits, tank tracks, artillery calibration instrumentation, remote motion sensors and multi-spectral camouflage nets. This situation is unlikely to change except in collaboration with conglomerates like EADS that includes Italy, Spain and Germany, whose Eurofighter is vying for the Medium Multi-Role Combat Aircraft (MMRCA) tender. Consequently, we have graded the UK at four, three, and three in the respective parameters.

### ***Germany***

Germany had supplied at least 250–270 diesel engine and transmission combinations for fitment onto the locally designed Arjun MBT, Dornier 228-101 logistic air support aircraft for the IAF, navy and the Coast Guard, of which many were built locally under licence and a variety of small arms and ordnance making equipment. But this association had limited scope, circumscribed by the products on offer.

However, having supplied India submarines in the 1980s, German manufacturers are seeking contracts for the navy's additional submarine programme, mine counter-measure vessels and design frigates. Moreover, Germany fares slightly better and stands to greatly improve its standing if the Eurofighter emerges the winner. Correspondingly, Germany has been graded at two, two, and four in the respective parameters.

### ***Japan***

There is virtually nothing to say about India–Japan defence ties in the past. Moreover, of the six countries under discussion, Japan is the least likely to be a materiel provider, with the distant possibility of supplying the Indian Navy 8–10 US-2 aircraft for search and rescue. Besides, Japan's peculiar situation after WWII circumscribes military exports, though this situation is evolving as turbulence unfolds in its own backyard; but it would take long before Tokyo becomes a major player in the global arms bazaar, particularly

with regard to India. This being so, Japan's grades stand at zero, zero and two in the three parameters.

### **Economic Cooperation**

There has been a rapid increase in the global linkages of the Indian economy over the last two decades. This is evident not only in the increase in India's trade and investment flows but also in the increasing number of foreign business delegations visiting India to explore business opportunities. Indian entrepreneurs have also been actively developing their markets abroad, often acquiring foreign companies in their quest for a global footprint. It is worth exploring the strength of the economic partnerships that have developed with different countries. In our examination of the strength of the economic relationship between India and these six countries, we have ranked the relationships on three different qualities — whether the existing relationship is substantial, whether it has been a sustained one or a sporadic one and our assessment of its potential in the future. We find a wide variation in relationships ranging from those with a long history of trade and commerce with India to those with a newly developed interest. Of course, such an analysis is bound to be subjective when it comes to assessing the potential for relationships. But it is based on the available data on trade and investment in the past.

#### ***United States***

As per our analysis, the economic relationship with the USA ranks the highest, with not only a strong existing relationship, but potential for it to move to a higher plane. Among the countries considered, the US' share of total trade and investment in India was by far the highest, with the share in trade amounting to 7.3 per cent in 2010–11 and the share in total Foreign Direct Investment (FDI) inflow amounting to 6.7 per cent during April 2000–August 2011. India also enjoys a trade surplus with the US, exporting goods worth \$25 billion and imports amounting to \$20 billion. These figures do not include trade in services, where again India enjoys a significant share in the US market.

Our ranking of eight for potential economic cooperation is based on business opportunities that exist in many areas, including critical ones, such as banking and finance, infrastructure and electronics. In addition, the presence of a large Indian diaspora in the US raises the potential for greater trade and investment flows. At the same time, it is felt that the potential for further economic cooperation is limited by certain restrictions and conditionalities imposed by the US pertaining to dual use and high technology trade.

#### ***Russia***

In contrast, Russia turns out to have the lowest share of trade with India at 0.8 per cent. Exports to Russia amount to merely \$1.6 billion and consist primarily of pharmaceuticals, machinery and vehicles. Imports are higher at \$3.6 billion and consist of fertilisers, iron and steel and fuels. Russia's share of FDI inflow in 2000–2011 is also negligible, amounting to a mere 0.32 per cent. However, there exists significant potential for an increase in bilateral trade, given India's needs for natural resources such as oil and minerals and Russia's interest in importing low-cost manufactured products. Business collaborations between Indian and Russian companies are developing not only in the area of oil and gas but also other critical sectors such as metals and chemicals.

We therefore give a moderate rating of four to India's existing relationship with Russia but a much higher rating of seven for the potential.

### ***France***

The bilateral economic relationship with France has potential for a significantly stronger partnership than exists currently. The share of France in India's trade is low at 1.4 per cent, while total FDI since April 2000 at \$2.6 billion is also lower than what it could potentially be. Nevertheless, France has some significant investments in India in sectors such as power and automobiles, and India's exports to France have grown significantly at 20.5 per cent over the last nine years.

However, the extent of the relationship can be strengthened through much greater collaboration in high-tech areas such as aviation and nuclear technology and also consumer products and agri-businesses. We therefore give a rating of four to India's existing relationship with France but a higher rating of six for the potential.

### ***Germany***

Germany, on the other hand, is seen to be fast strengthening its relationship with India and moving towards its potential. Its share of trade with India is fairly high at 3.0 per cent, while total FDI since April 2000 is also substantial at \$4.3 billion. Joint ventures and collaborations in areas such as automobiles, machinery and machine tools and engineering items have grown in recent years. Even small and medium sized Indian companies have shown interest in collaborating with German companies, leading to technology transfers and greater competitiveness. Vocational education and skills is another area of strength in Germany from which India has much to gain.

Within European countries, we have therefore given the highest rating of seven to the potential for economic partnership with Germany while the current relationship has been rated at five.

### ***United Kingdom***

With the UK, India has had a long history of a commercial relationship and as a result, the UK has a fairly high share of trade and investment in India. In terms of FDI, the UK ranks a close second to the US, having invested \$9.2 billion in India since April 2000. The UK is also a large market for India's exports, including articles such as textiles and apparel. However, the UK's share of trade with India is relatively low at 2.0 per cent and has also declined over the last few years. Most large Indian business groups have already established their presence in the UK and travel between India and UK is high. India and UK have also established a permanent platform for dialogue on trade and commerce known as Joint Economic and Trade Committee (JETCO).

However, compared to Germany, the potential for further improvement in business collaboration is less promising. Our rating to the UK on the existing relationship is five while the potential is rated at six.

### ***Japan***

Japan is an interesting case, where the relationship is strong and has the potential to grow stronger. However, the partnership with Japan has seen some ups and downs, as a result of which we cannot describe the relationship as a sustained one. An early phase of

investments saw many Japanese companies enter the electronics sector in India and then pull out as the market was not yet well developed. The tide has turned again with a sharp increase in investments and imports from Japan. Collaborations between Indian and Japanese firms in manufacturing are on the rise, and Japanese investment in India is seeing a revival with the Delhi–Mumbai Industrial Corridor probably the most prominent example of Japanese involvement in a large infrastructure project. Japan is also one of the few countries with which India has recently signed a Comprehensive Economic Partnership Agreement (CEPA) covering large portions of trade, a vast gamut of services, investment, intellectual property rights, customs and other trade related issues.

The share of India's trade with Japan is 2.2 per cent, while Japan's FDI in India since April 2000 amounts to \$7.0 billion. We give a rating of six to the current relationship, though the rating on the second variable is lower at four, on account of the fact that it has not been a sustained one. On potential, we see many possibilities and give a rating of eight.

### **Conclusion**

The study brings us to the conclusion that the respectable nomenclature of a 'Strategic Partner' should be bestowed only on those countries with which there is a strong and mutually beneficial relationship in all the three sectors of political-diplomatic, defence and economic cooperation. Even if the relationship is weak in one of the three areas, there should be hope that in the next five to 10 years, the deficiency in that sector will be made up and a meaningful relationship built. For a country like India which has built its reputation on value based and rule based foreign and security policies, and has exhibited its economic potential by consistent growth in the last two decades, it is important to be exacting and serious in building an architecture of its bilateral relationships.

It is obvious from this study that with all hitches and glitches, Russia emerges as the most important strategic partner of India. It has given us strong political and diplomatic support and helped us enormously in building our defence capability. But the economic content of the partnership is extremely weak. Urgent and vigorous steps need to be taken to improve economic relations if this partnership is to be sustained and made durable.

The United States is a strong competitor with Russia and is currently the second most important partner. The strategic partnership with the US usually acquires a higher profile because of its image as a global power. But the US has been very lackadaisical in providing political and diplomatic support to India on vital issues. Even its defence cooperation with India has been subjected to lots of 'ifs' and 'buts' driven by domestic political and economic considerations. The United States needs to take India more seriously if this strategic partnership is to be placed on a robust footing because it has tremendous potential for the benefit of both countries.

France occupies the third position in terms of the importance of strategic partners. Its political and diplomatic support to India has been valuable. There is greater potential for India–France defence cooperation than has been exploited so far. But India and France need to pay greater attention to strengthening their economic ties. France and India are both independent-minded nations and have a certain similarity of world-views. No opportunity should be missed to widen and deepen the strategic partnership with France.

It is unfortunate that the strategic partnership with the United Kingdom lies at a rather moderate level of importance. Historical ties with the UK and the presence of a large Indian diaspora tend to raise hopes of a strong partnership. If these hopes are to be turned into reality, the UK needs to take a more independent view of issues of concern to India and provide it stronger political and diplomatic support. India and the UK also need to do more to improve their defence cooperation and economic relations.

Strategic partnerships with Germany and Japan seem to be taking off. The potential for economic cooperation with both these countries is already visible. This potential needs to be further exploited. Even if defence cooperation takes time to develop, efforts should be made to seek the support of both these countries on political and diplomatic issues of concern to India more strongly and consistently.

India has signed strategic partnership agreements with a host of other countries. We need to consider whether a less serious but equally palatable nomenclature can be devised for relationships that are not as comprehensive and far reaching as these.

## Table

### Comparative Assessment of India's Strategic Partnerships

	Political			Defence			Economic			Total 90
	Substantial	Sustained	Potential	Substantial	Sustained	Potential	Substantial	Sustained	Potential	
<b>US</b>	5	5	8	5	6	7	7	7	8	<b>58</b>
<b>Russia</b>	8	8	7	8	8	8	4	4	7	<b>62</b>
<b>France</b>	7	6	7	6	5	6	4	4	6	<b>51</b>
<b>UK</b>	5	5	5	4	3	3	5	5	6	<b>41</b>
<b>Japan</b>	4	4	6	0	0	2	6	4	8	<b>34</b>
<b>Germany</b>	4	4	4	2	2	4	5	5	7	<b>37</b>

Note: All values in vertical columns are ascribed on a 10 point scale.