

Workshop Report

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India's Strategic Objectives in the Indian Ocean Region

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Summary

India wishes to build and strengthen its global image, commensurate with its size, population and the strength of its economy. It espouses the ideals of democracy, secularism and peaceful co-existence. These aspirations, however, are challenged by a range of factors: a large population; ethnic, religious and federal-state differences; food, water and energy security concerns; and the realisation that it may face a challenging China and an unstable, nuclear-armed Pakistan. Yet, to sustain its current growth and achieve its great power ambitions, India sees the Indian Ocean Region as critical to achieving its national interests.

Analysis

India's Critical National Challenges

- Emphasising rapid and substantial economic development.
- Seeking to aggressively access new domestic sources of energy to sustain economic growth.
- Providing for the growing aspirations of an expanding population.
- Trying to mitigate a growing food and water security crisis, worsened by climate change.
- Seeking to stabilise its internal and external security situation, which is sharpened by inter-regional, political, religious, economic and social tensions.

India's Core Foreign Policy Objectives

- Seeking to be the strategically pre-eminent power in South Asia.
- Striving to develop its economy to enhance trade and foreign investment, foster internal political stability and uplift its international profile.
- Aggressively seeking to secure new energy reserves worldwide, to sustain its economic growth and its escalating energy consumption.
- Directing its foreign policy to secure widespread international support and obtain a permanent seat on the United Nations Security Council, commensurate with its great power ambitions.

Indian Ocean Objectives

- Attempting to spread its influence across the entire Indian Ocean Region, through trade and investment, diplomacy and strategic partnerships.
- Upgrading relations with Africa, the Middle East and Southeast Asia; regions that hold mineral deposits and energy reserves critical to India's economic development and great power aspirations.
- Positioning itself to emerge as the dominant Indian Ocean power in the decades ahead.
- Ensuring that China does not gain a significant strategic foothold in the region.
- Strengthening influence and control over Indian Ocean choke points through security relationships with key littoral states such as Singapore, Mauritius and Oman.

Specific Foreign Policy Objectives for Key Indian Ocean States and Regions

Africa

- Using Africa's arable land as a means to enhance food production and relieve its growing food security concerns.
- Ensuring continued access to Africa's mineral and energy reserves.

Pakistan

- Pursuing a balancing act that seeks to improve and stabilise relations, while constraining Pakistan's ability to adversely impact upon India's interests.
- Influencing US-Pakistan relations, to ensure that India's national interests are preserved.
- Developing relationships that encourage China to adopt India-friendly policies.
- Maintaining India's current policy stance towards Kashmir.
- Formulating policies to manage the potential water security challenges resulting from climate change.

Other South Asian countries

- Restricting China's growing influence in the region.
- Promoting the internal stability of neighbouring countries to prevent threats to India's interests.

Middle East

- Facilitating continued access to the region's energy reserves.
- Preserving the security of sea lanes through bilateral defence cooperation.
- Ensuring that significant employment opportunities continue for millions of Indian expatriates.
- Preventing policies throughout the Islamic world that would be detrimental to India's interests, by strengthening ties with both Shia and Sunni Muslim countries.

Iran

- Continuing access to Iran's mineral and energy reserves.
- Developing Iran as a strategically important corridor to Afghanistan and Central Asia.
- Cultivating Iran as a moderating influence on Pakistan and Afghanistan.
- Balancing the above with US concerns about Iran's nuclear intentions

Myanmar

- Promoting amicable relations with Myanmar, to mitigate cross-border issues that threaten India's restive north-eastern region.
- Contesting China's dominance in Myanmar through non-military initiatives.
- Seeking access to Myanmar's mineral and energy reserves.

- Using Myanmar as a land conduit to Southeast Asia.

Indonesia

- Ensuring continued access to Indonesia's mineral and energy reserves.
- Developing a stronger stake in Indonesia's agricultural sector.
- Using Indonesia as strategic leverage against China.
- Working with Indonesia to secure the north-eastern Indian Ocean from non-conventional security threats.

Australia

- Enhancing its access to Australian mineral and energy reserves.
- Removing restrictions on uranium imports.
- Developing a stronger stake in Australia's fishery, agricultural and pastoral sectors.
- Influencing Australia to adopt India-friendly policies, particularly in relation to China.

India's National Challenges

As India is one of the fastest growing economies in the world, the demand for energy has also grown substantially and will continue to present a major challenge to India's quest to achieve energy security. This factor was confirmed by the Ministry of Power's Secretary, RV Shahi, who stated in 2006: "To deliver a sustained growth rate of eight percent to nine percent through the next 25 years till 2031-32 and to meet the life line energy needs of all citizens, India needs, at the very least, to increase its primary energy supply by three to four times and its electricity generation capacity by about six times. It is further estimated that by 2032, our requirement will be of the order of 800,000 MW." He added, "Coal accounts for over 50 percent of India's commercial energy consumption and about 78 percent of domestic coal production is dedicated to power generation. This dominance of coal in India's energy mix is not likely to change till 2031-32."

Presently, India's population constitutes about 17 percent of the world's total population. Given current trends, the United Nations Population Division forecasts that India will pass China's population shortly after 2020. The US Population Reference Bureau claims that India's will reach 1.4 billion by 2025 and 1.7 billion by 2050.

Although the increase in India's population has abated to a large extent, the base of its population remains very large. There is also substantial variation across Indian states in the rate of population growth, both of these facts were highlighted in India's 2011 census. Attempts to engage in population control have had mixed results, for a variety of reasons ranging from differences between federal-state politics, weak governance and corruption, and overlapping economic, ethnic, social and cultural factors.

The escalating problem of food and water security is among India's most serious challenges. A recent World Bank study, entitled *India's Water Economy, Bracing for a Turbulent Future*, estimated that, based on current consumption trends, demand for water in India will exceed all sources of supply by 2020. Although India has 15 large, 45 medium and over 120 minor rivers, most are not perennial, which explains why around 400 million people live in the Brahmaputra, Ganges and Indus river basins, which are fed by the glaciers in the Himalayas.

In addition, there is growing consensus among officials of the Indian security forces that internal security is taking greater importance in national security calculations. For example, a January 2011 report tabled by the Institute for Defence Studies and Analyses, entitled: *Internal Security and Centre-State Relations*, affirmed that: "Internal threats to national

security have assumed centre-stage in the debates on Indian security. They are arguably more serious than the external threats.” The issue has also resonated strongly with India’s Prime Minister Dr. Manmohan Singh, who said in February 2010: “Internal security is a critical issue which affects the pace of growth of development.”

Trends in India’s Foreign Policy

During the Cold War, India’s post-independence foreign policy reflected its strong affinity with non-alignment as seen by its reluctance to join SEATO and the Baghdad Pact. Latterly, this transpired with India formally joining the Non-Aligned Movement, which was formed in 1961; and to court the Soviet Union as a counterweight to the West, by signing the Indo-Soviet Treaty of Friendship and Cooperation in August 1971. India also strongly advocated the Indian Ocean Zone of Peace, which was purportedly designed to limit Cold War rivalry in the Indian Ocean.

The collapse of the Soviet Union led India to re-evaluate and realign its economic foreign policy to more economically liberal policies. This resulted in India’s greater integration into the global economy, with a foreign policy geared towards tangible and pragmatic interests resulting from the rapidly changing post-Cold War geopolitical environment. India’s foreign policy initiatives to court the West were based not only on the need to liberalise its economy and benefit from Western investment, but also a need to counterbalance the rise of China, especially in South Asia.

The end of the Cold War also led to a degree of introspection among Indian foreign policymakers and strategists, which spurred a longstanding aspiration to see India emerge as a great power in global affairs. Such aims have also produced increasingly louder calls by India for a seat as a permanent member of the UN Security Council. Since last year, that proposal has received Western endorsement.

Among India’s first major foreign policy initiatives in the aftermath of the Cold War was its 1992 ‘Look East’ policy, designed to enhance India’s relations with the Southeast Asian region and Japan. As a result, India was accepted as a sectoral dialogue partner of the Association of Southeast Asian Nations (ASEAN) in 1992, a full dialogue partner in 1996; an ASEAN summit level partner in 2002; and in 2005, a member of the East Asia Summit.

The implications of the 9/11 attacks against the US have bolstered India’s utility as an important ally to the West in combating Islamist terrorism, which also poses a threat to India’s interests. India has thus benefited from intelligence sharing, technology transfers, military cooperation and exercises, which have been beneficial to India’s defence and security interests. At the same time, 9/11 caused other problems for India by re-invigorating the US-Pakistan relationship.

As a reflection of its rising international profile, India is now an influential participant in a number of other regional forums, such as: the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC), G-4, G-15, G-20, G-24, G-77, India Brazil South Forum (IBSA), Indian Ocean Region-Association for Regional Cooperation (IOR-ARC), Shanghai Cooperation Organisation (SCO), and the South Asian Association for Regional Cooperation (SAARC).

More recently, in 2008, India founded two multilateral dialogue forums, namely the Indian Ocean Naval Symposium and the India Africa Forum, which have served to further extend and consolidate India’s influence in the Indian Ocean Region. Similarly, India has significantly enhanced its profile in the Region by signing defence cooperation agreements and a number

of bilateral naval access agreements, including joint training/military exercises, with countries on the Indian Ocean littoral. Today, a central theme of India's foreign policy is to secure a permanent seat on the UN Security Council. To this end, India is trying hard to win the confidence and support of the developing world, as seen in March this year when it hosted a summit of the 48 least-developed countries in the world.

India's Strategic Objectives in the Indian Ocean

Broadly speaking, the success so far behind India's foreign policy in the Indian Ocean has been due to its focus on: using trade and investment; concessional loans; diplomacy, including the upgrade and creation of new embassies or consulates; multi-lateral initiatives, such as the India Africa Forum and the Indian Ocean Naval Symposium; education/training placements for foreign students through the Indian Technical and Economic Cooperation, Tele-Education, Tele-Medicine and Pan African E-Network programmes; training billets in Indian military academies for foreign military personnel; capacity building programmes in education, government and military affairs; and defence cooperation.

The role of naval diplomacy in enhancing India's influence is an increasingly important feature of its strategy for engaging Indian Ocean littoral states. India is currently engaged in modernising and expanding its navy, which is very much in line with its strategic objective to become a major Indian Ocean powerbroker. The salient aspects of its naval modernisation programme include: upgrading naval base facilities and listening stations, acquisition of a nuclear-powered submarine capability and aircraft carriers.

India's rationale for, and emphasis on, naval diplomacy and, generally, the expansion of its navy, has been illustrated on numerous occasions by its most senior naval officials. "To fully understand the operational challenges to our fleet it is important that we recognise that India is essentially a maritime nation and that our prosperity, power and prestige are inextricably linked to the oceans," stated Vice Admiral Sangram Singh Byce, Flag Officer Commanding-in-Chief, of the Indian Navy's Western Naval Command. "The Indian Ocean encompasses about one-fifth of the world's sea area and the Indian Peninsula juts two thousand kilometres into the sea, bringing approximately 50 percent of the Indian Ocean within a 1000-mile arc ascribed from Indian territory," he said. "India's dominant position in the middle of the Indian Ocean and astride some of the busiest strategic Sea Lanes of Communications imposes on us huge operational responsibility to ensure security of both the choke points and the SLOCs so that there is free and unhindered flow of international trade," he added.

India-South Asia Relations

Unlike other regions throughout the Indian Ocean, expanding relations with neighbouring South Asian states has been a greater challenge for India. For example, relations with Pakistan have been historically poor and remain seriously strained. They are characterised by the perennial dispute over Kashmir and, increasingly, tensions over water-sharing rights. Although, more recently both countries have made attempts to stabilise relations, little progress appears to have been achieved.

India, however, has had more success in making inroads in Nepal, Bhutan and the Maldives. Since late 2009, the latter has been incorporated into the Indian Navy's southern naval command. In Nepal, around 44 percent of Foreign Direct Investment is from India. Two-way trade has reportedly increased from US\$1.8 billion in 2008 to nearly US\$3 billion in 2010. India is also a significant investor in the Himalayan Kingdom of Bhutan, especially since 2009 when India signed 12 agreements pledging assistance and financial aid in a number of key areas, such as: enhanced co-operation in law enforcement, defence, civil aviation, search

and rescue operations, health, and information technology. Salient examples include assistance in setting up ten hydro-electric projects by 2020, which will generate 11,000 megawatts of power.

India and Bangladesh share 54 rivers and issues over water sharing rights have often strained relations. Additionally, tensions over cross-border terrorism amplified by sensitivities over India's north-eastern insurgencies, have also hindered the development of relations. However, in recent times this has appeared to be less and less the case, with India making determined attempts to improve trade relations and connectivity between the two countries. According to Dilip Barua, the Bangladeshi Industries Minister: "The volume of trade between both the countries is gradually increasing. And in the northeast, Bangladeshi products are largely popular and in future the trade in the region is likely to go up," he said. In 2010 two-way trade stood at US\$3.5 billion and is likely increase further in the years ahead.

To Sri Lanka, India ranks as the fourth-largest investor on the island, with two-way trade in 2010 estimated at US\$1.8 billion. According to India's Ministry of External Affairs, Indian Foreign Direct Investment is worth nearly US\$500 million. Early this year, both India and Sri Lanka agreed to hold an Annual Strategic Dialogue to further improve relations.

India is clearly intent on expanding its influence in South Asia, which is where it appears to feel most strategically vulnerable, especially in the face of China's rising influence. Therefore, bolstering India's influence in neighbouring South Asian states is likely to constitute a primary strategic and foreign policy objective over the next decade and beyond.

'Look East' Policy

India's 'Look East' policy was first initiated in 1992, as part of its overall strategy to integrate itself into the global system, in the wake of the Soviet Union's demise. The 'Look East' policy coincided with India's admission as a sectoral dialogue partner of ASEAN in 1992 and a full dialogue partner of ASEAN in 1996, which led to the expansion of ties with East and Southeast Asian nations. Since then, in 2000 India has become a member of the six-nation Mekong Ganga Cooperation, followed by admission into the Asia Cooperation Dialogue. India was made an ASEAN summit level partner in 2002, a member of the East Asia Summit and gained observer status to the Shanghai Cooperation Organisation in 2005. In 2010, the ASEAN-India Free Trade Agreement was signed. More recently, India's efforts to engage with ASEAN nations have led to an ongoing dialogue that India hopes will lead to the construction of the Asian Highway Network, that is, the India-Myanmar-Thailand Trilateral Highway and the India-Myanmar-Laos-Vietnam-Cambodia Highway. India's relations with Southeast Asian and Indian Ocean littoral states have also seen it focus on improving relations with Indonesia, Malaysia, Myanmar and Thailand.

The Southeast Asian and Indian Ocean littoral nations that retain primary significance for India are Myanmar, Indonesia and Vietnam, all of which are of increasing strategic importance to India. As Myanmar is the only ASEAN country which India directly borders, the country is of critical importance to India's security, especially given the serious insurgency-related problems that plague Northeastern India. Myanmar's abundant natural resources have also attracted Indian firms, some of which are active in hydro-electric power projects, construction of roads and railways, and investment in Myanmar's energy sector. To strengthen bilateral relations, India has jointly set up several educational institutes, such as: the India-Myanmar Industrial Training Centre, Myanmar-India Centre for English Language; Myanmar-India Entrepreneurship Development Centre; and the Myanmar Centre for Enhancement of IT Skills.

India's relations with Indonesia have expanded rapidly over the last decade. In 2005, the two countries signed a Bilateral Strategic Partnership Agreement, followed by a defence cooperation agreement in 2006. Currently, Indonesia stands as India's second largest ASEAN trading partner with bilateral trade reaching US\$11 billion in 2009-2010, which they plan to increase to US\$25 billion by 2015. India's interests in accessing energy reserves have become increasingly important in shaping relations with Indonesia. Presently, India is Indonesia's most significant buyer of crude palm oil; Indonesia provides nearly half of India's coal imports; and up to 40 Indian companies are reportedly active in Indonesia's mining and exploration industry. In fact, the major Indian multinational firm, the Tata Group, owns 30% of Indonesia's two largest coal mines. India is also seeking opportunities to access natural gas from Indonesia.

Though the 'Look East' policy is primarily an initiative related to East Asia, Australia in some measure constitutes part of this approach, which is also linked to India's improving relations with the West. Although there has been much talk of cultivating a strategic relationship with Australia since a defence cooperation agreement was signed in 2006, this has been limited to strategic dialogue, senior-level visits, staff college exchanges and multinational naval exercises.

However, India has a very significant trading relationship with Australia which, has increased from US\$6.94 billion in 2004, to over US\$19 billion in 2010. According to India's Ministry of External Affairs, Australia ranks as India's sixth largest trading partner, with India being Australia's largest export market for gold, second-largest market for coal and copper, and third-largest for lead. Over 80% of India's imports from Australia are made up of coal, non-monetary gold, copper ores and petroleum.

India-Middle East Ties

Arguably, due to its shortfall of domestic energy reserves, for India the Middle East is the most strategically important region in the Indian Ocean. Apart from significant two-way trade and investment, the region also employs millions of Indian expatriates. While counterbalancing Pakistan and also the threat posed by Islamist terrorism, remain high on India's Middle East engagement strategy, its primary interest in the Middle East stems from its dependence on energy. Presently, India imports 70% of its oil from the Middle East.

India's heavy dependence on the Middle East can be seen through the following examples: Iraq is India's third-largest supplier of oil; according to *Outlook India*, in September 2010, Indian firms in Yemen acquired tenements for seven oil exploration blocks; Kuwait provides 10% of India's oil imports; Saudi Arabia is India's main supplier of oil, accounting for almost one-fifth of its needs. Bilateral trade with Saudi Arabia reached US\$21 billion in 2010.

Qatar sells 7.5 million tons of liquefied natural gas to India every year; over 130 Indian companies are active in Oman, where India is pushing for the construction of a 2000 km long sub-sea natural gas pipeline, to connect Turkmenistan, Iran and Qatar through the UAE to Oman; the UAE is the sixth-largest supplier of oil to India and has a massive two-way trade relationship, which amounted to US\$43 billion in 2010. India formed a Joint Defence Cooperation Committee with the UAE in 2003, which has led both countries to strengthen defence ties to encompass production and development of equipment, technical co-operation, joint military exercises, and the sharing of information on strategy and doctrines.

India's relations with Iran, however, have acquired a more significant and strategic dimension over the last decade, surpassing that of all other countries in the Middle East, and

indeed, in the Indian Ocean Region. India's primary interest in Iran is due to the fact that it has 10% of the world's proven oil reserves and the world's second-largest natural gas reserves. India's heavy dependence on Iran's energy reserves was demonstrated in 2009 when 16.5% of India's oil imports came from Iran, making it the second-largest supplier of crude oil to India. Indian state-owned companies such as the Indian Oil Corporation have been operating in Iran on the South Pars gas field since 2005. More recently, in 2009, state-owned Indian energy firms announced plans to invest US\$5 billion in developing an offshore Iranian natural gas field.

Apart from acting as a natural counterweight to Pakistan, Iran serves as a strategically vital access corridor for Indian interests in Central Asia. India and Iran are also jointly engaged in funding and upgrading the Chabahar port facility in the Persian Gulf, including the construction of attendant highways, railways and, eventually, oil and gas pipelines that will link the port to Afghanistan and Central Asia, in what is referred to as the 'Eastern Corridor'.

The significance of these projects was recently confirmed by Hamid Baqaei, director of Iran's Free and Special Economic Zones Coordination Council, who said: "Lack of a railway link to Chabahar port has created restrictions for rapid transportation of goods, which is presently a function of road transit when the railroad is constructed, the port will be connected to Iran's national rail network and to Central Asia." He added. "The railroad will significantly shorten the distance between Iran and Afghanistan and the Central Asian republics. Chabahar is the nearest port to the five neighbouring Central Asian states and Afghanistan. Because of security reasons the six countries conduct their imports and exports via Iran's free zones."

Given India's rapidly expanding interests in Afghanistan, Central Asia and Russia, it has re-emphasised the rapid development of Iran's Eastern Corridor. "There is a need for accelerating our joint efforts to fully realise the potential of the Chabahar port. This is a project that is in the common interest of not only India, Iran and Afghanistan, but also Central Asia," said India's foreign secretary Nirupama Rao.

In Afghanistan, outside of ensuring that the Taliban remained marginalised, India has for decades supported anti-Taliban forces, and since US intervention first commenced in 2001, has moved to enhance its profile in Afghanistan. Over the last decade, examples of India's influence in Afghanistan include: the completion of the Zaranj-Delaram highway; a 220 KV Double Circuit Transmission Line from Pul-e-Khumri to Kabul; a 220/11/20 KV sub-station at Kabul worth US\$111 million; the new Afghan parliament building worth US\$83 million; new telephone exchanges in 11 Afghan provinces, worth US\$11 million; the Salma Dam Power Project (42 MW) in Herat Province, worth US\$116 million. Presently, it is estimated that between 3000-4000 Indian nationals are working in Afghanistan.

The abundance of natural resources in Central Asia has been a source of increasing interest to India, which is trying to position itself as a powerbroker throughout the region. Presently, in Tajikistan India has 150 military engineers stationed at Ayna and a specialist team of instructors training the Tajik Air Force. In Uzbekistan, India is involved in oil and gas exploration.

India has been actively cultivating its interests in uranium-rich Kazakhstan, where the two countries have signed agreements promoting cooperation in the sale of uranium, agriculture, public health, information technology, education and oil and gas. In fact, Indian state-owned company, ONGC Videsh Ltd, is engaged in joint-exploration at the Satpayev oil block. India has also pledged to assist Kazakhstan to develop a Caspian Sea naval fleet. Indeed, given India's strong interests in the Middle East and Central Asia, it is likely that India

will continue to invest its attention and resources to enhance its influence in these regions, which are vitally important to sustaining its economic growth and strategic aspirations.

India-Africa Relations

Over the last decade, India's profile in Africa has risen dramatically, with two-way trade increasing from US\$1 billion in 2001, to around \$50 billion in 2010. There are plans to make this US\$70 billion by 2012. To strengthen its foothold in Africa, India has launched a series of multilateral initiatives to project its influence. It has committed significant resources to: the New Asian-African Strategic Partnership; the India-Africa Conclave; the India-Africa Project Partnership; and, more recently, the India-Africa Forum. Part of the scope of these programmes has strongly emphasised Indian-sponsored capacity building projects, such as: the India Africa Institute of Foreign Trade in Uganda; the India-Africa Institute of Information Technology in Ghana; the India-Africa Diamond Institute in Botswana; and the India-Africa Institute of Education, Planning and Administration in Burundi.

Africa's abundant natural resources are of growing importance to India, most notably in the areas of agriculture and energy. For example, in the field of agriculture, the UK newspaper *The Telegraph*, reported that 80 Indian companies have invested US\$2.3 billion and purchased 350,000 hectares of plantations in Ethiopia, Kenya, Madagascar, Senegal and Mozambique. India has reduced import duties on African-produced food and has provided over US\$790 million in concessional loans, to assist African countries to export food to India. Furthermore, India's energy security interests have emphasised access to oil, coal and uranium. For example, India imported 12% of its crude oil from Nigeria in 2010.

In practically every African country, especially Indian Ocean littoral states, there are a number of examples alluding to India's rising influence. Presently, India is Kenya's sixth-largest trading partner and Tanzania's second-biggest investor. In Sudan, India's investments are also significant, partly due its dependence on Sudan's oil reserves. India has funded, and is building, the US\$350 million 500 megawatt power plant at Kosti, through concessional loans. This also happens to be the largest power project in Sudan. Furthermore, India has pledged to build two hospitals as goodwill gestures and has provided up to US\$1 billion in soft loans to Sudan.

India has also established a major presence in Ethiopia. In 2007, India extended a concessional loan of US\$640 million to develop Ethiopia's sugar industry. This was the largest-ever line of credit provided by India to a foreign country. According to the Indian Embassy in Ethiopia, 379 Indian companies have secured investment permits making India today the single largest foreign investor in the country. It has more than \$4.1 billion in private sector investment, with 64% of that investment in agriculture. Similarly, India is also active in Ethiopia's education industry. It has jointly created: the African Institute of Information Technology; the Institute of Educational Planning and Administration; the African Institute of Foreign Trade; and the Ethiopian Police College.

The Indian Ocean island states of Madagascar, Mauritius and Seychelles have grown in their significance for India's broader interests in Africa. For instance, as reported by the *Indian Express*, India-Madagascar relations have taken on a new dimension in recent times; as seen in mid-2007, when Madagascar sanctioned an Indian listening and surveillance station using radars. This marked the first time that India had set up a listening and surveillance station on foreign soil.

Similarly, India secured the cooperation of Mauritius in allowing its navy to engage in surveillance and monitoring of its EEZ. Indeed, since 2006 there has been unsubstantiated

speculation suggesting that India has expressed interest in acquiring, on long-term lease, the North and South Agalega Islands to develop tourist infrastructure. Some critics, however, argue the islands are also destined to be developed into a listening station and facility for Indian maritime surveillance aircraft. Another example of India's rising influence is in the Seychelles, an archipelago nation where India has developed strong defence ties since they signed a defence cooperation agreement in 2003. Since 2005, India has gifted a fast attack craft to the Seychelles Coast Guard, maintained a permanent presence patrolling the Seychelles EEZ, engaged in joint military exercises and commenced training Seychelles military officials in Indian defence establishments.

In 2009, India was ranked fourth-largest investor in Mozambique, with bilateral trade growing from US\$178 million in 2005, to US\$427 million in 2010. India has been instrumental in setting up the India-Mozambique Coal Partnership, alongside another two newly formed training and planning institutes in the country's coal sector. Mozambique has also allowed Indian Navy warships to conduct regular patrols in its territorial waters and EEZ.

South Africa's importance to India has also continued to grow in recent years. For example, two-way trade grew from US\$4 billion in 2006, to US\$12 billion by 2011. There are plans to further increase two-way trade to US\$15 billion by 2014. India is now the largest buyer of South African coal and has shown growing interest in developing their defence relationship. This led the two countries to sign a defence cooperation agreement in 2006. South Africa also has a large segment of its population that is of Indian origin; numbering approximately 1.5 million. They include 13 Members of Parliament, two Cabinet Ministers and four Deputy Ministers.

As the evidence suggests, based on India's interaction with Indian Ocean Region countries, a clear pattern has emerged showing that India's interests are heavily focused towards improving trade, investment and economic growth; while it also attempts to secure access to hydrocarbon reserves and arable land, to strengthen its food and energy security. Due to its heavy dependence on inbound seaborne trade, India has placed a premium on developing its naval capabilities to safeguard and project its influence across the Indian Ocean. Given that India sees itself as a major power with strategic interests across the Indian Ocean, and that its requirements for access to natural resources are set to grow, it is likely that India will aim to significantly expand its influence across the Indian Ocean in the years ahead.

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