India in World Affairs:
Interpreting India’s Foreign Policy Objectives

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Key Points

The salient aspects of India’s evolving foreign policy see it:
• Seeking to emerge as the strategically pre-eminent power in South Asia.
• Contouring its foreign policy to secure widespread international support and obtain a permanent seat on the United Nations Security Council, commensurate with its ambition to be a great power.
• 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 economic growth and its escalating energy consumption.

Summary

From the time India first attained independence in 1947, its foreign policy during the Cold War period evolved from being pro-Soviet and antithetical to Western interests, to now becoming an important Western strategic partner and providing a counterweight to China. Over the last decade India has massively expanded its influence worldwide, primarily through diplomacy and trade, which has seen it emerge as an influential power in global politics.

Analysis

Foreign Policy Evolution
During the Cold War, India’s post-independence foreign policy reflected its strong affinity with socialist ideology. This was seen by India’s refusal to join South East Asia Treaty Organisation (SEATO) and the Baghdad Pact, its membership in the Non-Aligned Movement, formed in 1961; and its willingness 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 one that gradually embraced capitalism. This resulted in India’s greater integration into the global economy, with a foreign policy geared towards tangible and pragmatic interests that resulted 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 aim 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, all of which have been highly beneficial to India’s defence and security interests. Yet, at the same time 9/11 terrorist attacks against the US caused problems for India by reinvigorating 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 throughout the Indian Ocean Region. Similarly, India has significantly enhanced its profile in the region and has signed 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-China Relations
Since the end of the Cold War India’s relations with China, although strained, have shown signs of improvement. For example, the India-China Expert Group was set up in 1995, to examine ways to enhance relations; this was later followed by the Agreement on Confidence Building Measures. Such initiatives provided the foundation for a further strengthening of
relations in 2003, when India officially recognised Tibet as part of China, and in 2004, when China, in turn, recognised Sikkim as part of India.

In 2005, India supported the admission of China to granted observer status in SAARC; but it has been less enthusiastic in its support for the idea of granting China a permanent seat. Similarly, 2006 provided another fruitful undertaking, when both countries agreed to reopen the Nathula Pass in the Himalayas, which had been closed since the 1962 border war. Also in 2006, India and China signed a cooperative agreement to engage in joint bids for energy projects.

In the area of trade and investment China is poised to become India’s largest trading partner. Two-way trade surpassed US$10 billion in 2004, reached an estimated US$36 billion in 2007 and US$60 billion in 2010. Since then both countries have announced plans to further increase bilateral trade to US$100 billion. Trade relations were further consolidated when, at the invitation of Prime Minister Manmohan Singh, Chinese Premier Wen Jiabao visited India in late 2010, accompanied by a delegation of 400 Chinese businessmen. Following this visit, in April 2011, China and India agreed to recommence defence cooperation and military exercises.

Although strategic tensions remain, India has considerable incentive to expand relations and cooperation with China. There is an obvious benefit for India’s economic growth through enhanced trade and investment. Strengthening and stabilising relations with China, also offers India greater leverage in diffusing Pakistan’s influence with China. Simultaneously, it also enables India to maintain amicable relations and to prevent complications over the headwaters of India’s major river systems, such as the Brahmaputra and Ganges, most of which emanate from Chinese-controlled regions in the Himalayas.

India’s relations with the West
In the aftermath of the Cold War, India’s relations with the US have drastically changed from adversarial and mutually suspicious, to a relationship of significant and growing cooperation. In the wake of the 9/11 attacks on the US, India’s utility as an ally grew exponentially; both as a bulwark against Islamist terrorism and a counterweight to China. Such an opening was eagerly exploited by India, which remains keen to acquire strategic and economic benefits from the West.

Closer cooperation, commenced with the Next Steps in Strategic Partnership, signed by both countries in 2004; since then more initiatives have followed. Salient examples include: the signing of a nuclear cooperation agreement in 2005, the signing of the 123 Agreement for peaceful nuclear cooperation in 2007, India-US Climate Dialogue, US-India Strategic Dialogue, US-India Trade Policy Forum, US-India Economic Dialogue and CEO Forum, US-India Energy Dialogue, Trade Policy Forum, India-US Knowledge Initiative on Agriculture, and a Bilateral Investment Treaty. These cooperation initiatives were further strengthened by US President Barack Obama’s visit to India in 2010, which led to relations being further consolidated by the signing of more defence and trade agreements.

India has benefited significantly from enhanced relations with the US. The relationship has provided much needed leverage to enhance its regional and global profile. It has also served as a useful way for India to counterbalance China and Pakistan, assisted in strengthening its economic growth, and improved defence cooperation, including intelligence sharing and transfers of technology.
As a result of normalising relations with the US, India has benefited significantly from a lucrative relationship with the European Union (EU), which is presently India’s largest trading partner. Two-way trade has expanded considerably from €28.6 billion in 2003, to over €55 billion in 2007, and plans are afoot to substantially increase this figure to €100 billion in the next five years. Since 2005, several joint initiatives have been streamlined, such as the EU-India Joint Action Plan, the Trade and Investment Development Programme and the annual EU-India Summit. As a result of such cooperation, India has attached significant importance to its relationship with the EU, from which it derives benefits from defence cooperation, transfers of technology, intelligence sharing, and as a means of leveraging its strategic and economic interests throughout the world.

**India-Russia relations**

Since India attained independence, it has maintained amicable relations with Russia and has moved to upgrade relations significantly in the aftermath of the Cold War. Since the turn of the century, bilateral relations have taken on a new importance, with India and Russia both seeking to benefit from expanded ties and cooperation in trade and investment. The two countries have shared opportunities in mining and the oil and gas industries, technology transfers and defence cooperation, to counterbalance pressure on India from China, Pakistan and the US. In 2000, India and Russia signed the Declaration on Strategic Partnership, which has since provided the benchmark for the further expansion of trade. Following this, India obtained the Ayna Air Base in Tajikistan, which is jointly operated by Russia and India.

Since 2004, India and Russia have signed three agreements on space cooperation, including joint exploration of the moon. Trade has increased markedly over the last few years; from US$3 billion in 2006-07 it has now grown to almost US$10 billion. Given that India is the second largest market for Russian arms, the two countries have established an Inter-Governmental Commission on Military-Technical Cooperation, co-chaired by their Defence Ministers. In 2007, both countries announced the formation of the India-Russia Forum on Trade and Investment. The following year, they signed an agreement to build civilian nuclear reactors in India. The India Russia Inter-Governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation was also established, to enhance relations in all spheres. In March 2010, Russia and India signed an additional 19 agreements on civilian nuclear energy, space and military cooperation.

Russia is also strategically important to India as an access corridor from Iran to the Arctic and Eastern Europe, where India is seeking to exploit economic opportunities and extract energy reserves through established transport and energy corridors. This led India, Russia and Iran to sign the North-South Transport Corridor Agreement in 2002, which is designed to reduce the time and cost of transporting goods between India, Russia and Europe.

Similarly, for nearly a decade the Central Asian region has been the epicentre of geopolitical competition, involving all the world’s major powers. They are all seeking access to the region’s abundant natural resources, particularly its reserves of oil, gas and uranium. The importance of Central Asia to India is primarily due to this fact, but also because India is seeking to compete with, and counterbalance initiatives by China and Pakistan in the region. India has a vested interest in ensuring that radical Islamist movements, such as the Taliban, are marginalised.

**Africa and the Middle East**

The Middle East is strategically important to India as a major supplier of energy. It is also a significant export market for India, and a region that employs over 3 million Indian
expatriates. In 2007, the annual remittances by Indians employed in the Middle East, was estimated at US$20 billion. Promoting regional stability and security, especially in the sea lanes, has been a major Indian goal, as seen by the recently signed bilateral defence agreements with Qatar and Oman. Reportedly, India is also interested in setting up a deep sea gas pipeline connecting Qatar to India, via Oman.

Africa’s importance to India has grown markedly in the last decade. Two-way trade with Africa reached US$46 billion in 2010, and there are plans to increase this further to US$70 billion by 2014. Presently, up to 2 million people make up the Indian diaspora in Africa, which is a vestige from the British colonial era. The driving force behind India’s interest in Africa lies primarily in energy security, food security, the search for new markets, and strategic influence. Indian energy companies have significant operations in Nigeria, Egypt, Sudan, and more recently, India has set up embassies in Niger and Malawi to examine possibilities for mining uranium.

To facilitate its interests in Africa, the India-Africa Forum was set up in 2008, and in June this year held its second summit in Ethiopia. Pledges were made to provide US$5 billion in credit to African nations, including US$700 million for new institutions and training programmes. As a consequence of India’s rise, South Africa and India, whose bilateral trade has increased from US$4 billion in 2005-2006, to nearly US$12 billion in 2010, have shown serious interest in developing strategic ties.

**India-South America**

India increasingly views South America’s natural resources as key to its economic growth and trade has rapidly expanded over the last five years. Currently two-way trade between India and South America amounts to over US$25 billion annually, and is projected to grow even further in the years ahead.

India and Brazil have formed a bilateral Trade Monitoring Mechanism for periodic consultations. Bilateral trade reached an unprecedented figure of US $7.7 billion in 2010. India’s main imports from Brazil are: crude oil, copper sulphates, soya oil, wheat and other minerals such as copper and their concentrates. Similarly, trade between India and Argentina stood at US$2.5 billion in 2010. For instance, thirteen Indian companies have established operations in Argentina. One Indian mining company, Indor Borax Chemicals Ltd, acquired a Borax mine in Argentina in 2009 and is planning to acquire bigger mines. Reliance has formed a joint venture with an Argentine oil company, Pluspetrol (the consortium includes Westwood of Australia), and they have won a concession in Peru for oil exploration and production.

India’s trade with Bolivia remains very low, but recently India has shown greater interest. On 18 July 2007 Jindal Steel and Power Ltd (JSPL) signed an agreement with the Bolivian Government on the Mutun Iron Ore Project. The company has invested about US$2.1 billion in the project, which contains the world’s largest iron ore deposits at 40 billion tonnes of ore. Aply, India-Chile trade has increased from US$1.8 billion in 2010. Both countries are currently negotiating a Comprehensive Economic Partnership Agreement to further augment cooperation. India’s imports from Chile are predominantly copper, molybdenum, fish and almonds.

Bilateral trade between India and Columbia has grown from US$545 million in 2008 to US$979 million in 2010. At least two Indian energy firms are currently operating in Colombia, namely ONGC Videsh Ltd and Reliance Industries. This led India to sign an agreement in 2008 to engage in exploration for hydrocarbons. Two-way trade between India and Peru stands at
US$410 million. The two countries are planning to start negotiations for a Free Trade Agreement next year. Lastly, in Uruguay, India’s Zamin Resources has commenced an iron ore mining project. The total cost of the project is over a billion US dollars. A consortium of Indian vegetable oil companies is exploring opportunities for investment in soya farms.

In conclusion, it is clear that India’s modern foreign policy has evolved to meet the variety of challenges and aspirations that continue to dominate its national agenda. For instance, this is exemplified by the growing requirement to secure the energy reserves needed to fuel its economic growth, while food and water scarcity is also having an impact. This can be seen in Africa and to a smaller extent in Southeast Asia and South America, where Indian companies are acquiring arable land to engage in agriculture and food production. Furthermore, to achieve its great power aspirations India is also seeking to encourage countries throughout the world to support its bid for a permanent seat on the UN Security Council, by using soft power to enhance its relations with countries throughout the world. India is also heavily active in bilateral and multilateral forums of regional and global significance. This would suggest that India’s foreign policy has been designed to provide it with greater options and flexibility, both nationally to deal with internal challenges and internationally to enhance its regional and global influence.

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