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THE NEW SOUTH ASIAN SECURITY DYNAMIC: THE WAR ON TERROR AND THE EMERGING US-INDIA-CHINA TRIANGLE

Raspal Khosa

Australian Strategic Policy Institute

India and Pakistan have recently celebrated 60 years of independence from Great Britain. Despite the many genuine reasons the two post-colonial entities have for jubilation, the past six decades have also been characterised by a state of perpetual confrontation over the contested possession of the Himalayan territory of Jammu and Kashmir¹; one that is punctuated by intense periodic Indo-Pak hostilities and irregular warfare by a range of proxy forces. Traditionally, the South Asian security dynamic revolved around the ongoing animosity of its two nuclear-armed principal states. However, South Asia is now subject to a range of more recent challenges that emerge from within the region, and from powerful new influences from without that will shape regional security for decades to come. This article examines the impact of two international currents on South Asian security: the so-called Global War on Terrorism led by the United States against violent Jihadist extremism, and the rise of the Asian great powers—India and China. These compelling new factors in the South Asian security calculus have already resulted in a dramatic realignment and intensification of long-ossified strategic relationships.

South Asia security survey

South Asia is a war-prone region that is rife with conflict and disputes. The most severe regional hotspots are Afghanistan and the Pakistan tribal belt, Sri Lanka, Jammu and Kashmir, the Northeast Indian states and extensive rural areas of central and Eastern India. Virtually all of the region's constituent states are marked, to varying degrees, by political violence in the form of civil war, insurgency, terrorism, and ethnic and religious strife; many of these internal conflicts have complex transnational dimensions. Longstanding territorial and boundary disputes also feature prominently in the security concerns of a number of regional states. These insoluble inter-state problems still serve as *casus belli* in the contemporary South Asian strategic environment. Pre-existing tensions may be further

exacerbated by future conflicts over scarce resources which are looming large on the South Asian security horizon.

South Asia is also a region of endemic poverty, with its concomitants of widespread malnourishment, low levels of literacy and a burgeoning incidence of HIV-AIDS. Whereas every regional state suffers from corruption and poor governance, some faltering South Asian polities are fast approaching the status of failed states; only exercising limited sovereignty over their national territory. Environmental crises and population movements by economic migrants between states further leads to regional instability.

South Asia's challenging regional *milieu* has frustrated collective attempts to solve its manifold problems. The region's principal multilateral economic, political and security instrument—the South Asian Association for Regional Cooperation (SAARC)—has proved inadequate to the task of addressing regional security challenges, despite recent exhortations of its utility by regional leaders. SAARC has been hostage to rivalry between India and Pakistan since it was established in 1985. For most of its history SAARC comprised the following states: Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. Afghanistan became the eighth SAARC member state at the Association's April 2007 summit in New Delhi. Even though it is traditionally regarded as part of Central Asia, linkages between Afghanistan and Pakistan are so incontrovertibly extensive that any discussion of South Asian security must include the former.

Civil war, insurgency and terrorism

Afghanistan and the contiguous Pushtun tribal belt along its border with Pakistan is a key theatre of the Global War on Terrorism. A range of Jihadist militant groups operating from Pakistani national territory are fighting an insurgency in the south and east of Afghanistan against the government of President Hamid Karzai and its Western supporters. Since September 2006, there has been a major increase of insurgent violence employing terrorist tactics against Afghan security forces, International Security Assistance Force (ISAF) troops and civilians.

In Sri Lanka, the fragile peace process brokered by the Norwegian Government between the Government of Sri Lanka and the separatist Tamil Tigers has all but collapsed. Sri Lanka has now descended back into a state of civil war which has gripped the troubled island since early 1983, when its minority Tamil population sought a separate homeland in the north and east of the country, claiming decades of discrimination at the hands of the Sinhalese majority.

The insurgency in Jammu and Kashmir is now well into its second decade. Violent Jihadist militants continue to infiltrate into the Indian side of the disputed territory from Pakistani-controlled areas to conduct attacks against military and civilian targets. Although levels of violence have declined since the 1990s, the majority-Muslim population of the Kashmir Valley remains estranged from Indian rule in what began as a demotic Kashmiri ethno-nationalist movement in 1989.

Mass casualty terrorism by violent Jihadists is now a feature of the Indian security landscape. Over 300 people have been killed in terrorist bombings since the multiple blasts on Mumbai commuter trains in July 2006. While many incidents are linked to international Jihadi networks, there is also a strong homegrown element to some of the recent attacks. In the past terrorists targeted the administrative and commercial centres of Delhi and Mumbai. However, they are now increasingly turning their attention to southern information technology hubs such as Bangalore and Hyderabad in an effort to damage the Indian economy.

The remote north-east of India continues to experience a number of slow-burn insurgencies in the region known as the ‘seven sisters’². With the exception of Assam, this area consists of mini-states with distinct tribal populations that are not reconciled to their incorporation within India. The most serious insurgency involves the United Liberation Front of Asom (ULFA), which is engaged in a decades-old struggle against Indian-rule in Assam. India alleges the ULFA and other groups in the north-east are assisted by Pakistan and Bangladesh. The situation in the north-east is compounded by illegal Bangladeshi migration that is upsetting the ethnic and religious balance.³

Maoist-inspired violence known as ‘Naxalism’⁴ involving tribal and lower-caste groups has been prevalent in India since the 1960s. This movement is now transformed into a fully-fledged insurgency that affects 180 of India’s 602 districts. Naxalites hold sway over an area of rural eastern and central India that extends from the Nepal border to the state of Andhra Pradesh in the south. In 2006, the Indian Prime Minister, Manmohan Singh, referred to the problem of Naxalism as the single biggest internal security challenge ever faced by his country.⁵ The presence of these illegal armed bands undermines Indian sovereignty.

Organised crime

Established trafficking routes for narcotics, firearms and other contraband transect South Asia. Fragile states in the region are attractive destinations for organised crime networks. Their illicit enterprises risk little interference from weak national authorities whose corrupt

officials may be complicit in any criminal activity. South Asia will remain a haven for organised crime until such time as states become more capable of controlling their territory, and acting collectively to address transnational challenges. Complicating the problem are linkages between organised crime and terrorist and insurgent groups that engage in such activity to further their operational goals.

Water security

South Asia is a water deficient region. Growing populations and accompanying increased agricultural activity has increased demands on this vital resource. The problem of water security is exacerbated by climate change that is causing widespread desertification and accelerating the glacial melt from the Tibetan Plateau—the source of most of South Asia's rivers. Pressure on water resources may aggravate tensions between riparian states such as India and Pakistan that share the waters of the Indus River system.⁶

The old dynamic: Kashmir and a nuclear South Asia

India and Pakistan have fought three wars over the erstwhile princely state of Jammu and Kashmir since independence and partition in 1947. The Kashmir problem remains unresolved and continues to impede the normalisation of relations between these states. In the mid-1980s, the dispute spilled into a new territorial dimension—the Siachen Glacier dispute in the remote northern sector of Jammu and Kashmir, which remains an undeclared but standing war. Despite successive talks to resolve the Kashmir problem, the basic territorial claims of India and Pakistan remain poles apart.

Pakistan is the revisionist power in the Indo-Pak conflict, for which control of Jammu and Kashmir is a long-held national project. It has attempted on three occasions to alter militarily the status-quo of the de facto border in Jammu and Kashmir that was established after the First Indo-Pak War of 1947-48. The Second Indo-Pak War of 1965 and widespread conflict in Jammu and Kashmir during the Bangladesh War of Independence in 1971 resulted in little significant change to the Line of Control (LOC)⁷ that separates the belligerents.

International security analysts have long regarded South Asia as the most likely theatre for the future use of weapons of mass destruction. The presence of nuclear weapons in South Asia threatens to make major war between India and Pakistan a very costly proposition. Both states have been unambiguously in possession of nuclear weapons for nearly a decade, following a dramatic series of nuclear tests in May 1998 that announced their status to the world as nuclear powers outside of the international non-proliferation regime. As we have

seen, India and Pakistan have a lengthy history of conflict over unresolved territorial disputes, and continue to engage in low intensity warfare in Kashmir and elsewhere in the subcontinent. There is every likelihood in the South Asian strategic environment that confrontation between India and Pakistan could spiral into a serious conventional conflict, where escalation to the nuclear level remains a distinct possibility.

A range of factors exacerbate the potential for nuclear conflict in South Asia. India and Pakistan have immature doctrine for the control and use of their nuclear arsenals.⁸ Added to this is the lack of civilian control of Pakistan's nuclear weapons. Both sides remain largely ignorant of each other's 'red lines' for nuclear escalation. India and Pakistan share a long land border, with the latter lacking in strategic depth. Thus, potential military targets and major population centres in either state are separated by very short flight times for the delivery of nuclear weapons. Furthermore, the small size of their nuclear arsenals, that number in the tens of devices, means they are subject to 'use it or lose it' scenarios in the event of escalation to the nuclear level.

Significantly, there is a growing conventional force asymmetry between India and Pakistan in favour of that former that engenders instability at the strategic level (see Table 1). These states are at substantially different levels of economic development, which in turn that has created a growing military gap. Both states must modernise their antiquated weapons systems that are facing bloc redundancy, however, only India has the resources to do so. The decline of Pakistan's conventional defensive capabilities relative to India will make Pakistan adopt a more strident nuclear deterrent posture to offset India's conventional superiority.⁹

Table 1. Comparative Quantitative Conventional Military Strength

Country	Regular Force	Reserve Force	Tanks	Other Armoured Vehicles	Combat Aircraft	Helicopters	Major Surface Combatants	Patrol and Coastal Combatants	Submarines	Amphibious
China	2,255,000	800,000	8,580	5,710	3,435	533	71	254	58	76
Japan	260,250	44,395	980	900	380	640	53	9	18	3
India	1,325,000	1,155,000	3,978	2,817	886	549	54	24	16	15
Pakistan	619,000	no data	2,461	1,266	343	170	7	7	7	0
United States	1,546,372	956,202	8,023	24,386	4,016	5,435	118	21	72	36

Note: All figures are estimates and include some equipment held in store.

Source: Raspal Khosa, *Australian Defence Almanac 2006–2007* (Australian Strategic Policy Institute, Canberra, 2006), p 47.

The India-Pakistan nuclear conflict dyad is dissimilar to the situation that prevailed in Cold War Europe between the West and the Soviet Union, where the presence of nuclear weapons acted as a deterrent against violence at the conventional level. Kapur argues that contrary to Cold War logic, the existence of nuclear weapons has instead facilitated ongoing low-level violence in South Asia.¹⁰ The danger of nuclear escalation, with the effect of catastrophic and unacceptable losses to either side, has allowed these nuclear powers to engage in limited violence that is below the nuclear threshold.

Pakistan's revisionist activity over Kashmir assumed a new strategic dimension by the late 1980s, after both sides acquired a nuclear weapons capability.¹¹ The Pakistani leadership determined that it could engage in low level violence in Jammu and Kashmir by supporting a separatist insurgency without inviting an Indian response due to the high risk of nuclear war. This policy aimed to make India's continued possession of Kashmir untenable by tying down large numbers of security force personnel that are engaged in border-sealing and counter-insurgency operations. In addition, the ever-present danger of a nuclear exchange internationalises the conflict through third-party diplomatic intervention that may attain for Pakistan a more favourable resolution to the dispute than it can achieve on its own.¹² Nuclear deterrence and the threat of escalation to the nuclear level have thus become essential to Pakistan's overall defence policy. India has refrained from attacking insurgent bases and infrastructure in Azad Jammu and Kashmir and other areas in Pakistan. The escalatory danger has dissuaded India from employing its superior conventional forces to maintain the status-quo in Jammu and Kashmir.

Following the 1998 nuclear tests, Pakistan was emboldened to engage in more adventurous policy of revisionism. In May 1999, Pakistan conducted a deep incursion using irregular forces across the LOC in the Dras-Kargil-Batalik sector of the Ladakh region of Jammu and Kashmir. Pakistani forces occupied three strategic heights that threatened National Highway 1— the main supply route for Indian forces between Srinagar and Leh. The Pakistani action precipitated the Kargil War which lasted for three months as Indian forces fought to reoccupy the territory.

Pakistan had miscalculated over the Kargil War. Its bluff was called when India engaged in a vigorous, though limited, conventional military response to repel the invaders. Pakistan's actions in Kargil generated international opprobrium and it soon found itself diplomatically isolated. The Pakistani incursion was ultimately defeated by Indian arms and its forces were compelled to withdraw. The recriminations that flowed from the failed Kargil enterprise increased civil-military tensions in Pakistan that ultimately led to General Pervez

Musharraf's military *coup d'etat* against the government of Prime Minister Nawaz Sharif in October 1999.

For their part, the victory in Kargil led Indian policy planners to conclude that there was a certain degree of stability at the strategic level between India and Pakistan. India, it appeared, could now fight a limited conventional war to deter Pakistani aggression without nuclear escalation. Indian military doctrine and force structure were revised to allow for strike options against Pakistan that would not undermine what Ashley Tellis and others have termed the 'ugly stability' in South Asia. However, the level of strategic stability in the India-Pakistan conflict equation remains indeterminate.¹³

The new thinking prevalent among Indian strategists prompted a more hardline approach to dealing with Pakistan following the December 13, 2001, terrorist attack on the Indian Parliament by Islamist militants. The Indian response to the terrorist outrage by Pakistan-based Jihadist against their national legislature was to mobilise large forces along the International Border with Pakistan, bringing the two states to the brink of war. That action, together with strong diplomatic intervention by the United States which was by then engaged in its own war against violent Jihadist extremism, forced Pakistan to outlaw the two Jihadi groups held responsible for the incident—the Lashkar-e-Toiba and the Jaish-e-Mohammed.

Relations between India and Pakistan have slowly improved since the ten-month crisis from December 2001 to October 2002 along the India-Pakistan border. A ceasefire between Indian and Pakistani forces on the LOC has held since November 2003. Beginning in 2004, India and Pakistan embarked on a tentative roadmap to peace that resulted in a range of confidence building measures (CBMS) which have reduced threat of war. These include the resumption of air travel between India and Pakistan that was curtailed in the wake of the 2001 crisis, and the opening of a bus route between Srinagar and Muzaffarabad.¹⁴ The Kashmir insurgency, however, has not ended. And somewhat disturbingly, terrorist attacks by violent Jihadists elsewhere in India appear to be on the increase.¹⁵ As well as fomenting communal violence, these incidents seem to be predicated on destabilising the delicate rapprochement between India and Pakistan.

South Asia and the Global War on Terrorism

South Asia has been a major locus of the Global War on Terrorism¹⁶ since the September 11, 2001, terrorist attacks in New York and Washington. By the following month, the United States and its allies had commenced combat operations in Afghanistan to destroy the Al Qaeda Jihadist network and drive their Islamist Taliban hosts from power in Kabul. Violent Jihadist extremism is now viewed by the international community as one of South Asia's

major exports. Ironically, the Jihadist movement was activated by the West with the support of Pakistan in the 1980s in response to the Soviet Union's decade-long intervention in Afghanistan from 1979. The radicalism spawned by the Afghan jihad has led to the diffusion of war in the region, and from the mid-1990s, has reverberated around the world through a process known as the 'Islamic blowback'. For its part, Pakistan has adroitly exploited its position as a frontline state, both in the Cold War against communism and in the Global War on Terrorism, to secure massive injections of Western aid and gain legitimacy for a succession of military regimes.

Afghanistan remains a centre of gravity of transnational terrorism. United Nations-mandated ISAF troops are battling a range of Jihadist insurgents in the south and east of Afghanistan. Currently there are 41,000 ISAF personnel in the region under the operational command of the North Atlantic Treaty Organisation (NATO), which assumed responsibility for the security of Afghanistan in October 2006. The challenge of Afghanistan is driving the NATO Alliance's transformation from its Cold War focus on Europe. ISAF comprises personnel from all 26 NATO members and 11 partner states, nonetheless, the United States, Britain and Canada have borne the brunt of the fighting. The main purpose of ISAF is to assist the Government of Afghanistan in establishing and maintaining a secure environment to facilitate the rebuilding of Afghanistan, the establishment of democratic structures and deepen the influence of the central government.

The July 2007 US National Intelligence Estimate, *The Terrorist Threat to the US Homeland*¹⁷, reported that Al Qaeda had established a safe haven in the Pakistan Federally Administered Tribal Areas (FATA). This consensus report by 16 American intelligence agencies found that Al Qaeda was able to reorganise to its pre-September 11 strength because of a failure by Pakistan to counter extremism in its tribal areas. The United States is no longer content with General Musharraf's *laissez faire* approach to dealing with Jihadist activity in the FATA.

The sanctuary afforded by Pakistan resurgent Taliban and Al Qaeda fighters, among other Jihadist groups, has contributed more to the survival of these forces than any other factor. Insurgents operating in the southern and eastern Afghan provinces enjoy strong support from Pushtuns in Baluchistan and the FATA. The failure by Pakistani authorities to dismantle the insurgent bases in these areas has resulted in rising levels of violence in Afghanistan, and threatens the painstaking state-building and reconstruction efforts by the international community.¹⁸

More disturbing still, are allegations that elements of the Pakistani military continue to provide assistance to Afghan insurgent groups that they were instrumental in raising during

the 1990s. Seth Jones asserts that there is virtual unanimity among ISAF commanders that Pakistani military assistance to Jihadists in Afghanistan is significant and ongoing. The Pakistani Inter-Services Intelligence Directorate is accused of directing, assisting, training and supplying intelligence and materiel to Jihadists fighting their Western allies in the war on terrorism.¹⁹

Pakistan's has had a long-standing policy of using Jihadist militias as proxy forces to attain geo-strategic outcomes. For decades it has sought influence over Afghanistan and attempted to pursue a revisionist agenda in Kashmir. Following the withdrawal of Soviet forces in from Afghanistan in 1989, the Pakistani military embarked on an adventurous course of strategic action that led to a radicalisation of civil society in Pakistan and a destabilisation of the region. During the 1990s this activity was not moderated by weak and corrupt civilian governments, and has included: support to the Kashmir insurgency, the Taliban movement, the AQ Khan nuclear proliferation network, and the Kargil War.

Pakistan was faltering by the time Musharraf assumed power in 1999. His country was being undermined by poor governance and widespread sectarian conflict involving radical Islamists. With the country in such a parlous condition, it was increasingly difficult to pursue adventurous policies abroad. Furthermore, Pakistan had a poor international standing and was being labelled a state sponsor of terrorism, whilst enduring a range of punitive sanctions by international community following the 1998 nuclear tests.

The September 11 terrorist attacks forced an abrupt policy shift in Islamabad. Pakistan's support for the Taliban, and by extension Al Qaeda, was now untenable. Musharraf was compelled to provide assistance to the United States' Operation ENDURING FREEDOM by opening Pakistan airspace, making available military and logistics facilities, sharing intelligence, and capturing and handing over Al Qaeda terrorists. The threat of force by the United States to comply was revealed during Musharraf's September 2006 US visit to promote his memoirs. He told reporters that in the aftermath of September 11 the US Deputy Secretary of State, Richard Armitage, is alleged to have declared that Pakistan should be prepared to be "bombed into the stone age" if it did not cooperate in the war on terror.

Employing something of a 'carrot and stick' approach, the United States has offered Pakistan substantial inducements to participate in the war on terror. Since September 11, the United States has supported Pakistan to the tune of AUD12 billion in direct assistance and by writing off debts. It has annually waived a raft of sanctions that were directed against Pakistan's nuclear program, and reinstated military cooperation with the Pakistan armed forces. Furthermore, the United States has allowed long-deferred sales of military hardware to Pakistan, including frontline F-16 fighter aircraft.

Pakistan has engaged in limited operations against foreign Jihadists in the FATA, and lost over 700 of its own soldiers and paramilitary police in counter-insurgency operations there. The Government of Pakistan has also enacted a range of counter-terrorism laws and banned particular militant groups. Jihadist animus is now directed against the Pakistan state following the July 2007 storming of the extremist 'Red Mosque' in Islamabad by security forces resulting in much loss of life. This action provoked a violent response by Jihadist groups, and it is questionable whether Musharraf has the resources or the will to take on the radical Islamists now threatening Pakistan's internal stability.

General Musharraf, despite his present constitutional difficulties, is perceived as under-performing in the war on terror. Musharraf has yet to conduct a sustained campaign against insurgents that are using Pakistani territory as a staging area for operations in Afghanistan. Pakistan retains some of these Jihadist groups for leverage against Afghanistan and India, however, their utility is diminished in the current strategic environment. The United States is now applying intense pressure on Pakistan to re-evaluate its cost-benefit calculus of employing proxy forces. Pakistan's Janus-faced policy is growing increasingly difficult to sustain as the United States and its allies grow impatient for victory in Afghanistan. It is unlikely that Pakistan will be able to continue its limited cooperation with its Western allies while supporting Jihadists in Afghanistan and Kashmir.

India Rising

Six decades after independence India is emerging as 'swing state' in the Asian regional security order and as an important global player in its own right. With a booming economy, a new found sense of self-confidence and ambitious security goals, India is being courted by major world powers that are seeking new strategic partnerships in South Asia.

India's economy has risen steadily over the last 15 years since its economic reforms of the early 1990s. A much vaunted study by investment bank Gold Sachs projected that by 2032, India will be the world's third largest economy after the United States and China.²⁰ For the past four years, India consistently achieved GDP growth rates of over 8.0 per cent. In FY 2006-07 GDP growth was over 9.0 per cent.

India's improved economic circumstances have allowed a substantial growth in defence spending over the past decade. In FY 2006-07 the budgetary allocation to the Indian defence portfolio was AUD27 billion or 2.5 per cent of GDP. India is modernising its military and is now the largest importer of military hardware in the developing world. It is also building-up its strategic nuclear forces and investing in new power projection capabilities in

the maritime domain. For the first time in its history India will have the wherewithal to play a major role beyond the confines of the subcontinent.

India's grand strategy is conceived as consisting of three concentric circles. The innermost circle comprises the immediate South Asian neighbourhood, where India has sought primacy and to deny the region to external powers. The second circle encompasses the Indian Ocean littoral, where India seeks to balance the influence of other powers. The outermost circle is the world stage, where India is attempting to take its place as one of the great powers.²¹

Since the 1998 nuclear tests, New Delhi has made a concerted effort to reshape its immediate neighbourhood. India is now exploring more practical diplomatic solutions over Kashmir and its longstanding border disputes with China. The resolution of these deleterious issues would free India to pursue a greater role outside South Asia. Even though these problems remain unsettled, India's 'soft power' in its extended neighbourhood has grown considerably in recent years. For example, India played a crucial role in the peaceful democratic transition in Nepal. India is also a major aid donor to Afghanistan—contributing AUD900 million in development assistance to the Karzai government. The Indian Navy contributes to 'public goods' in the Northeast Indian Ocean by patrolling sea lanes, and was conspicuous in extensive disaster relief efforts following the 2004 Boxing Day Tsunami.

India has also sought to establish a network of regional bilateral and multilateral trade and investment linkages. India's "Look East" policy began a quest for membership in Asian regional organisations that now include Association of Southeast Asian Nations fora and the East Asia Summit. India has observer status in the Shanghai Cooperation Organisation and still seeks admission to the Asia Pacific Economic Cooperation (APEC).

Raja Mohan argues that since the late 1990's, India adopted a realist foreign policy agenda which has focused principally on reordering its relations with the great powers, with a reduced emphasis on the Non-Aligned Movement and third world activism in the United Nations.²² India now has expansive relations with all the major powers in Asia and is lobbying for a permanent seat on the UN Security Council.

Indo-United States relations

The most significant security development in South Asia is the growing convergence between the United States and India. In 2005, the Bush administration stated quite unequivocally that it is a goal of the United States to help India to become a major world power in the 21st century.²³ Sandy Gordon regards the alignment as a "marriage made in heaven between the

world's most powerful democracy and its most populous".²⁴ Recently, the relationship between these two seemingly natural partners assumed an important strategic dimension.

The United States-India civilian nuclear agreement is indicative of the expanding relationship between the two states. Significantly, the "Agreement for Cooperation Between the Government of the United States of America and the Government of India Concerning Peaceful Uses of Nuclear Energy" (123 Agreement) states that both parties are desirous of strengthening the strategic partnership between them.²⁵ In a historic deal, the Bush administration is seeking to facilitate civilian nuclear technology transfer and to create the conditions for India to purchase nuclear fuel in the international market for peaceful purposes. Washington wants to accommodate India's current anomalous position as a nuclear power that has not signed the Nuclear Non-proliferation Treaty (NPT), by amending existing US legislation and modifying the non-proliferation regime through a policy of 'Indian exceptionalism'. For its part, the 123 Agreement requires India to separate its civilian and military nuclear programs, and open 14 of its 22 reactors currently operating to inspection by the International Atomic Energy Agency (IAEA).

Somewhat more contentious for the Indian nuclear establishment are demands from the US Congress that India refrain from any further proliferation in the form of producing fissile material and testing nuclear devices. The 123 Agreement awaits endorsement by the respective legislatures of the United States and India before the civilian-nuclear deal can proceed. If it successfully passes through Congress and the Indian parliament, by no means assured, the 123 Agreement will pave the way for a strengthened Indo-US strategic partnership. Nevertheless, the 123 Agreement still has to satisfy the requirements of the 45-member Nuclear Suppliers Group to remove restrictions regarding exports of nuclear material to states that are non-signatories of the NPT. Furthermore, India-specific safeguards are yet to be negotiated with the IAEA.

The US-India civilian nuclear cooperation is only one dimension of a much deeper shift in strategic thinking by both states. Washington is also intent on pursuing the relationship in the military-strategic area through regular joint naval exercising and proposed sales to New Delhi of sophisticated military equipment worth some AUD14 billion. The Pentagon announced in May 2007 that it has agreed to sell India an initial batch of six C-130J Hercules transport aircraft. Washington has also allowed the American firm Boeing to contest an Indian tender for 126 combat aircraft, by offering its F-18 Super Hornet fighter/bomber that is currently in service with the US Navy.

Stephen Cohen has stated that India is simply normalising its relationship with the United States after a long era of misunderstanding and distrust.²⁶ The end of the Cold War

and the decline of Russia as India's 'godfather' on the world stage, made it possible for a closer Indo-United States bilateral relationship. The Clinton administration reassessed its engagement with India after the furore that accompanied the 1998 nuclear tests. Following Bill Clinton's visit to New Delhi in 2000, the US embarked on a new bilateral relationship which was intensified over the two terms of the Bush presidency.

India has common interests with the United States in fighting Jihadist extremism and a normative attachment to democracy. These are pivotal elements of the 'Bush Doctrine' and will be abiding features of any subsequent US administration.²⁷ The US has consistently emphasised the importance of India as the world's largest democracy, and role of shared political values in transforming the bilateral relationship. And September 11 produced greater empathy from the Washington over India's concerns about Jihadist-inspired terrorism emanating from Pakistan. India is reassured by positive pressure from the US on Islamabad to end cross border incursions by Jihadists into Kashmir.

However, it is the apprehension by the United States (and its key East Asian ally—Japan) at the strategic challenges posed by China's growing economic and military strength that is the major driver of the Indo-US strategic realignment. China is rising *vis-à-vis* the United States and its traditional allies in Northeast Asia. Although it has not articulated a policy of containment, these power fluctuations are compelling the US to seek out like-minded powers to resolve global and regional challenges. Whereas India may in time become a strategic partner of the US, it will not be an ally in the same sense as Australia or Japan. Nonetheless, the United States and India are clearly engaging in hedging strategies to balance a potentially malevolent future China.

Indo-Japan relations

Associated with India's burgeoning ties with the United States is its growing relationship with Japan. Japan is vocal in pushing a strategic 'quadrilateral' against China—a concert of democracies that expands the Australia-US-Japan security triangle to also include India.²⁸ In an August 2007 address to a joint session of India's parliament, visiting Japanese Prime Minister, Shinzo Abe, called for a 'broader Asia' partnership of democracies which shared strategic interests and values such as freedom and basic human rights, but pointedly excluded China. This nascent security grouping was given expression through Japanese participation in the April 2007 Malabar 07-1 naval exercises with India and the United States in the Philippines Sea off Okinawa. The subsequent Malabar 07-2 exercises in the Bay of Bengal were expanded to include Australia and Singapore.

Japan's relationship with India has improved dramatically since the low point following the 1998 nuclear tests. Japan has now elevated India to be a key player in its long term plans for Asian security. Japanese investment is being directed to Indian industry to balance China. Tokyo is considering offering AUD108 billion in soft loans to build a high speed industrial corridor between New Delhi and Mumbai. Significantly, India has now overtaken China to become the largest recipient of Japanese aid. Japan's development assistance is aimed at improving India's crumbling transport and energy infrastructure, which hinders its economy growth and ability to compete with China.

Sino-Indian relations

India's troubled relationship with China dates from 1962 when both states fought a short but bloody war over their disputed Himalayan boundary.²⁹ Added to unresolved territorial disputes are mutual suspicions over each others' military build-up and strategic intent. Once dismissive of India as a peer-competitor, Beijing is concerned at India's military build-up and strategic realignment with the US. India and China also view each other as potential economic rivals, although the former still lags behind in its overall level of development. These states already compete in world energy markets, with growing populations and industrial expansion generating new demands for coal, oil and natural gas. However, the Sino-Indian relationship is not one of unfettered competition.

China and India have made important progress in their bilateral relations over the last decade. The relationship has steadily improved since the Indian Government used the threat of a nuclear-armed China on its border to justify its own atomic tests. The November 2006 visit to India of Chinese President, Hu Jintao, marked an important milestone in the rapprochement between Beijing and New Delhi. Both governments issued a joint statement outlining a "ten-pronged strategy" to further promote the relationship.³⁰ They also signed more than a dozen agreements to strengthen cooperation in trade, investment, energy and cultural and educational exchanges. Notably, the two-way trade is set to meet a target of AUD24 billion by 2008; a figure many commentators believe will increase by half again in 2010. With two-fifths of the world's population between them, the future economic opportunities seem boundless.

Despite the development of military-strategic CBMs such as security dialogues and joint exercising, there are still negative elements to the Sino-Indian relationship. New Delhi is concerned at Chinese intrusion into the Indian Ocean region. Beijing has developed closer relations with littoral states such as Burma and Bangladesh. However, Indian fears of expanded Chinese military base-seeking in the region—the 'string of pearls'—may be

overstated.³¹ Furthermore, the Chinese naval presence in the region would not have a significant bearing on the Himalayan interface between the two states, where India enjoys conventional force superiority.

China's longstanding relationship with Pakistan has been a thorn in New Delhi's side since the Sino-Indian conflict. Especially problematic for India, is China's active assistance to Pakistan's nuclear and ballistic missile programs as well as supplying conventional weapons systems. Ongoing support to Islamabad remains a key element of China's South Asia policy. However, it now sees Pakistan as less of a strategic counterweight to India. Significantly, Beijing adopted a neutral posture in the Kargil War. China is now concerned about stability in Pakistan, and the possibility of Jihadist radicalisation emanating from Pakistan into its ethnically-Islamic western region.³²

The Himalayan border dispute that lies at the heart of adversarial Sino-Indian relations remains unresolved despite successive negotiations, and continues to impede closer relations. How Beijing and New Delhi manage their bilateral relationship as they continue their ascent to great power status will be critical for South Asian security in the decades to come.

Conclusion

Many forces work to undermine stability in South Asia. The overarching factor is the ongoing struggle between India and Pakistan over Kashmir, which is further complicated by uncertainty over how their nuclear arsenals will influence each other's behaviour in future crises. Pakistan's room for manoeuvre against India using strategies that employ Jihadist proxy forces is restricted by the changed international circumstances since September 11, 2001. That state is now facing strong pressure from the US and its allies in the Global War on Terrorism to constrain Jihadist elements that operate from its national territory. More salient to the evolving South Asian security dynamic over the longer term, is the emerging United States-India-China triangle. Washington and Delhi have shared normative values such as democracy and a strategic interest in defeating Jihadist-inspired terrorism, together with an apprehension at the military build-up and future direction of China. The US seeks to align with India—a major democracy in the volatile South Asian region that is increasingly important for its global strategic interests. India looks to the growing ties with the US as a means of attaining great power status, yet it is wary of entering into an alliance relationship that attempts to counter China. On the contrary, India is intensifying its bilateral relationship with China despite unsettled territorial issues. These converging and competing interests are the most significant factors that now shape the South Asian security environment.

¹ 'Jammu and Kashmir' and 'Kashmir' are used interchangeably in this paper although the latter technically only refers to the Kashmir Valley.

² The 'seven sisters' are: Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura.

³ Sandy Gordon, *Widening Horizons: Australia's New Relationship with India* (Australian Strategic Policy Institute, Canberra, 2007), p 18.

⁴ Named after the village of Naxalbari in West Bengal where a faction of the Communist Party of India (Marxist) led a violent uprising in May 1967 against local authorities on behalf of the tribal population.

⁵ See "PM's speech at the Chief Ministers' meet on Naxalism", available at <<http://pmindia.nic.in/speech/content4print.asp?id=311>>

⁶ For a useful discussion of this issue see Brahma Chellaney, "Climate Change and Security in Southern Asia: Understanding the National Security Implications." *RUSI Journal* (2007), Vol. 152, No. 2, pp 62-69.

⁷ The de facto border in Jammu and Kashmir was known as the Cease Fire Line from 1949 to 1971, after which it was referred to as the Line of Control.

⁸ Indian and Pakistani nuclear forces are in a low state of operational readiness. Warheads are geographically separated from their delivery systems that consist of aircraft and inadequately developed missile systems.

⁹ John E. Peters *et al.*, *War and Escalation in South Asia* (Rand Corporation, Santa Monica, 2006), p 42.

¹⁰ See S. Paul Kapur, "India and Pakistan's Unstable Peace: Why Nuclear South Asia is not like Cold War Europe." *International Security*, Vol. 30, No. 2 (2005), pp 127-152.

¹¹ India first tested a nuclear device by carrying out a so-called 'peaceful nuclear explosion' in May 1974 that was code-named the Smiling Buddha. Pakistan is thought to have developed a nuclear capability in a clandestine nuclear weapons program during the 1980s.

¹² Kapur, *op. cit.*, p 129.

¹³ For a useful discussion of the implications of the Kargil War see Ashley J. Tellis, C. Christine Fair and Jamison J. Medley, *Limited Conflicts Under the Nuclear Umbrella: Indian and Pakistani Lessons from the Kargil Crisis* (Rand Corporation, Santa Monica, 2001).

¹⁴ Srinagar is the winter capital of Indian Jammu and Kashmir. Muzaffarabad is the capital city of Azad Jammu and Kashmir—the nominally independent portion of the former princely state of Jammu and Kashmir, occupied by Pakistani forces during the First Indo-Pak War.

¹⁵ Sumit Ganguly, "Will Kashmir Stop India's Rise?" *Foreign Affairs*, Vol. 85, No. 4 (2006), pp 49-50.

¹⁶ The term 'Long War' has now gained ascendancy over the Global War on Terrorism in Washington policy circles following the 2006 *Quadrennial Defense Review*, which states a key driver of the United States defence strategy is defeating transnational terrorist networks. The Long War encompasses the post-September 11 environment, and describes the generational nature of the global counter-insurgency campaign against Islamic extremism.

¹⁷ Available at <http://www.dni.gov/press_releases/20070717_release.pdf>

¹⁸ Seth G. Jones, "Pakistan's Dangerous Game." *Survival*, Vol. 49, No. 1 (2007), p 16.

¹⁹ *Ibid.*, p 18.

²⁰ See "Dreaming with BRICs: The Path to 2050." *Goldman Sachs Global Economic Paper*, No. 99 (2003).

²¹ C. Raja Mohan, "India and the Balance of Power." *Foreign Affairs*, Vol. 85, No. 4 (2006), p 18.

²² C. Raja Mohan, "Balancing Interests and Values: India's Struggle with Democracy Promotion." *The Washington Quarterly*, Vol. 30, No. 3 (2007), p 106.

²³ See 'Background Briefing by Administration Officials on US-South Asia Relations' available at <<http://www.state.gov/r/pa/prs/ps/2005/43853.htm>>

²⁴ Gordon, *op. cit.*, p 4.

²⁵ Available at <<http://www.state.gov/r/pa/prs/ps/2007/aug/90050.htm>>

²⁶ Interview, *Asia-Pacific Focus*, Australian Broadcasting Corporation, 19 August 2007.

²⁷ See Rod Lyon, "Wither the Bush Doctrine?" *ASPI Special Report*, No. 8 (2007).

²⁸ For a discussion of the 'trilateral' see William T. Tow *et al.* (eds.), *Asia-Pacific Security: US, Australia and Japan and the New Security Triangle* (Routledge, Abingdon, 2007).

²⁹ Known as the Line of Actual Control (LAC).

³⁰ Available at <<http://meaindia.nic.in/declarestatement/2006/11/21jd01.htm>>

³¹ See Andrew Selth, "Chinese Military Bases in Burma: The Explosion of a Myth." *Regional Outlook* No. 10 (2007).

³² Jing-dong Yuan, "The Dragon and the Elephant: Chinese-Indian Relations in the 21st Century." *The Washington Quarterly*, Vol. 30, No. 3 (2007), p 139.