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The New India-US Partnership in the Indo-Pacific: Peace, Prosperity and Security

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The New India-US Partnership in the Indo-Pacific: Peace, Prosperity and Security

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Executive Summary

Over the years, India earned the epithet of a reluctant power in Asia – exuberant in its aspirations, yet guarded in its strategy. However, as the challenges in its immediate neighbourhood and beyond continue to evolve, India is today gearing up to embrace a larger role in the far wider theatre of the Indo-Pacific.

Forming the core of the ongoing global economic and strategic transitions are a rising and assertive China, an eastward shifting economic locus, and the faltering of Western-led multilateral institutions. These converge with domestic development and national security objectives to demand that India strive to expand its presence, reach, and voice both on land and in the sea in its extended neighbourhood. Today, New Delhi is actively seeking to create opportunities for mutual development in the Indo-Pacific, in the Arabian Sea and in Africa even as it engages like-minded nations in the pursuit and preservation of a rules-based order that promotes transparency, respect for sovereignty and international law, stability, and free and fair trade. In both these endeavours, the United States is an appropriate and willing partner. As Indian Prime Minister Narendra Modi stated in his address to the US Congress in 2016, “[a] strong India-US partnership can anchor peace, prosperity, and stability from Asia to Africa and from the Indian Ocean to the Pacific.”¹

The US has been a principal architect and the traditional guarantor of a liberal economic and maritime order in the Indo-Pacific. While the commentariat in the US and India might express apprehension at the idea of US President Donald Trump’s ‘America First’ strategy, this moment must be seen as an opportunity to rebalance the Indo-US relationship to reflect a real convergence of strategic interests, as opposed to an abstract engagement based on values alone and one that has disregarded the core interests of both countries.

Even as the phrase ‘free and open Indo-Pacific’ replaces ‘Pivot to Asia’, it is clear that the US will continue to play an important role in the region.

The US is acutely aware that disengagement is not an option when the contests of the region are, in fact, irrevocably moving both westwards and eastwards, and ever closer to its own spheres of influence. Thus, maintaining an influential presence and assets in the region effectively responds to its agenda. The US continues to retain an unequivocally large military presence in the Indo-Pacific.² Moreover, Washington appears intent on finding ways to address shortfalls in its defence budget. The most recent defence bill specifically authorises the establishment of the new Indo-Pacific Stability Initiative to increase US military presence and enhance its readiness in the Western Pacific. As it remains an invested actor across the Middle East and in Afghanistan, and as it confronts an unrelenting North Korea, it must seek to empower regional like-minded nations such as India, which it recognises as having an “indispensable role in maintaining stability in the Indian Ocean region.”³

US Secretary of State Rex Tillerson’s remarks at the Center for Strategic and International Studies a few days before his visit to India in the fall of 2017 is a testament to the continuity of the relationship: “The increasing convergence of US and Indian interests and values offers the Indo-Pacific the best opportunity to defend the rules-based global system that has benefited so much of humanity over the past several decades.”⁴ In a way, the title of his speech, “Defining Our Relationship with India for the Next Century”, should set the tone for the Indo-US relationship; and this new direction must not be influenced even by changes in leadership in the two capitals. It must first be imagined and then crafted as a multi-decade relationship that engages with the disruptions that abound in a multipolar world. This 21st century partnership must take into account each country’s economic trajectory, political values and strategic posture. The Indo-Pacific region will be the theatre in which this partnership will truly be realised. Both President Trump and Prime Minister Modi seem cognizant of this reality, and are intent on creating a new blueprint for this long-term engagement.

The terms of this bi-lateral cannot be limited to maintaining the regional balance of power. Rather, both countries, in concert with other like-minded powers, have a stake in enabling and incubating a peaceful, prosperous, and free Indo-Pacific. As these countries align in their desire to see a new regional architecture emerge, the following present themselves as the most crucial domains where a strengthened India-US

relationship can have deep and influential impact in a region that matters to the whole world:

1. Defence trade and technology

India's designation as a 'major defense partner' of the US, and the Defense Technology and Trade Initiative provide a bilateral platform for defence trade and technology sharing with greater ambitions and at a faster pace. The 'Make in India' initiative strengthens scope for co-production and co-development. The new appetite for business reforms is catalysing the largest volumes of foreign direct investment ever received by the country.⁵

As India undertakes broader defence transformation initiatives, US defence companies can collaborate with New Delhi in its US\$150-billion military modernisation project. They can do this by jointly identifying the gaps and working together to equip Indian forces in the short run. This must be followed by cooperation on advanced technologies to help build up the country's defence manufacturing base in the longer term. Continuous progress on these fronts will enhance Indian capabilities, enable greater readiness of Indian forces, and level the playing field.

Specifically, priority military hardware, technologies and areas for joint production need to be identified. Pending sales, such as that of the Guardian RPVs, need to be expedited, along with the micro unmanned aerial vehicle project. Further, the matter of quality and subsequent liability of equipment made in India through joint Indian-US ventures needs immediate attention. Additionally, the hesitation of US companies in sharing proprietary and sensitive technology is a concern that will need to be taken up on a case-by-case basis.

2. Maritime freedom and security

There is a rare moment of clarity in US and Indian policy circles on the importance of each other in this region. This is important if the countries are to act as "anchor of stability"⁶ in the Indo-Pacific.

It is time to begin conversations on new arenas of military cooperation, intelligence sharing, and strategic planning, to include advanced platforms like fifth-generation fighters, nuclear submarines, and aircraft carriers. Already, the two countries share a maritime security dialogue, which was instituted in 2016, as well as working groups on aircraft carrier technology and jet engine technology. They should be strengthened further and complemented by new working groups.

The annual Malabar exercise, which now formally includes a third partner, Japan, is another key feature of military cooperation, improving coordination and interoperability. Adding to these efforts are the Logistics Exchange Memorandum of Agreement, which will create maritime logistic links, and a white shipping agreement which promotes regional maritime domain awareness.

India-US maritime security cooperation is critical because it supports efforts that prioritise joint stewardship for ensuring freedom of navigation and unimpeded trade across a maritime common that is a major conduit for commercial and energy supplies, and is rich in natural resources, ecosystems, and biodiversity. Moreover, the Indian Ocean Region is extremely vulnerable to extreme weather events that are likely to increase significantly in the coming years.⁷ To address these developments, the US and India can cooperate to provide humanitarian assistance and disaster relief missions in the region.

Further, the two sides are committed to resisting the aggression that China has displayed in the South China Sea and elsewhere in the Indo-Pacific. Indo-US cooperation in the Indo-Pacific must also serve to affirm the principles of freedom of navigation and peaceful settlement of maritime disputes.

An expanded bilateral maritime partnership that involves transfer of technology to build India's capacity in the Indian Ocean Region will help create a more stable and balanced security architecture there. This same partnership should explore new forms and formats of joint exercises and naval drills, such as anti-submarine warfare and maritime domain awareness missions, and encourage support for Indian leadership as "force for stability"⁸ in the IOR.

3. Blue economy

India and the US must also collaborate to promote a market-driven blue economy as a framework for growth and prosperity in the Indo-Pacific—home to bountiful hydrocarbon, mineral, and food resources, as well as burgeoning coastal populations.

India and the US can further elevate cooperation in marine research and development to create common knowledge hubs and share best practices. They can collaborate to develop mechanisms and foster norms that ensure respect for international law. The US can support regional collaboration in the Indo-Pacific to explore new and environmentally conscious investment opportunities in maritime economic activities and industries, such as food production and coastal tourism. Direct investments in Indian efforts, such as in identified coastal economic zones and the Sagarmala initiative, and participation in regional groupings like the Indian Ocean Rim Association, are two ways in which it can do so.

Effectively, the US can support India in creating a resilient regional architecture in the Indo-Pacific that places an emphasis on stability, economic freedom, growth and maritime security.

4. Connectivity

Today, states in the Indo-Pacific are in dire need of funds and expertise to improve infrastructure development and regional connectivity. Beijing has introduced its own project—the Belt and Road Initiative—through which it is investing in infrastructure initiatives across Eurasia and the Indo-Pacific. While connectivity is undoubtedly the primary aim of the project, it is increasingly clear that China seeks to expand its political and military influence in the region under the aegis of the BRI. To prevent the emergence of an Asian order inimical to the rules-based order, states must work together to forge a more inclusive approach towards an emerging regional architecture. This framework must be willing to accommodate everyone, including China, in connectivity projects from Ankara to Saigon, or the sea lanes seeking to link ASEAN with Africa.

For this to occur, pragmatic, democratic, and normative powers need to first create a political narrative within which Asia's connectivity will take place. This narrative must underscore the importance of good governance, transparency, rule of law, and respect for sovereignty and territorial integrity. This can then be posited against strictly bi-lateral projects such as the BRI, which burden participating countries with debt and environmentally unsound projects. This alternative proposition to China's BRI can then become the blueprint for connectivity and integration from Palo Alto to Taipei, Bengaluru to Nairobi, and Tel Aviv to Addis Ababa. The possibilities are endless and straddle hard infrastructure, digital connectivity, knowledge clusters, and value chains in the Indo-Pacific space.

The India-US partnership has an important role to play in this respect. The American vision of the Indo-Pacific Economic Corridor supplements India's Act East policy, and India-US cooperation in physical and soft infrastructure can link cross-border transport corridors; help create regional energy connections; and facilitate people-to-people interactions. Further, India and the US can cooperate as "global partners", with US investment in Indian projects in Africa. Accordingly, the Asia-Africa Growth Corridor proposed by Japan and India can provide a common platform to all three states. Further, the US can nurture burgeoning regional partnerships between Japan, South Korea, Australia, and India, as these countries work towards building a consultative and collective Asian framework.

5. Digital connectivity, trade, and technology

Digital connectivity merits particular attention. After all, in the next decade, the largest cohort of internet users will emerge from the Indo-Pacific region. China is working aggressively to ensure that digital platforms in the region will be influenced by its own model for cyberspace premised on sovereignty. A major part of China's BRI is the new "information silk road", which facilitates investments by Chinese companies in South Asia's internet architecture.

Accordingly, the US and India must cooperate to ensure that digital platforms, trade, connectivity and norms are shaped according to the

democratic and open nature of the internet. To do so, they must create a framework that responds to developing-country imperatives such as affordable access, local content generation and cybersecurity. Already, Prime Minister Modi's 'Digital India' programme provides a model for other states in the region to use internet-enabled technology to spur economic growth. India's Aadhaar initiative, a unique digital identity programme, has already generated significant interest amongst South Asian states. American companies have increasingly sought to adopt standards and technologies to leverage this platform and build new markets in India. For example, WhatsApp has integrated with India's unified payments interface to provide digital payments. Examples of other development initiatives are also abundant. Elsewhere, the Google RailTel initiative aims to provide Wi-Fi at 400 railway stations across India by 2018.

India-US bilateral cooperation in using the digital as a tool for economic development and empowerment can be the template to connect the three billion emerging users in other developing countries in the Indo-Pacific and across Africa. As digital norms are institutionalised — whether pertinent to data flows and e-commerce, or related to critical infrastructure, defence, and public services — there is a real opportunity for India and the US to build and subsequently provide a model working relationship for the digital economy. Effectively, the US and India can propose a set of 'Digital Norms for the Indo-Pacific' that can be operationalised under their various dialogues and mechanisms for cooperation in the region.

A CONVERGENCE IN GRAND STRATEGY

India's rapid growth rate of around seven percent per year for the last few years has already made it the world's fastest expanding economy. The average income in India has nearly doubled in the past ten years, and economic modernisation promises to bring more jobs and advanced industry. This economic trajectory has prompted greater ambition in international politics, while creating a new set of security concerns for New Delhi. Accordingly, the desire to play a larger role in Asian and global affairs as well as a greater stake in international stability have made New Delhi more amenable to partnerships in the Indo-Pacific region.

While India's rapid economic growth and strategic expansion is impressive, it is a transformation that is occurring in the shadow of China's even more striking ascent. New Delhi is keenly aware that Beijing's expanding regional and global influence is upsetting Asia's geopolitical balance. In such an environment, engagement with the United States, along with efforts to foster regional partnerships and cultivate domestic military capabilities, have a key role to play if India is to shape a regional architecture that respects international norms and laws.

The US has been the predominant maritime power in the Indian and Pacific Ocean regions for decades. As such, it has created a network of alliances, protected the global commons, and ensured freedom of navigation in critical maritime zones. Through billions of dollars in weapons sales, mutual defence pacts, grant assistance and multilateral training exercises, the US has also sought to build the military capacity of its allies in the Indo-Pacific region.

From being an "offshore balancer" in South Asia during the Cold War and enabling Pakistan's desire for parity with India, the US' attitude and policy

towards India has changed significantly over the last two decades. Today, Washington acknowledges India as a dominant regional power and a rising global power.

Even so, the shift in US attention towards India is driven by changes in American grand strategy. The combination of interventions abroad and budget battles in Washington have taken a toll on the US military. As it rebuilds its military, Washington must turn to local powers to buffer its own strength and plan for a future characterised by new, powerful regional competitors. India's inherent attributes of being a populous, democratic, market economy make it an ideal partner for Washington in this regard.

India's Strategic Shift

After its independence in 1947, India took pride in its policy of non-alignment. India's policymakers believed that if New Delhi avoided alignment with either of the two major blocs—namely, the US and the USSR—it would prevent the emergence of new threats in the South Asian subcontinent. However, the collapse of the Soviet Union, and India's own domestic economic crises forced a re-evaluation of its foreign policy. In 1991, then Prime Minister Narasimha Rao and Finance Minister Manmohan Singh oversaw the opening up of India's economy to foreign trade, new tax reforms, and deregulation of private investment. Accordingly, New Delhi's embrace of market-led reforms also necessitated engaging in new relationships to augment its domestic growth.

The most significant of these relationships was with the United States. Despite some early strains during the Cold War and following India's nuclear tests in the late 1990s, the Indo-US relationship has been on the upswing since the turn of the century. What helped the partnership grow, among others, were a vibrant Indian-American community, thriving business relationships, common political values, and a shared appreciation of opportunities and threats. Further, the geopolitical tensions in the Gulf region during the 1990s also made New Delhi aware of the need to expand its energy and economic relationships with other regions. India's 'Look East' policy initiated in 1992 was a result of this imperative. Over

the years, the Look East policy developed into a multi-pronged strategy involving new economic ties, defence partnerships and engagement with regional institutions.

Today, however, the expansion of India's strategic interests, along with China's rise and Pakistan's continued proclivities, has created greater political awareness of its extended neighbourhood – from the Straits of Malacca to the Gulf of Aden. After his election in 2014, Prime Minister Modi declared India's intention to shed its approach of balancing; the prime minister was unequivocal in his desire that New Delhi see itself as a “leading power”. Prime Minister Modi has called for an expanded role for India in the Indian Ocean region, and a more proactive approach towards development in countries “from Asia to Africa”.⁹

Yet, New Delhi's aspirations in Asia have undoubtedly been eclipsed by China's own meteoric rise. Along with its economic growth, which Beijing has used to cultivate new political relationships in Asia, its defence modernisation has also pulled ahead of India's in recent years.¹⁰ China's assistance to India's arch-rival Pakistan has only increased Indian apprehensions. The view in New Delhi is that China's policy is one of strategic encirclement, designed to give the People's Liberation Army (PLA) an advantage in a potential conflict, and more leverage in negotiations over disputes.¹¹ Indian analysts, in fact, seem convinced that Beijing is intent on setting up Chinese bases and ports from Hambantota in Sri Lanka, to Cox Bazaar in Bangladesh, and Gwadar in Pakistan for exactly this purpose. From New Delhi's perspective, China's Belt and Road Initiative is a part of the same strategic encirclement. In Pakistan alone, China has plans to finance over US\$ 46 billion in development projects.¹² Through a combination of readily available low-interest loans, favours to those in political power, as well as the generous clearance of unpaid debts, Beijing has created a political and economic network not only across large parts of Asia but also Africa and Latin America.

New Delhi has responded by strengthening its own civilisational sphere of influence in Asia. Through the 1990s' Look East policy, India sought to engage with Southeast Asia for mutual economic benefit. But Prime Minister Modi's 'Act East' policy seeks to develop deeper, more strategic linkages with Southeast Asian states, with the hope that these would bolster regional security and create a favourable balance of power in Asia.

India's initiatives to provide greater agency to its neighbours include defence training and capacity-building programmes. After signing a defence cooperation and strategic partnership pact with Singapore in 2015, India recently entered into a bilateral maritime agreement with the country, which includes improving maritime logistics and reciprocal use of naval bases. New Delhi is also strengthening cooperation with Hanoi. In February 2017, India and Vietnam held discussions on the sale of Surface-to-Air Akash and supersonic Brahmos missiles, with New Delhi providing a line of credit for the modernisation of the Vietnamese armed forces.¹³

India's developmental role in Afghanistan has also been growing, having invested over US\$ 2 billion towards infrastructure reconstruction and humanitarian aid in Afghanistan over the last decade and a half. Reports from September 2017 indicate that New Delhi was preparing to implement 116 new "high impact" development projects in 31 provinces of Afghanistan.¹⁴ More importantly, there are signs that India may be willing to expand military cooperation with Afghanistan. Kabul's announcement that New Delhi has further agreed to provide assistance for the Afghan national defence forces, and deepen security cooperation to deal with the challenge of cross-border terrorism from Pakistan, certainly point to a bigger Indian security role in Afghanistan.¹⁵

US Strategy in South Asia

The United States' own role in South Asia has been rather unique. During the Cold War, the US strategy was to create a line of containment and defence by bolstering regional and local powers with economic and military assistance. After Europe, the Middle East and South East/East Asia were the main battlegrounds of the Cold War. South Asia was an area of interest only periodically, including during the anti-Soviet Afghan war of the 1980s and the inclusion of Pakistan in the anti-Soviet alliances CENTO and SEATO. Yet, even then Pakistan was considered more a part of the Middle East than South Asia, and India was never considered an ally but rather an 'estranged democracy.'¹⁶

Ever since the end of the Cold War, India-US relations have been gaining momentum, albeit at an uneven pace. In the 1990s the bilateral

relationship was almost exclusively limited to engaging with India's economic liberalisation, balancing ties with Pakistan, and towards the end of the decade, with responding to India's nuclear tests. Despite former US President Bill Clinton's intentions to forge ahead with a stronger partnership with New Delhi, his administration, guided at the time by Washington's non-proliferation agenda, chose to impose sanctions on India as reprisal for its defiant nuclear test.

The task of overcoming earlier tensions, and taking this relationship forward ultimately fell in the hands of Clinton's successor, George W. Bush who worked to expand the scope of India-US cooperation. Bush devoted enormous political capital towards lobbying for nuclear trade with India. His administration believed that the Civil Nuclear Cooperation agreement, which came into effect in 2008, served America's interest of "help[ing] India become a major world power in the twenty-first century."¹⁷

At the time, the US was also embroiled in its war against terror following the events of 9/11. America's intervention in Iraq, and its continued presence in Afghanistan, thrust the Indian Ocean region to the centre of its strategic attention. India's role in America's Asia policy was evident from its 2002 National Security Strategy which declared that "the United States had undertaken a transformation of its bilateral relationship with India based on a conviction that US interests require a strong relationship with India."¹⁸ To engage India in regional security matters, Washington and New Delhi signed a 10-year defence framework agreement in June 2005 that called for expanded joint military exercises, increased defence-related trade, and establishing a defence and procurement production group.

This entente with India continued with the administration of Barack Obama as well, which announced the US' 'Pivot to Asia' in 2011 aimed at strengthening alliances and enhancing America's military and economic presence in the region. India, under this strategy was the 'linchpin' of the pivot, with America declaring that it is "investing in a long-term strategic partnership with India to support its ability to serve as a regional economic anchor and provider of security in the broader Indian Ocean region."

Two major developments necessitated this pivot. First, South Asia was fast emerging as the locus of economic growth in the 21st century. Second,

both India and the US faced complex challenges from China's rise. Since 2010, China has been flexing its muscle in the region, with its actions over the Scarborough Shoal in the South China Sea and its growing engagement with Pakistan. To develop a more coherent strategy towards Asia, both countries signed a 'US-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region' in 2015, which spoke of "a closer partnership" to promote "peace, prosperity and stability" in the Indo-Asia-Pacific region, including a joint endeavour to boost regional economic integration, connectivity, and regional security.

The US' support for Indian power in South Asia stems from a shift in its geopolitical approach towards the region. Successive political administrations from both India and the US have chosen to prioritise their bilateral relationship to address regional and global affairs. Today, under the Trump administration, American strategy in South Asia is focused on counter-terrorism and counter-piracy, freedom of navigation, and balancing the rise of China. US counter-terrorism operations in South Asia revolve around maintaining stability in Afghanistan. Over 20 registered terror groups operate in Afghanistan,¹⁹ and the government in Kabul only controls half of all districts in the country.²⁰ In announcing his strategy for Afghanistan, President Trump specifically called on India to take a larger role in creating peace in the region.

Now, more than ever, there is recognition in Washington that India shares the United States' interests in maintaining stability in Afghanistan and South Asia. US policymakers are increasingly vocal about their preference for Delhi's expanded role in Kabul's security. India's financial aid programme in Afghanistan, and assistance in training Kabul's armed forces, find greater mention in US policy discussions on Afghanistan.²¹ Indeed, India sees Afghanistan as part of its strategic and civilisational sphere of influence, and critical to securing India's national security interests.

The US also sees an expanded role for India in balancing China's rise in Asia. While Washington has long relied on Tokyo and Seoul to temper Beijing's ambitions, China's expansion westward and increasing geo-economic heft has created a situation that cannot be addressed only in East Asia. As the world's largest democracy with significant strategic weight in Asia, India has the potential to balance China's expansion

westward. Increasingly, the US has been looking for opportunities to involve India in the strategic dynamic of the Indo-Pacific region.

Creating Avenues for Cooperation

The growing convergence of US and Indian interests in Asia requires a steady effort to create more space for cooperation. Taking measures to enhance a convergence of interests is different from executing strategy. The former is a way of building a cooperative foundation for future partnership, while the latter involves tactical cooperation, joint military exercises, and treaties.

The strategic convergence between India and the US would benefit from more dialogue between the two countries, as well as expanded forums for cooperation with smaller neighbouring powers. Talks should be complemented with joint investment by Washington and Delhi in encouraging friendly neighbouring countries that are capable of being reliable partners.

Washington and Delhi should emphasise dialogues – bilateral, trilateral, quadrilateral and regional – in order to build tangible plans for cooperation. These talks allow India and America to address the issues that face their local partners, in turn building mutual trust. Second, India and the US ought to enable market-based investments in infrastructure, opportunities, and state capacities of regional countries. Through investments in economic growth and state power, India and the US can help states resist the pull of economically motivated extremism and lucrative Chinese investment.

By working together, the US and India stand to support a string of prosperous and democratic nations in South, Southeast, and East Asia which will prove indispensable to Washington and Delhi's strategic objectives. The strategic convergence between the two countries creates opportunities for partnership that promise to reinforce growth while balancing threats. By expanding dialogues with, and investments in regional partners, the United States and India stand to lead a stable, sustainable order in Asia.

THE CHINA FACTOR: BALANCING 2.0

Until about a decade ago, policymakers around the world were largely convinced that political and economic cooperation would liberalise China internally and produce a responsible stakeholder internationally. They were encouraged by the fact that China's foreign policy had moderated since the domestic reforms of the Deng Xiaoping era, with Beijing resolving the vast majority of its land-border disputes and integrating itself into the international system through the 1990s and early 2000s.

By 2008, however, something had changed. China's "peaceful rise" gave way to a more nationalistic and assertive foreign policy driven by the dual impulses of "restoration and resentment".²² Chinese foreign policy began to assume sharper edges across a range of regional fault lines, particularly is territorial disputes: from the seizure of Scarborough Shoal to the creation of seven artificial islands in the South China Sea; and from jousting with the US Navy over Freedom of Navigation in the Western Pacific to provoking a series of mini-crises at its disputed border with India.

Two major ideological and theoretical understandings underpin China's assertive behaviour over the last decade. The first is the "Chinese Dream". At the 19th National Congress of the Communist Party of China (CPC) held in Beijing in October 2017, President Xi Jinping reaffirmed China's goal of becoming a "moderately prosperous society" by 2021; a global technology leader by 2035; and a "strong, democratic, civilized, harmonious, and modern socialist country" by 2049, the centenary of the founding of the People's Republic of China. The second is what China perceives to be a time of "strategic opportunity", which began around the turn of the century with the country's entry into the World Trade

Organization (WTO). By Beijing's calculus, a benign external environment allowed it to enact domestic economic reforms and build the country's military capacity. Following the financial crisis of 2008, which threw American and European markets into disarray, China has calculated that it was an opportune moment to shed its policy of "wait and watch" and emerge as a proactive actor in global affairs.

At the end of 2013, Chinese President Xi Jinping announced China's most ambitious foreign policy and economic initiative yet—the One Belt One Road. The "Belt" is a massive connectivity project that aims to connect China's less-developed western frontier provinces to Europe through infrastructure projects across the Central Asian landmass. The "Road" in the project's name refers to the maritime component, which will connect China's prosperous southern region to the fast-growing South Asian economies through new sea routes and ports. It also extends across the West Indian Ocean to Djibouti, which provides a foothold in Africa, and acts as a trade route through the Mediterranean Sea to markets in Europe.

Since rechristened the 'Belt and Road Initiative', the project is arguably the most expansive connectivity initiative in modern history, one that serves multiple Chinese objectives. For one, it is a manifestation of Chinese leadership in world affairs. Following uncertainty in the West over their commitments to globalisation and multilateralism, President Xi is intent on selling the BRI as 'Globalisation 2.0'. Beijing's repeated reference to the ancient "silk road" is an overt reminder of China's historical centrality in global affairs that well predates European colonisation of the New World.

Second, the BRI addresses some of China's own domestic economic priorities. Many of China's state-owned enterprises are suffering from overcapacity and oversupply issues at home. Through the BRI, China intends to fund overseas operations in order to allow its companies to create not only demand for their products but also outlets for their labour. Third, the project also encompasses broader geostrategic goals. The China-Pakistan Economic Corridor (CPEC), a flagship BRI project, is one such example. Broadly supported in both Beijing and Islamabad, CPEC will link western China with the Gwadar Port in Baluchistan. Not only will this reduce Beijing's dependency on trade routes that pass through the Malacca Strait, it also gives it a military foothold in West Asia.

Fourth, the project envisions a ‘digital silk road’—an often-ignored part of the strategy. Chinese telecommunication companies like ZTE are investing heavily in laying fibre optic cables in the region, including in areas like Afghanistan. Further, companies like Huawei have formed a marine network to build undersea cables connecting South Asia and Africa. China’s attempts at creating information communication infrastructure carries with it significant strategic implications; especially for the democratic and open architecture of the internet. Beijing has few qualms about issues such as censorship, human rights and cyber espionage, and is intent on mainstreaming its vision for “cyber sovereignty.”²³

Chinese scholars like to point out that if successful, the BRI would benefit over four billion people. This constitutes 63 percent of the world’s population, and around 29 percent of the world’s GDP.²⁴ At its core, however, the BRI is a road map for what appears to be a Sino-centric world order. Through leadership in institutions such as the Asian Infrastructure Investment Bank (AIIB), and economic regimes like the Regional Comprehensive Economic Partnership (RCEP), China is in a position to dictate the norms and rules from East Asia to the shores of Africa. From its behaviour in the South China Sea, to military stand-offs with other regional heavyweights like India, it is increasingly evident that China is not intent on adhering to the liberal norms that other states in the Indo-Pacific would like to see take hold in the region.

An Uncertain India-China Relationship

Following an uptick in bilateral relations beginning in 2009, Prime Minister Narendra Modi appeared determined to extend President Xi Jinping an olive branch shortly after he assumed office in 2014. The effort was undermined almost before it began, however, with a multi-week Chinese border incursion in Ladakh that coincided with Xi’s inaugural visit to Delhi in late 2014. That was followed in 2015 with the announcement of CPEC, the sale of eight Chinese submarines to Pakistan (China’s largest ever defence export deal), the opening of China’s first military “logistics supply facility” in the Indian Ocean, and the transfer of the Gwadar port to a Chinese firm.

The following year, China moved to block India's bid to join the Nuclear Suppliers Group (NSG) and vetoed sanctions on Pakistan-based terrorists at the United Nations Security Council. The Doklam crisis in the summer of 2017,²⁵ arguably the longest and most volatile border crisis between China and India since 1967, demoralised the few remaining pro-China advocates left in Delhi, crystallising Indian perceptions of China as a strategic rival, and prompting a reconsideration of the merits of joining with Australia, Japan, and the US in a more potent and explicit balancing endeavour.

This series of successive bilateral crises, along with China's aggressive courting of India's neighbours have unfolded amidst a widening asymmetry of power between the two countries. China's economy is approximately five times larger than India's US\$2-trillion economy. In terms of defence expenditure, China's budget is approximately four times larger at US\$215 billion, compared to India's US\$55 billion.

On the subject of the BRI, New Delhi's principal objection lies with Beijing's decision to construct the most ambitious infrastructure corridor in history through territory India claims as its own. That China plans to channel over US\$46 billion in investments to Pakistan (a sum greater than all the FDI Pakistan attracted over the past 20 years) to construct a corridor through India-claimed territory Kashmir, was deemed unacceptable by Indian policymakers.

New Delhi's concerns, however, extend beyond any obvious reservations about CPEC legitimising Pakistani control over parts of Kashmir. In recent years, it has witnessed the BRI materialise in its own neighbourhood in the form of Chinese loans and investments that have ensnared neighbouring countries such as Nepal and Sri Lanka in a debt trap. China has adopted coercive economic and political diplomacy in the neighbourhood. Chinese firms have illicitly funnelled money to pro-Beijing politicians in Colombo, and provisions have been discretely inserted into agreements that grant China effective sovereignty over Sri Lankan land and airspace.

Indian officials are further concerned by the unsustainable levels of debt dependency being bred by Chinese loans in South Asia, as well as Beijing's propensity to swap debt for equity stakes and geopolitical influence. Not

surprisingly, many Indian observers now view the BRI as a means to extend China's influence throughout its neighbourhood in ways inimical to India's interests.

For a country that has at times proven highly deferential to China's sensitivities, few expected India to withhold support for President Xi Jinping's signature Belt and Road Initiative.²⁶ In fact, New Delhi went many steps further, emerging early as the lone voice openly and directly critical of the BRI. As Japan, the US, and others cautiously weighed their options, Indian leaders and diplomats repeatedly aired their concerns about the initiative, both in public and in private. Ultimately, when declining China's invitation to participate in the Belt Road Forum in May, 2017, India stated in unequivocal terms:

“We are of firm belief that connectivity initiatives must be based on universally recognized international norms, good governance, rule of law, openness, transparency and equality. Connectivity initiatives must follow principles of financial responsibility to avoid projects that would create unsustainable debt burden for communities; balanced ecological and environmental protection and preservation standards; transparent assessment of project costs; and skill and technology transfer to help long-term running and maintenance of the assets created by local communities. Connectivity projects must be pursued in a manner that respects sovereignty and territorial integrity.”²⁷

Alone No More

For India's strategic community, America's China policy in recent years has been a source of uncertainty. While the Obama administration did offer new weapons platforms and military assistance packages for regional partners, even lobbying New Delhi to revive the Quad, it could never quite shake off the impression of being “soft” on China. This was reinforced by the perception that Washington had responded weakly to China's boundary-testing in the East and South China Seas, including the 2012 seizure of Scarborough Shoal.

The election of President Donald Trump in November 2016 did little to reassure partners about America's enduring commitment to the region. Despite an intensification of US Freedom of Navigation Operations around China's artificial islands in the South China Sea, President Trump's seeming ambivalence toward US alliances on the campaign trail, his periodic praise of Chinese President Xi Jinping, and his apparent indifference toward BRI offered little consolation to New Delhi.

Yet, as experienced Asia hands populated key positions in the US government, a different Asia strategy has begun taking shape—one increasingly focused on, and influenced by India. After he returned from a trip to India in October 2017, Defense Secretary Gen. James Mattis signalled for the first time that the US harboured serious concerns about China's BRI initiative. "In a globalized world, there are many belts and many roads, and no one nation should put itself into a position of dictating 'one belt, one road'," he explained in congressional testimony. Mattis' reservations echoed those of Senator Charles Peters, who worried that BRI represented a strategy "to secure China's control over both the continental and maritime interests, in their eventual hope of dominating Eurasia and exploiting natural resources there."²⁸

Within days of Mattis' testimony, echoes of the US' shift on BRI could be heard in far-off Australia. Frances Adamson, a former Ambassador to China and now the Secretary of Australia's Department of Foreign Affairs, voiced Australia's reservations about BRI for the first time: "Let's look at the financing arrangements, let's look at the governance arrangements because we know...infrastructure projects can come with very heavy price tags and the repayment of those loans can be absolutely crippling."²⁹

If Mattis' remarks were the opening act, the main event was the remarkable speech delivered by Secretary of State Rex Tillerson on US-India ties on October 18 in Washington's Center for Strategic and International Studies (CSIS). Tillerson argued that the US was ready to "double down on a democratic partner that is still rising, and rising responsibly, for the next 100 years." He insisted that America was the "reliable partner" India needs with "shared values and vision or global stability, peace and prosperity."³⁰

Tillerson's affection for India was matched by his overt criticism of China. He argued that China was rising "less responsibly" than India and "at times undermining the international rules-based order," acting provocatively in the South China Sea and working to "subvert the sovereignty of neighboring countries." Tillerson then confirmed America's change of heart on BRI, echoing many of the concerns and objections raised by India, including the initiative's approach to infrastructure financing. He argued that BRI investments were saddling countries "with enormous levels of debt," adding:

[T]oo often foreign workers are brought in to execute these infrastructure projects. Financing is structured in a way that makes it very difficult for them to obtain future financing and oftentimes has very subtle triggers...that results in financing default and the conversion of debt to equity. So this is not a structure that supports the future growth of these countries.

Perhaps most significantly, the US Secretary of State revealed that Washington had begun "a quiet conversation" with America's partners about how to "create alternative financing mechanisms" that would offer a choice to countries eager for investment, but wary of China's conditions. He recognised that the US, Japan, and India would not be able to compete with China's financial terms, but insisted: "countries have to decide, what are they willing to pay to secure their sovereignty and their future control of their economies?"³¹

The Revival of the Quad

The US and India have spent the better part of the past decade considering policy responses to their shared concerns over China's rise on the world stage. So, too, has Japanese Prime Minister Shinzo Abe, who first proposed an informal balancing coalition in Asia in 2007. At the heart of Abe's plan for a "Democratic Security Diamond" lay a democratic "Quad" of Indo-Pacific powers —Australia, India, Japan and the US—tasked with safeguarding the liberal order across an "arc of freedom and prosperity." The initiative produced an unprecedented quadrilateral strategic dialogue in May 2007 and multilateral

military exercise later that year, but was dissolved a few months later following Australia's withdrawal from the grouping.³²

The first attempt at a Quadrilateral Dialogue initiative fell victim to domestic politics and international circumstances. Domestically, Japan and India confronted a firestorm of protests by opposition parties in addition to the demarches issued to each capital by Beijing. Tokyo and New Delhi felt compelled to prioritise engagement over balancing. India resisted a formal revival of the grouping, and Australia's inclusion in the annual Malabar naval exercises. Simultaneously, the Australian and Chinese economies grew increasingly intertwined. The Obama administration's "Rebalance to Asia" struggled to find coherence and failed to reassure regional partners. When Chinese President Xi Jinping unveiled the ambitious Belt and Road Initiative (BRI), Quad partners were divided on how to respond.

However, several events in 2017 – including the standoff between Indian and Chinese troops in Doklam at the India-Bhutan-China tri-junction – have underscored the need for greater strategic coordination between India, Australia, Japan and the US.³³

First, the Trump administration has had a change of heart on the BRI in the fall of 2017, joining India in criticising the initiative. Second, Japanese voters handed Prime Minister Shinzo Abe's party a resounding electoral victory. Within days of Abe's win, Foreign Minister Taro Kono indicated that Japan would formally press for a reconstituted Quadrilateral Dialogue in November.³⁴ After declining such requests in years prior, Delhi agreed.

As the four democracies move toward more active, overt, and coordinated balancing activity, India is demanding a greater level of clarity, commitment, and reassurance from the other three. It is, after all, the outlier in the group. Australia, Japan and the US are legally bound by treaty commitments to aid in each other's defence. None of the three countries shares a land border with China, let alone a disputed one. Neither are they sandwiched between China and an unstable, nuclear-armed rival that also happens to be a Chinese client state. India is less secure, less developed, and more exposed to Chinese pressure than the other three, particularly since its relationship with Moscow is now only a shadow of its former self. Reassuring India will be an ongoing challenge and priority for the US and other members of the Quad.

Free and Open Indo-Pacific

As the Quad countries converge on the BRI and the need to offer alternative financing mechanisms for regional states seeking infrastructure investments, they are also coalescing around a positive new vision for the regional order writ large. In recent years, Canberra, Delhi, Tokyo, and Washington have grown more vocal in airing their concerns about the challenges China is posing to the norms and principles that informally constitute the regional order. In policy documents and joint statements, they have begun placing greater emphasis on the need to promote and defend freedom of navigation and overflight; respect for the rule of law as reflected in the navigational provisions of the UN Convention on the Law of the Sea; the peaceful settlement of disputes free from coercion or force; as well as free and open markets and transparent infrastructure financing.

In its final years in office the Obama administration had begun grouping these principles under the moniker of a “principled, rules-based order.” The “rules-based order” also made its way into the Trump administration’s lexicon, but by the end of 2017 the democratic Quad had begun to coalesce around a new nomenclature: a “Free and Open Indo-Pacific”, a formulation first proposed by Prime Minister Abe and later included in a joint vision statement issued by Japan and India in December 2015.³⁵

Since then, the concept has come to encapsulate a vision for a region capable of balancing Chinese influence and governed by the liberal principles of a “rules-based order.” During a major policy speech delivered by President Trump in Vietnam in November 2017, he elaborated on his “vision for a free and open Indo-Pacific.”³⁶ He described it as “a place where sovereign and independent nations, with diverse cultures and many different dreams, can all prosper side-by-side, and thrive in freedom and in peace.” For the “Indo-Pacific dream” to be realised, Trump added, “we must ensure that all play by the rules, which they do not right now.”

The first phase in this new Balancing endeavour involved the formal revival of the Quadrilateral dialogue in November 2017, and reaching a basic consensus on BRI and the Free and Open Indo-Pacific. The second,

more challenging phase will require the four nations to construct a new model for strategic, defence, and intelligence cooperation with India; to not only define the “Free and Indo-Pacific” but articulate what constitutes a challenge to that order and how the Quad will respond to such challenges; to better coordinate efforts at combating Chinese “sharp power”³⁷ and its increasingly brazen interference in the affairs of its neighbours and peers; and to forge a consensus on operationalising the Quad’s shared vision for a BRI alternative by leveraging the relative strengths of the four parties, not least Japan’s formidable overseas development assistance.

PARTNERSHIP IN SOUTHEAST ASIA

Amidst a broad convergence of American and Indian geopolitical interests in the Western Pacific, there is potential for US-India partnership in Southeast Asia. For the US, Southeast Asia has become the locus of a great power contest with China, as well as for the application of vital international norms, such as the freedom of navigation. India, for its part, regards the region as a focal point for its ‘Act East’ policy. Of particular importance for New Delhi in Southeast Asia is Myanmar, a state with which India shares a porous and dangerous land border. Myanmar is critical in India’s fight against insurgencies in its northeastern region, and plays a crucial role in the conception of its Act East policy. It is, however, China’s growing stature in Southeast Asia that worries Indian policymakers the most.

For their respective reasons, therefore, India and the US regard the prevention of Chinese dominance of Southeast Asia as a shared objective.

U.S. Interests in Southeast Asia

Southeast Asia commands intense US strategic interest because of the maritime nature of America’s presence in the region. Guam, the Northern Mariana Islands, American Samoa and the presence of US bases in Japan and South Korea make the US a “resident power” in the region. America’s security commitments to its territories and to Japan, South Korea, the Philippines, and Taiwan, require unfettered access to international sea lines of communication, especially in the South China Sea. Washington is also concerned about the long-term interests in freedom of merchant shipping through these waters. Given the reliance of its economy on global supply chains, the US cannot afford for any one

country to dictate the conditions under which it accesses the region's waters – even if the terms proffered by the Chinese are currently permissive.

While China has its maritime claims in the South China Sea, the debate over its strategic objectives remains unresolved. It could simply be a matter of sovereignty. Many in Beijing hold that the South China Sea has been Chinese “blue soil”³⁸ since ancient times, and that China is obliged to occupy its features and administer its waters. Indeed, the “great rejuvenation” narrative of the Chinese Communist Party has created a dynamic whereby China may be bound to risk conflict over its claims for the sake of regime legitimacy.³⁹ Other possible motivations for China's aggression in the South China Sea revolve around issues of geopolitical advantage. In other words, its island building and fortification in the Spratlys could point to the development of force projection capabilities in order to coerce its neighbours and challenge America's position in the region. Alternatively, it could be part of an effort to develop military dominance within the first island chain that runs southward from Japan's Ryukyu Islands, through Taiwan and the Philippines down to Borneo. Dominance of an area so enclosed, this argument goes, would allow Chinese forces to both break what it sees as a barrier to the wider Pacific and to hold at risk American territory to the immediate east of the island chain. Finally, some analysts maintain, the Chinese are cultivating the South China Sea as a bastion for its growing arsenal of nuclear-armed submarines.

The United States has relationships in Southeast Asia that bolster its physical presence in the region. These include treaty allies such as the Philippines and Thailand; the near treaty ally, Singapore; and security partners such as Brunei, Malaysia, Vietnam, and Indonesia. While most of Washington's regional partners also seek to balance relationships with other states, especially those with the prospect of bringing real economic development, their concerns have less to do with American ambition than with its staying power.

These concerns have become particularly pronounced under the Trump administration. In a poll of Southeast Asian policy elites conducted in April 2017 by the Singapore-based ISEAS-Yusof Ishak Institute, only 42 percent believe that the Trump administration is interested in Southeast

Asia; while 56 percent believe that US engagement will decrease during the next four years. With regard to its competition with China, 84 percent believe that the US has lost strategic ground. And despite their interest in balancing both relationships, more than 70 percent of the respondents believe China to be the most influential country in the region today and 10 years into the future.⁴⁰

India's Interests in Southeast Asia

Despite India's strategic interest in Southeast Asia, it has failed to keep pace with Chinese influence. China trades six times as much with the region,⁴¹ and its investments there dwarf those of India.⁴² The imbalance even holds with regard to each country's relationship with Myanmar – where India's interests are especially critical. China-Myanmar trade is seven times greater than India-Myanmar trade⁴³ and China holds a 26-percent share of Myanmar's inbound FDI, compared to a one-percent Indian share.⁴⁴

On the diplomatic side, although both countries are deeply involved in the region's institutional architecture, such as the ASEAN Regional Forum, ASEAN Defense Ministers Plus, the East Asian Summit, and others, China is a much greater factor in policy calculations. The ISEAS-Yusof Ishak poll, for example, points to a perception of China as the most influential country in the region, while India barely registers at all (74.8 percent for China; 0.9 percent for India).⁴⁵ While the label “most influential” may be a bar that India does not aspire to, the disparity in the numbers illustrates the vast difference in the importance accorded to China by Southeast Asian elites.

China has specific goals in Southeast Asia: Its state-owned enterprises and private businesses operating in the region are in search of profit. In some cases, however, they are willing to substitute equity stakes in a manner that will strategically benefit the Chinese government. A good example is the Chinese state-owned CITIC Group, which offered to take an 85-percent stake in a port being developed on Myanmar's Bay of Bengal coast in exchange for concessions on the much-maligned Myitsone dam.⁴⁶ Another specific geopolitical goal that Chinese businesses seem to be facilitating is

the damming of the Mekong River, the result of a series of projects that are already well underway.

There is, however, another broader strategic Chinese objective and it lies in shaping Southeast Asian attitudes in a way that ultimately facilitates China's rise. As Professor Evelyn Goh puts it in her 2014 study of Chinese power, China "wants to reshape the incentive structure and perceptions of its neighbors so that they would not agree to become complicit in any attempt to constrain it."⁴⁷ China's influence in the region has reached the point where its interests are at top-of-mind in Southeast Asian capitals. There are no indications that India commands similar interest in the region. Indeed, given the direction the region seems to be taking on the South China Sea—as evidenced by the Philippines retreating from its 2016 PCA victory; a China-endorsed ASEAN Foreign Ministers reference to the dispute last summer; and another toothless framework for a code of conduct for the South China Sea—the call to Beijing may have already become more important than the one to Washington. At least one ASEAN member, Cambodia, is well-known to have placed calls to Chinese officials to seek guidance on ASEAN statements as they were being negotiated.

Mitigating Chinese Influence

How then must India and the US cooperate to mitigate growing Chinese influence in Southeast Asia? Influence exerted is power expressed, and ultimately more important than raw power itself. The Chinese may not be changing Southeast Asian minds on some specific issues, but this is not where the contest for influence is actually occurring. As Professor Goh points out, the contest is occurring around issues where perspectives are either shared or debated. China and Southeast Asia share a priority on economic cooperation. Southeast Asia is intensely interested in development, and China is willing to help provide it at reasonable costs. The balance between the good of its contributions to economic development, and what is still largely a theoretical geopolitical threat to the region is debated. At present, the scales weigh in favour of China's economic contribution to the region. With rare exception, China is not coercing Southeast Asian positions, but creating context in which

cooperation trumps the region's opposition to what may be China's strategic aims.

This is how China prevented the Philippines from aggressively pursuing its legal approach to the maritime dispute. Beijing's bailout of Malaysian Prime Minister Najib Razak from his corruption problems, and its contributions to Malaysia's economy mutes the country's criticism of its action in South China Sea. China has similarly defused Indonesia's tradition as a regional leader. Under President Joko Widodo, Indonesia has sought to focus on its own narrow interest related to the Natuna Islands, but has otherwise chosen to stay above the fray concerning solutions to the larger issue.⁴⁸ In the Mekong, meanwhile, China's contributions to downstream economies and creation of new mechanisms for cooperation allow it to dam the upper reaches of the river in a way that is disadvantageous for countries like Laos, Thailand, Cambodia, and Vietnam.

Today, the most concrete results of this Chinese influence may be in the South China Sea and the Mekong. Tomorrow, it could be on basing rights, border controls or military cooperation. Yet, despite this, the US and India are not doing what is necessary to contest growing Chinese influence.

A PARTNERSHIP FOR CONNECTIVITY

China is a fact of life for the nations of Southeast Asia, as it is for India and the US. Its role in the region is only set to grow. Southeast Asian countries, although at times apprehensive, will continue to welcome Chinese investment and trade, as well as their diplomatic overtures. Regulatory lacunae, ineffectual logistics networks, and limited transport connectivity have all impeded trade between South Asia and Southeast Asia. Sustained economic growth in the Indo-Pacific will require good governance, building new infrastructure projects, and investing in human resources. For ASEAN states, their national interests are often defined primarily in economic terms. They are keen on improved connectivity, market integration and free trade. India and the United States must cooperate to ensure that the idea of the Indo-Pacific best serves these interests.

However, the goal of India-US cooperation should not be that of excluding China, but rather to ensure that their nations' presence is sufficient to offer choices to Southeast Asian countries. A failure to synergise operations in Asia will only see Chinese influence grow, with inevitable impact on the US, and India's geostrategic positions and national interests. Both India and the United States must not ignore the appeal of the BRI, especially to countries that are in dire need of finance and investments in physical and digital infrastructure. Instead, the goal of this relationship must be to ensure that China's actions align with international norms and rules that govern connectivity projects. It must also offer states in the Indo-Pacific alternative options, in order to ensure that China cannot leverage its BRI investments to gain undue political and economic influence over its smaller neighbours.

A four-pronged strategy will allow the US and India to develop a bilateral approach to improving connectivity in Asia:

Highlight the Significance of Norms

India appeared an outlier when it issued its full-throated criticism of the BRI. It was the only major country which was absent from the BRI summit in May. Less than half a year later, however, other Indo-Pacific democracies have followed suit. Speaking at the Indo-Pacific Oration in New Delhi in July 2017, Australian Foreign Affairs Minister Julie Bishop stated that her objective for the Indo-Pacific is for “Australia to be an active participant, in partnership with other nations, in ensuring that a predictable international rules-based order is respected and upheld, as the foundation for peaceful cooperation in the region.”⁴⁹ The same sentiments were conveyed in Donald Trump’s “Indo-Pacific Dream”, even going so far as to replicate India’s language on “responsible financing arrangements” and “good governance” for infrastructure projects.⁵⁰ Even the European Union (EU) has called for the BRI to follow “market rules and international standards.”⁵¹

These are not simply the words of countries that are intent on curbing China’s influence or growth in the region. Fiscal responsibility, environmental audits, good governance and the rule of law must form the bulwark of any large connectivity projects. China’s failure to adhere to these norms has already sparked regional instability. According to a January 2016 report by the Oxford Said Business School, for example, around 55 percent of the projects that China has invested in are economically unviable at the outset. Another 17 percent have generated lower than forecasted benefit to cost ratio, and only 28 percent could be considered economically viable.⁵² The United Nations has similarly raised concerns about the AIIB’s human rights record. The UN notes: “The AIIB has an environmental and social policy framework largely modelled on the World Bank safeguard policies. However, it is a comparatively loose framework with significant gaps from a human rights perspective. It is not yet clear exactly how the AIIB will apply this framework in practice, or how the traditional MDBs will react to the new development banks’ approach to environmental and social issues.”⁵³

The consequences of these decisions on a state's socio-economic development pathway are enormous. Sri Lanka is perhaps one of the most disturbing examples. Unable to repay its onerous debts to China for development of the strategically located Hambantota Port, Sri Lanka had to hand over the port to Beijing on a 99-year-long lease. Other projects along the BRI have also come under scrutiny for failure to adhere to environmental standards. Several South Asian states have raised such concerns; Vietnam and Cambodia, for example, have complained about drought due to hydropower plants along the Mekong River, and Myanmar has expressed displeasure over the forest management practices of Chinese firms operating in its territory.⁵⁴

By raising the issues of unviable finance options, poor environmental and human rights records, and questionable investment motivations, both the United States and India can ensure that regional connectivity adheres to a rules-based order while benefiting states in South Asia.

Create Synergy Between Physical and Digital Connectivity Projects and Regional Initiatives

India has long understood the need to link South Asia to South East Asia. Its historical, geographical and cultural ties to the region give it the capacity to influence regional outcomes and integration efforts. With the election of Prime Minister Modi in 2014, the government's official policy shifted from the 'Look East' of the 1990s to 'Act East'. In this endeavour, India has been extremely proactive. In December 2017, India hosted the ASEAN-India Connectivity Summit to discuss "Powering Digital and Physical Linkages for Asia in the 21st Century". Apart from China and Japan, India is the only other country to have established an ASEAN Connectivity Co-ordinating Committee to find synergy between the Master Plan on ASEAN Connectivity and New Delhi's infrastructure development plan.

The timing and theme of the summit is no mere coincidence. It is an implicit reference to India's competitive role in offering South East Asian states a democratic alternative to the BRI. Already, India has significant investments in the region. India has concluded an FTA with ASEAN and

it is part of negotiations on the Regional Cooperation Economic Partnership. The India-Myanmar-Thailand Trilateral Highway, when completed, will connect the three countries from Moreh in India to Mae Sot in Thailand. Other regional connectivity projects include the Kalandan Multi-Modal Transport Project that will connect India's northeast with Sittwe on Myanmar's Bay of Bengal coast and from there by ship to Calcutta. Beyond this, the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC) plans to extend to scope of their cooperation to include infrastructure development plans between the countries. BIMSTEC met in October 2016 on the sidelines of the BRICS Summit in Goa. New Delhi has also announced a US\$5-billion investment plan for regional integration projects in South Asia, specifically in Bangladesh, Nepal and Bhutan.⁵⁵

New Delhi has also been proactive in shaping a vision for the Indian Ocean Region. During his 2015 visit to the Seychelles and Mauritius, Prime Minister Modi made it clear that the Indian Ocean littoral is at the “top of [Delhi's] policy priorities.”⁵⁶ Articulating India's priorities in the region, Modi announced several initiatives to expand cooperation on the “blue economy” in order to allow states to better invest in maritime resources in a sustainable manner. He also highlighted that maritime security in the region must be the responsibility of regional actors. The Security and Growth for All in the Region (SAGAR) vision expands on India's role as a net security provider in cooperation with other littorals. New Delhi was clear that it was willing to explore economic and development opportunities with other major maritime states such as the United States.

US policymakers are willing to back the India relationship, in part because New Delhi views Southeast Asia as an increasingly strategic space, where Indian outreach must keep pace with Chinese influence. Even before the idea of a “free and open Indo-Pacific” took hold, there were early signs of cooperation between India and the US in the region. At India's 2015 Republic Day celebrations, the two countries elevated Indo-US ties with an agreement on “US-India Joint Strategic Vision for Asia and the Indian Ocean Region”. The Obama administration had earlier put forward a connectivity initiative known as the Indo Pacific Economic Corridor which sought to create new energy routes, improve trade corridors, and focus on the ease of doing business in South Asia. The two countries also

held extensive official talks on promoting sustainable ocean economies for the first time in January 2017. Coastal and marine protection, sustainable marine resource management, and joint exploration of exclusive economic zones are themes that merit continued and deeper engagement, to which must be added issues such as maritime diplomacy, job creation, energy security, marine information and communication technologies, and maritime connectivity.

Both New Delhi's Act East Policy, and the Trump administration's renewed emphasis on the Indo-Pacific Economic Corridor have enormous scope for synergy. In 2015, the US State department had already recognised this potential, stating, "Complementing India's Enhanced Look East Policy, the United States envisions an Indo-Pacific Economic Corridor that can help bridge South and Southeast Asia – where the Indian and Pacific Oceans converge and where trade has thrived for centuries".⁵⁷ The US' own unique relationship with the ASEAN is equally capable of adding heft to these initiatives. The Sunnylands Declaration of 2016, for example, contained several new business initiatives, including a programme called "US-ASEAN Connect", which involves the US setting up regional hubs in Jakarta, Singapore and Bangkok to connect entrepreneurs and businesses to support local innovation.⁵⁸ These are important elements of soft power that must not be ignored.

Along with the US' leadership, Japanese PM Shinzo Abe has also sought to align Tokyo's "Free and Open Indo-Pacific Strategy", unveiled in 2012, with India's Act East Policy. Abe sought to frame the relationship in cultural terms, stating that Japan is undergoing "The Discovery of India" in order to realise the vision of a "broader Asia."⁵⁹ Under this strategy, Japan is spending some US\$744 million on infrastructure projects in India's North-East regions—an important link to Myanmar. Further, New Delhi will also allow Japan to invest in the strategically located Andaman and Nicobar Islands under this scheme. Located close to the Malacca Straits, these islands are a crucial component of India's maritime strategy. Moreover, almost one-third of India's Exclusive Economic Zone lies around these islands, making them key components of the economic pillar of New Delhi's Act East Policy. India and Japan have also jointly developed a vision for the Asia Africa Growth Corridor which intends to integrate Africa with South Asia via the West Indian Ocean. It forms a key element of the Indo-Japan Vision 2025 for the Indo-Pacific, and is based

on infrastructure development and building economic and social partnerships.⁶⁰

Physical connectivity, however, is only one part of the big picture. Southeast Asia is also the world's fastest growing internet region, with estimates suggesting that four million new users will emerge from the region every month for the next five years, translating into a user base of 480 million by 2020.⁶¹ These users will also be relatively young and part of Southeast Asia's burgeoning middle class, with 70 percent of them being under the age of 40.

However, unlike the West, which came online without having to face serious cybersecurity concerns, individuals, businesses and states in the region will be connecting at a time of unprecedented cyber threats. They will also be coming online at a time when the normative foundations of the internet are under siege: Beijing's model of cyber-sovereignty competes directly with the liberal foundations of the internet. India-US partnership in the digital sphere thus firmly falls within the economic and developmental remit and the regional strategic calculus.

Asian leaders understand that the world economy will be defined by information management and data flows rather than agriculture and manufacturing. Digitisation is seen as a key tool to build a knowledge-intensive economy and transition towards middle-income status. Digital connectivity thus merits particular attention. Cooperation between India and the US, who share many of the same political values along with a strong commercial relationship, has the potential to expand digital trade as well as address common security concerns about global digital interaction.

By official estimates, Prime Minister Modi's 'Digital India' programme alone has the potential to increase India's GDP by 20-30 percent by 2025. The Aadhaar ecosystem, which intends to employ a digital identity as the backbone of this programme—bolstering digital payments, improving government services, and allowing businesses to innovate around a public data economy—is a unique Asian offering. American companies from Google to Facebook are already seeing commercial potential in such an initiative; WhatsApp, for example, has chosen to integrate with the Unified Payments Interface to offer mobile wallets services.⁶² Already, two digital ecosystems are converging in manners that are replicable across Asia.

The Asian Development Bank (ADB) has highlighted the value of a Digital Identity System in the Indo-Pacific region: “ID systems offer a means for developing nations to fast-track the process of development. By making service delivery efficient, enabling digital payments and a digital economy, and protecting citizens’ rights and access to services, ID systems can accelerate economic and social development.”⁶³ A region-wide digital platform to authenticate residents in South Asia raises the potential to further integrate markets and improve governance delivery mechanisms. Already, USAID’s Global Development Lab is working with the Indian government to test and identify the scalability of digital payments solutions based on such ID systems.⁶⁴ American leadership in institutions like the World Bank and the ADB allow it to further explore such synergies and regional partnership to develop on India’s Aadhaar platform.

An India-US bilateral relationship, coupled with a common digital vision for the region can accomplish at least three aims: First, led by India, countries in the Indo-Pacific region can build a digital economy that responds to developing country imperatives—such as affordable access, e-governance delivery, and local content generation. Second, the US, which continues to remain the locus of innovation and intellectual capital, can lead with the private sector in providing digital solutions for emerging markets and users; along with providing their expertise in cybersecurity. Finally, both countries can ensure that constitutional freedoms, such as free speech and privacy, form the basis of an Asian digital order.

Eventually, such a relationship will catalyse the institutionalisation of norms in cyberspace—whether pertinent to data flows related to digital economy and e-commerce, or related to critical infrastructure, defence, and public services —providing a model working relationship for a common digital space in the Indo-Pacific. This space must be democratic, affordable, innovative and secure.

Develop Credible, Transparent and Quality Funding Mechanisms

Connectivity and regional integration efforts cannot succeed without alternative and credible finance options. According to estimates by the Asian Development Bank, Asia will require

more than US\$22 trillion upto 2030 to support infrastructure projects. Beijing has already taken a lead in this effort, committing around US\$2 trillion over the past three years through multiple sources, including the AIIB and China's state banks.⁶⁵

Amongst the Indo-Pacific democracies, Japan has moved quickly to address this shortcoming. In May 2015, Prime Minister Abe announced a new framework on “Partnership for Quality Infrastructure: Investment for Asia's Future”—a five-year initiative worth US\$110 billion. Japan seeks to differentiate its investments from those made by China by emphasising that the PQI will encourage “quality investments” that are cost effective, environment friendly, and based on the host countries development plans. As he announced the project, Abe emphasised that “in order to make innovations extend to every corner of Asia, we no longer want a ‘cheap, but shoddy’ approach”—an indirect critique of China's opaque funding efforts.⁶⁶

The United States is looking for ways to aid in this endeavour. The US Trade and Development Agency has recently signed an agreement with its Japanese counterpart to develop co-financing strategies “to advance quality energy infrastructure in third-country emerging markets in the Indo-Pacific.”⁶⁷ However, aside from concerns over the value of such business support programs to the American taxpayer, such efforts are certainly insufficient. A better approach was highlighted by Secretary of State Rex Tillerson during his speech at CSIS. He singled out the role of the Millennium Challenge Corporation, which creates merit-based regional infrastructure project management and financing in countries like Sri Lanka and Nepal. Others have advised that American agencies like the Overseas Private Investment Corporation and the Export Import Bank should expand their capital base to support such competitive finance options in the Indo-Pacific.⁶⁸

As key stakeholders in the region, India, the United States and Japan must create new dialogues and partnerships that are capable of aligning these various initiatives to ensure strategically targeted and efficient allocation of resources. While India can form the linchpin in these endeavours, providing human capital and on-the-ground administrative support, the United States and Japan can provide technological and financial assistance.

Re-affirm the Centrality of Asian Institutions

Having laid down the foundations upon which Asian integration and connectivity will take place—by aligning norms, synchronising initiatives, and shoring up finances—the Indo-US partnership must also articulate a position on which actors will take the lead in determining their outcomes. New Delhi is cautious about the strategic implications of mega connectivity projects, and has chosen to place regional actors at the forefront of guiding their development. Foreign Secretary S. Jaishankar articulated India's concerns that the BRI fails to emulate this, stating that “..this [BRI] is a national Chinese initiative...devised with national interests.”⁶⁹

China has repeatedly attempted to subvert the autonomous political authority of ASEAN groupings. Following The Hague Tribunal's ruling on the South China Sea dispute, observers believed that the 49th ASEAN foreign ministers meeting in July 2016 would be an opportunity for the regional bloc to unanimously reaffirm its commitment to a rules-based order. Unfortunately, Beijing's closest ally, Cambodia, utilised its veto to block the group from mentioning the tribunal verdict in the joint statement.⁷⁰ The United States and India must work together to ensure that states in the region can resist pressure for Beijing on such issues.

For example, at the East Asian Summit, New Delhi was clear on the “centrality of the ASEAN” in any new connectivity and security architecture.⁷¹ In August 2015, at the Forum for India – Pacific Islands Cooperation (FIPIC) summit in Jaipur, Prime Minister Modi expressed support for the vision of “Pacific Regionalism” to better integrate decision-making.⁷² Such positions stand in stark contrast to the bi-lateral foundations of the Belt and Road Initiative. The United States has also repeatedly reaffirmed these principles in various joint statements, most recently at the November 2017 US ASEAN Summit, where it stated, “We recognise and support ASEAN Centrality and ASEAN-led mechanisms in the evolving regional architecture.”⁷³

Accordingly, the United States and India should work towards strengthening institutions in the Indo-Pacific that support a rules-based order, such as the ADB and the Asia-Pacific Economic Cooperation

(APEC). Towards this end, it is important that the US expedite its efforts to induct India into the APEC; India has had an observer status since 2011. Already, Japan has extended its support for India's candidature as permanent member. For its part, New Delhi must work to shed the image of its intransigence towards trade deals, and improve economic ties with the region.

The US' withdrawal from the Trans-Pacific Partnership (TPP) and President Trump's "America First" approach has been greeted with some skepticism by regional observers. And yet, Washington continues to remain engaged with the members of the TPP. Indeed, the US does not seem willing to give up its leadership of the Indo-Pacific, as seen in the various visits by Southeast Asian heads of state to Washington; President Trump's visit to the Philippines for the East Asian Summit and Vietnam for APEC; Vice President Mike Pence and other Cabinet-level visits to Southeast and East Asia; and Secretary Tillerson's engagement of the ASEAN Foreign Ministers as a group.

India, on the other hand, has repeatedly affirmed its engagement with the wider Indo-Pacific region. Practical cooperation between India and the US must start with both sides coordinating their strategic perspectives, policy approaches and sharing information. They can do these through bilateral mechanisms like the new US-India 2 x 2 dialogue involving each country's foreign and defence ministers and more broadly through their tri-laterals—US-India-Japan and India-Japan-Australia – as well as the quadrilateral dialogue also involving Australia.

TOWARDS GREATER
MARITIME SECURITY
COOPERATION:
A RULES-BASED
INDO-PACIFIC

If there is one area of India-US relations that merits special mention, it is the maritime partnership. Consistent with their global strategic partnership and a new framework for defence cooperation, New Delhi and Washington have raised their level of naval engagement, committing themselves to the protection of the regional commons. Three developments have allowed this engagement to take place. First was the strategic conceptualisation of the wider Indo-Pacific region. In a 2007 speech delivered at the Indian Parliament, Japanese Prime Minister Shinzo Abe spoke of the “confluence of two seas”.⁷⁴ “The Pacific and the Indian Oceans are now bringing about a dynamic coupling as seas of freedom and of prosperity,” he said. “A ‘broader Asia’ that broke away geographical boundaries is now beginning to take on a distinct form.”

This spatial understanding of the region combines the eastern theatre of the Indian Ocean along with the Western Pacific, which includes the South China Sea. Prime Minister Abe was prescient in his observations that this region is now increasingly becoming the centre of gravity for the world’s political, economic and cultural interests. It is a region that is rich in natural resources, especially hydrocarbons, and is home to enormous marine diversity. It is also the transit route for much of the world’s trade and investment, and is host to nearly half of the world’s population.

The second development was the growing importance of the region to both India and the United States. As early as in 2004, the Indian Maritime Doctrine recognised “the shift in global maritime focus from the Atlantic-

Pacific combine to the Pacific-Indian Ocean region.”⁷⁵ The US acknowledged this formulation in 2010, when then Secretary of State Hillary Clinton spoke in Honolulu about “expanding our work with the Indian Navy in the Pacific, because we understand how important the Indo-Pacific basin is to global trade and commerce.”⁷⁶ At that time, officials from both countries saw this as a positive development. In 2011, the US Senate Committee on Armed Services noted that “with regard to the Indo Pacific region, the committee notes that combined naval exercises, conducted between the United States and India, have become a vital pillar of stability, security, and free and open trade, in the Indo-Pacific region.”⁷⁷

For India, the Indo-Pacific region fits squarely within its ‘Act East’ policy. Its actions in peacefully settling its maritime disputes with Bangladesh, and the greater rapprochement it has shown with Sri Lanka, are only some signs of its intentions in the region. India is also keen on emerging as a ‘Net Security Provider’ in the Indian Ocean Region—an aspiration that is detailed in its latest Maritime Strategy Document.⁷⁸ India has considerably enhanced its security and military assistance, disaster support and relief operations to various island states such as Mauritius and the Seychelles, and in the Bay of Bengal. For the US, the region is critical to maintaining its preeminent position in Asian affairs. The South China Sea is the locus of maritime trade and energy supply, and the Malacca Strait forms the choke point for transit routes in the Indian Ocean Region. The United States must also maintain a strong maritime presence to enforce its security commitments to Taiwan, Japan and South Korea, and other partners in the region.

The second development is undoubtedly tied to the third—China’s expanding maritime actions in the Western Pacific, specifically the South China Sea, and its regular forays into the Indian Ocean. Ever since the Taiwan Straits crisis in 1996, Chinese strategy has emphasised on building its maritime capacity to prevent US intervention in the South China Sea. Part of these efforts have included attempted interference with American operations along the first island chain, and acquiring air, naval and missile capabilities to project power upto the second island chain. From here, China intends to establish a permanent naval presence in the Indian Ocean. Already, it has strategically acquired ports from Colombo to

Djibouti, allowing it to extend and maintain extensive maritime operations in the region.

Exploring Indo-Pacific Synergies

The India-US nautical relationship has been riding a crest since the signing of the Joint Strategic Vision document and renewed a 10-year defence framework agreement in June 2015.⁷⁹ In May 2016, the two sides held their first maritime security dialogue in the 2 + 2 format, following up with a Logistics Support Memorandum of Understanding (LEMOA), a crucial agreement that allows the Indian Navy and the US Navy to access logistics on a reciprocal basis.⁸⁰ Washington's proposal for the joint development of India's next-generation aircraft carrier—in particular, the transfer of electromagnetic aircraft launch system (EMALS) technology—has deepened strategic trust, generating further momentum in maritime ties.

Following Prime Minister Modi's visit to Washington in April 2017, there are expectations in New Delhi of greater dividends from the bilateral relationship. The United States' recognition of India as a Major Defense Partner has elevated India to the level of the US' closest allies and partners, raising hopes for high-technology defence sales. As a first step, the US has cleared the transfer of Sea Guardian Unmanned Aerial Systems, a “force multiplier” in the Indian Ocean.⁸¹ Meanwhile, a bilateral “White Shipping” data sharing arrangement promises to enhance maritime domain awareness, even as India's support for the US' observer status in the Indian Ocean Naval Symposium (IORA) creates greater opportunity for operational cooperation in the IOR.

The most encouraging sign has been the expansion of the Malabar naval exercises. An abiding symbol of warming strategic ties between New Delhi and Washington, Malabar has been the most wide-ranging professional interaction of the Indian Navy with any of its partner navies. Since Japan's inclusion as a permanent member in 2015, Malabar has also grown in scope and complexity, with the 2017 edition witnessing the participation of two aircraft carriers, guided missile cruise ships, destroyers, submarines, Poseidon P-8A / P-8i aircraft, as well as Japan's

new helicopter carrier JS Izumo.⁸² Increasingly, exercise-Malabar has focused on the higher end of the naval operational spectrum, with special emphasis on anti-submarine warfare, carrier strike group operations, maritime patrol and reconnaissance operations, surface warfare, explosive ordinance disposal, and helicopter operations.⁸³

Notably, the India-US maritime relationship has been a catalyst for New Delhi's developing relationships with Indo-Pacific states. While the Indian Navy's engagement with the Japanese self-defence forces has been on the upswing, naval ties with Australia and Indonesia have also grown. Meanwhile, India and Singapore have grown closer in the maritime domain. New Delhi's recent signing of a bilateral maritime agreement with Singapore, including an understanding to share bases and provide logistics, signals a deeper, more meaningful partnership in nautical-Asia, with includes two geopolitically vital spaces, the Bay of Bengal and the South China Sea.

Differences in Strategic Postures and Operational Capabilities

It is in the wider Indo-Pacific region that Indian and American interests are yet to fully converge. New Delhi has been less than enthusiastic in joining the United States' wider security project in the Pacific littorals. Despite repeated proposals from Washington, to jointly "protect shared spaces", India has studiously refrained from displaying naval vigour in the Western Pacific. While India's political leadership has been happy to support Indo-US cooperation in the Indian Ocean, the diplomatic establishment has resisted the idea of joint-patrols in the South China Sea. India's rejection of Australia's request to participate in the Malabar exercises – wholeheartedly supported by the US – too has revealed differences in New Delhi and Washington's approach to regional maritime security.

Indian observers have also noted the Trump administration's relative indifference to the maritime geopolitics of South Asia. A year after the new administration took office, the US remains preoccupied with the challenges in Southeast and East Asia, seemingly unmindful of New

Delhi's key concerns in its near-littorals. This crucially includes China's growing footprint in Sri Lanka, Bangladesh and Myanmar, the Indian Navy's inability to track Chinese submarines in the Bay of Bengal, and the strengthening China-Pakistan nexus in the Arabian Sea.⁸⁴

New Delhi realises that Washington's real equities reside in the Western Pacific, where senior US officials expect the Indian Navy to play a larger security role. But the US' dependence on China to help solve vexing problems like North Korea gives New Delhi pause. With Washington at least partially reliant on Beijing in dealing with Pyongyang, Indian observers perceive the reduced American leverage in shaping Beijing's strategic choices in the Indian Ocean.

Indian analysts also complain that the Indian Navy's cooperation with the US is confined to the Eastern half of the Indo-Pacific region.⁸⁵ At the Western end of the Indo-Pacific, where India's real security and economic interests lie, maritime cooperation with the US remains limited. Even on the critical issue of PLAN presence in the Indian Ocean, Indian and US perspectives do not fully tally. For India's strategic observers, the People's Liberation Army (PLA) Navy's activities in the IOR – particularly PLA submarine presence in South Asia—raises the worrisome prospect of a Chinese “takeover” of India's geopolitical space. While American policymakers empathise with this view, they believe that Indian projections of Beijing's strategic domination of the Indian Ocean are significantly overblown. It is China's aggression in the Pacific Ocean, they suggest, that is the real threat.

Some in India believe that the partnership in the Western Indian Ocean has been feeble due to the US being mindful of Pakistan's concerns, which was a critical partner for its operations in Afghanistan since 2001.⁸⁶ The dynamics seem to be changing with the Trump administration exhibiting clear determination to encourage greater Indian role in Afghanistan and in not allowing Pakistan's sensitivities to have a veto on the potential of the relationship.

Delhi's inability to sign foundational pacts to enhance communications and battle group networking—resulting in the stripping of tactical interoperability aids in US-origin platforms (P8I and C-130J aircraft) supplied to India—does little to raise American hopes for closer India-US

maritime relations. India's use of voice and text commands to carry out naval exercises with the US, Japan and Australia, observers say, conveys the impression of "cultural familiarization, rather than a joint combat drill".⁸⁷

Advancing the Maritime Relationship

The key to a thriving maritime relationship is strategic empathy. New Delhi must appreciate that the United States needs the Indian Navy for assistance in preserving strategic access in the wider-Asian littorals.⁸⁸ Indeed, Washington's quest for innovative solutions to long-standing security challenges in the Indo-Pacific requires a pooling of strengths and capabilities to effectively police the regional maritime commons. The Indian Navy must then assist its US counterpart in securing access to nautical spaces, and also to strategically unify Indian Ocean littorals, through a program of robust maritime diplomatic engagements. If the IN can develop a strong set of nautical relationships with its neighbours, it could then take the burden off the US Navy in key areas of constabulary and benign security—including in tasks such as survey salvage, disaster relief, and humanitarian assistance, which the United States would prefer to outsource to the Indian Ocean's principal security provider.

Further, Washington must recognise the critical inventory gaps that prevent the Indian Navy from exerting influence in its near-seas.⁸⁹ In the absence of submarines and critical underwater detection equipment, the IN is unable to keep track of PLAN subs in littoral-South Asia – the primary theatre of Indian naval operations. To assist New Delhi in making up for this capability deficit, the US government and American defence firms must consider greater cooperation on proprietary technology (including vital anti-submarine warfare know-how). It should be clear to both sides that a stronger maritime partnership would follow the enhancement of the Indian Navy's surveillance and combat prowess. Washington's assistance in augmenting the Indian Navy's theatre—ASW and under-water surveillance capabilities—will go a long way in solidifying the bilateral maritime relationship. For this, US policymakers will need to think beyond security in the Western Pacific. Contrary to their beliefs, the

so-called “tyranny of distance” does not preclude the establishment of any permanent Chinese military presence in the Indian Ocean.

There is some evidence that the harmonisation of strategic outlooks may already have begun. While the Pacific and Indian Oceans have traditionally been seen to be separate bodies of water, India and the US increasingly understand them as part of a single contiguous zone. More crucially, the Indian Navy and the US Navy better appreciate each other’s strategic objectives in this integrated domain, and are eager to accommodate reciprocal concerns.

Encouraged by India’s efforts to expand its situational awareness in the Indian Ocean and in search of greater operational coordination, the US has been encouraging New Delhi to play a greater security role in the Western Pacific. Trump administration officials’ repeated reference to India’s critical role in securing the Western flank of the Indo-Pacific, indicates that the US is keen to take its partnership with India many notches higher.⁹⁰ The United States and India have been cooperating to leverage their combined strengths in securing the Asian commons. India’s desire to be a “leading power” creates an imperative for the Indian Navy to play a larger role in maritime-Asia. New Delhi, however, must shed its inhibition for strategic naval presence in the Western Pacific. In doing so, it must coordinate its deployments with the US, subtly balancing growing Chinese influence in the region.

For its part, India has been increasingly active in integrating its maritime neighbourhood – a key goal of US initiatives in the Indian Ocean. By offering assistance to smaller states in setting up coastal radar and automatic identification systems chains, aimed ultimately at establishing a regional maritime surveillance network, India is gradually assuming a key facilitating role in the Indian Ocean. Bolstering its maritime intelligence, surveillance, and reconnaissance and antisubmarine warfare capabilities in the South Asian littorals, the Indian Navy has been expanding its own air-surveillance effort, pushing for the delivery of four additional P-8I aircraft from the United States.

It is instructive that the core elements of Indo-US defence partnership include the adoption of common platforms and weapons systems as well as shared software and electronic ecosystems; closer cooperation on

personnel training; and the convergence of strategic postures and doctrines. These elements can realise their full potential only if the two countries enable large-scale US-India data sharing, which will significantly enhance interoperability between their two militaries. This, in turn, will be possible only through the signature of the so-called Foundational Agreements, which provide a legal structure for logistical cooperation and the transfer of communications-security equipment and geospatial data.⁹¹

There are mixed indications that New Delhi may reexamine its stand on two crucial foundational agreements—the Communications and Information Security Memorandum of Agreement (CISMOA) and the Basic Exchange and Cooperation Agreement for Geospatial Intelligence (BECA) – even if the process takes some more time. To enable the transfer of high-end military technology, Indian policymakers and practitioners may be willing to accept Washington’s assertion that the pacts do not infringe on India’s sovereign rights over high-technology defence equipment purchased from the US. Presumably, the emphasis might be on rephrasing the language of the agreements to address specific Indian concerns over protocols governing actual equipment usage.

In balance, the India-US maritime relationship remains on an upward trajectory. Despite temporary shocks, the overall outlook remains robust, driven by a strong and enduring strategic convergence in maritime-Asia. Now more than ever, there is a sense of common purpose and a shared destiny. South Asia’s leading maritime power and the preeminent power in the Indian Ocean seem to be working towards a functional pact to protect them against the high-winds gathering in the east.

NEXT STEPS FOR THE INDO-US STRATEGIC PARTNERSHIP

Based on the foregoing, the authors offer the following recommendations for policymakers in Washington and New Delhi to advance the bilateral strategic relationship. Going forward, India and the US will need to focus policy attention on five specific areas.

A. Defence Trade and Technology

- Defence trade is a prominent area of India-US strategic convergence. While India has not traditionally figured on the US “pyramid of trust” (never having fought alongside US forces as an ally), it is now a designated “friend” of Washington. Having accorded Major Defence Partner (MDP) status to India, US policymakers have moved New Delhi up closer to the top of the pyramid. This means that India is eligible to be a recipient of high-grade US military capabilities and technologies. India must capitalise on the bilateral platform for defence trade and technology sharing with greater intent. India’s ‘Make in India’ initiative strengthens scope for co-production and co-development.
- Policymakers in New Delhi and Washington must reconcile “Make America Great Again” with “Make in India”. For its part, the Trump administration fully supports everything the Obama administration proposed to India, including exhaustive preparatory work on India’s requirement for fighter aircraft and its connection to ‘Make in India’. As the Heritage Foundation has argued, “an F-16 line in India is better than shutting it down. If an Indian line keeps 20 American suppliers in business, that’s better than zero.”

New Delhi, however, must look for ways in which to sustain the momentum on the defence trade front.

- Washington must be more willing to address New Delhi's defence inventory gaps by equipping Indian forces in the short run, and help it build a defence manufacturing base in the longer run. Priority military hardware and technologies, areas for joint production, need to be identified. Pending sales — such as that of Guardian RPVs — and proposals — such as the micro unmanned aerial vehicle project — need to be expedited.
- The matter of quality and subsequent liability of equipment made in India through joint Indian-US ventures will also need to be addressed. The hesitation of US companies in sharing proprietary and sensitive technology is a concern that will need to be taken up on a case-by-case basis.
- It is time to start conversations on some over-the-horizon military cooperation, such as on the fifth-generation fighter, nuclear submarine, helicopter and aircraft carriers. There is a rare moment of clarity in US and Indian policy circles on the importance of each other in this region. This is important if the countries are to act as “anchor of stability” in the Indo-Pacific.

B. Cooperation in Southeast Asia and Beyond: Focus on Connectivity

- There is a growing sense in Washington that India shares the United States' interests in maintaining stability in Afghanistan and South Asia, with US policymakers increasingly vocal of their preference for Delhi's expanded role in Kabul's security. India and the US should improve their consultation on Afghanistan. New Delhi must look for ways on which it could provide greater military assistance for the stabilisation of Afghanistan.
- Connectivity must animate the India-US relationship. China's all-embracing Belt and Road Initiative seems intent on excluding many

powers that do not agree with Beijing's view of regional order. It creates an imperative for India and the US to forge a more inclusive approach to the emerging Asian strategic framework—one that is willing to accommodate all stakeholders, including China.

- The American vision of the Indo-Pacific Economic Corridor supplements India's Act East policy. India-US cooperation in physical and soft infrastructure can, for instance, link cross-border transport corridors; help create regional energy and digital linkages; and facilitate people-to-people connectivity that encourages education and skilling across this common space.
- Washington and New Delhi must work together to create new dialogues and bilateral mechanisms to facilitate this synergy. They must also include other partners in the region, such as Japan and Australia, and may even work towards establishing a Quadrilateral-level consultation on connectivity.
- A four-pronged strategy must form the bulk of any bilateral cooperation in the region: First, highlight the importance of norms, and ensure that even Chinese projects adhere to a rules-based connectivity regime. Second, ensure that the market is allowed to allocate resources and capital in a way that finds synergy between various Indo-Pacific policies. Third, ensure that states in the region have access to responsible finance mechanisms, allowing them to reduce dependency on Beijing. Finally, ensure that any Indo-Pacific connectivity strategy is not strictly bilateral like the BRI, and places regional institutions at the forefront.
- Washington and New Delhi must cooperate as “global partners”, with US public and private investments funding projects in Africa with Indian expertise. The US could even consider joining Japan and India in making the Asia-Africa growth corridor a reality.
- The US should nurture burgeoning regional partnerships between Japan, South Korea, Australia, and India, as these countries work towards building consultative and collective Asian frameworks.

C. Maritime Freedoms and Littoral Security

- There is enormous potential for India-US defence cooperation in the Indo-Pacific Region. The annual Malabar exercise, which now formally includes a third partner, Japan, must aim for greater coordination and expand interoperability. The India-US Logistics Exchange Memorandum of Agreement (LEMOA) must be operationalised to create functional logistic avenues, and the white shipping agreement must be leveraged to promote full-spectrum domain awareness.
- Besides its potential to promote joint stewardship of the commons for freedom of navigation and unimpeded trade, India-US maritime security cooperation is also critical in combating maritime crime (such as piracy, armed robbery at sea, and maritime terrorism) and the preservation of the natural environment—resources, ecosystems, and biodiversity. There is a need to focus on the likelihood of an increased number of extreme weather events in the Indian Ocean Region (IOR). Joint naval operations must hone skills and encourage sharing of best practices to respond quickly and effectively with human assistance in disaster relief and during humanitarian crises.
- An expanded bilateral maritime partnership will help create a resilient regional architecture that is not dependent on one sole guarantor of stability, nor threatened by unilateral action. This partnership must involve transfer of technologies to further India's capacity in the Indian Ocean Region; explore new forms and formats of joint exercises and naval drills, such as anti-submarine warfare and maritime domain awareness missions; and encourage support for Indian leadership as “force for stability” and a net security provider in the IOR.
- Thus far, the India-US maritime relationship does not extend to the Western end of the Indo-Pacific region. There is a sense in New Delhi that the US is too focused on the maritime geopolitics of the South China Sea and East Sea, as a consequence of which maritime cooperation in the Indian Ocean is limited to the Eastern

theatre. While the US Navy must collaborate with the Indian Navy in the Western Indo-Pacific, the latter must prepare to play a more active role in the Pacific littorals.

- India has been increasingly active in integrating its maritime neighbourhood – a key goal of US initiatives in the Indian Ocean. The Indian Navy must cooperate with the US Navy to bolster intelligence, surveillance, and reconnaissance missions in the South Asian littorals.
- To realise the full potential of the defence partnership, India and the US must enable large-scale US-India data sharing, significantly enhancing interoperability between their two militaries. This will be made possible only through India's acceptance of Foundational Agreements, which provide a legal structure for logistical cooperation and the transfer of communications-security equipment and geospatial data.
- Both sides need a focused discussion on the fine-print of the foundational agreements. While Indian policymakers and practitioners may be willing to accept Washington's assertion that the foundational pacts (CISMOA and BECA) do not infringe on India's sovereign rights over high-technology defence equipment purchased from the US, they may not be willing to accept the agreements without specific clauses that address Indian concerns over protocols governing actual equipment usage.
- The US must assist India in finding remedies to its anti-submarine deficit in the Indian Ocean. Washington's assistance in augmenting the Indian Navy's theatre-ASW and under-water surveillance capabilities, as well its power-projection capabilities will further solidify the maritime relationship.
- The Indian Ocean Region comes under the area of responsibility of three US commands, thereby creating a structural impediment for the India-US naval partnership. Washington needs to address concerns that the US lacks an integrated geopolitical approach to the Indian Ocean.

D. Blue Economy

- India and the US must promote a market-driven blue economy as a framework for growth and prosperity in the Indo-Pacific, home to bountiful hydrocarbon, mineral, and food resources, as well as burgeoning coastal populations. The two sides must seek cooperation in marine research and development, to promote shared knowledge hubs, and share best practices.
- New Delhi and Washington must support regional initiatives in the Indo-Pacific to explore new investment opportunities in maritime economic activities and industries, such as food production and coastal tourism. India must seek US direct investments in identified coastal economic zones and the Sagarmala initiative, and US participation in regional groupings like the Indian Ocean Rim Association, where it is currently a Dialogue Partner.
- The US could support India in creating resilient regional architecture in the Indo-Pacific that not only hinges on the provision of security, but also on the advancement of an environment that generates equitable and stable economic growth in regional economies.
- Following their extensive, official talks on promoting sustainable ocean economies for the first time in January 2017, India and the US must work together for coastal and marine protection, sustainable marine resource management, and possible joint exploration of exclusive economic zones. Emphasis must also be given to maritime diplomacy, energy security, marine information and communication technologies, and maritime connectivity.

E. Digital Connectivity, Trade, and Technology

- The India-US partnership must be focused on the collaborative use of digital technologies as a springboard to expand digital trade as well as address common security concerns about global digital interaction. Prime Minister Modi's Digital India program has the

potential of increasing India's GDP by 20-30 percent by 2025. American companies could help New Delhi increase digital penetration and deliver last-mile digital connectivity in the country.

- India-US bilateral cooperation in using the digital as a tool for economic development and empowerment can be the template to connect the three billion unconnected in other developing countries in the Indo-Pacific, where there is an unprecedented expansion in the digital economy and internet users. Washington and New Delhi can propose a set of 'Digital Norms for the Indo-Pacific' that can be operationalised under various joint initiatives.
- Washington and New Delhi must explore creating a digital ID ecosystem for South Asia built along the lines of India's Aadhaar initiative. India and US bilateral cooperation in cyber security can also play a role in advancing propositions that can be adopted in the broader Indo-Pacific region, which is ripe for ransomware and distributed denial of service attacks, as well as 'cyber jihad.'
- As digital norms are institutionalised, India and the US must use the opportunity to build and subsequently provide a model working relationship for bilateral information sharing and data regulation, such as through Mutual Legal Assistance Treaties. India and the US interacting on questions of cross-border data, data localisation, global digital trade paradigms can help steer norm-making in the digital sphere towards a solution that responds to interests of both developed and developing countries while promoting a cyberspace environment that is open, reliable, interoperable, and secure.

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Home to about 40 percent of the world's population, rare mineral resources, and vital trade routes, the Indo-Pacific is fast emerging as the most dynamic region of the 21st century. Even as states in the region realise this potential, they remain caught in what are arguably the most important geopolitical shifts in the world since the end of the Cold War—including the rise of China, and the reduced appeal of Western institutions. Consequently, the Indo-Pacific has become the focal point for great-power competition on issues such as connectivity and maritime security. China is well-placed to influence an emerging regional architecture, with its ambitious Belt and Road Initiative and its growing maritime prowess. Faced with this reality, an Indo-US partnership is capable of catalysing the development of democratic norms, strong regional institutions, and a rules-based order that can help shape a peaceful, prosperous and secure Indo-Pacific.