

India and Israel Move Closer Together

Prime Minister Ariel Sharon's short visit to India in early September, the first by an Israeli prime minister, highlighted the dramatic expansion in a relationship that started only 12 years ago. Before Sharon's early departure because of two suicide bombings back home, ministers from both countries signed six agreements covering visa requirements, environmental protection, combating illicit drug trafficking, and an initiative to begin an educational exchange program. The accent, however, was on the rapidly growing military supply relationship. Balancing its relations with Israel and its still important ties with the Muslim Middle East, especially its major oil suppliers, will be a growing challenge for India's policymakers.

A long stumbling road: Apart from a consul in Bombay, Israel had no formal ties with India before the establishment of diplomatic relations in 1992. India voted at the United Nations against the creation of Israel, opposing the concept that a religion should be the basis for a nation and wanting to express solidarity with the Arab world and with India's large domestic Muslim population. The close friendship between then-prime minister Jawaharlal Nehru and Gamal Abdel Nasser of Egypt, who was openly hostile to Israel, further deteriorated Indo-Israeli relations. In 1975, India recognized and financially backed the Palestine Liberation Organization (PLO), becoming the first non-Arab state to do so. In 1975, India voted for the UN General Assembly resolution equating Zionism with racism. The two countries' international priorities also diverged, with Israel closely associating with the United States, especially after the 1967 Arab-Israeli war, and India benefiting from a close diplomatic and military supply relationship with the Soviet Union.

The end of the Cold War and the beginning of India's economic reforms in the early 1990s provided the impetus for the Indian government to establish full diplomatic relations with Israel. For Israel, this was a time when its diplomatic contacts with the world outside Europe and the United States expanded dramatically, and India was an important part of this expansion. For India, heavily dependent on the now-fallen Soviet Union, Israel rapidly emerged as an important source of expertise on security issues and a growing source of advanced military technology and hardware. Intelligence contacts, which may have existed informally before, took off rapidly. Although trade had always been permitted, it expanded as never before after diplomatic relations were established.

A new beginning: The Bharatiya Janata Party's (BJP) rise to power in 1998 provided a major boost to relations between New

Delhi and Jerusalem. Along with its sister Hindu militant organizations, the BJP had been critical of the pro-Arab foreign policy of Congress governments and saw in Israel a kindred spirit for which Muslims represented the major security problem. Then-Indian home minister L. K. Advani's visit to Israel in 2000 intensified cooperation in the fields of security, border management, and counterterrorism. Bilateral trade grew fivefold from approximately \$200 million in 1992 to more than \$1 billion in 2000. In the first half of 2003, India-Israel trade grew 24.5 percent since the end of the preceding year, making India Israel's second largest trading partner in Asia. This upward trend is likely to continue, fueled by Israel's and India's complementary strengths in information technology. Israel is a major exporter of electronic equipment, and India—a country where the information technology (IT) industry is worth \$16 billion and accounts for 3.2 percent of GDP—is a world leader in software development.

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000
India's exports	75	129	152	190	251	193	343	455	535
Israel's exports	127	228	352	315	316	365	327	538	548
Total Bilateral	202	357	504	505	567	558	670	993	1083

(in \$ million)

Two areas offer the most promise of cooperation: agriculture and space technology. Since 1992, the two countries have signed over 150 joint ventures—mostly related to agriculture—and Israel's famous drip irrigation systems are now manufactured in India. Analysts also expect the two countries to cooperate in the manufacture of satellites, outsourcing components from each other and sharing launch facilities. Indian and Israeli scientists are also collaborating on relatively cheap and lightweight micro-satellites, first developed and launched by Israel in the late 1990s.

Growing military sales: But the most talked-about areas of cooperation have been military and intelligence. In the run-up to Sharon's visit, Washington announced that it was willing to approve India's request to purchase the Israeli-made Phalcon airborne warning and control system (AWACS), making India one of the few countries to have this military capability. Washington had earlier refused to approve a similar sale to China. Terms of sale remain to be negotiated.

This was the icing on an already substantial cake. India has signed, or has in the pipeline, defense agreements with Israel worth \$3 billion, making Israel the second largest supplier of arms to India after Russia. So far, Israel has supplied India with

surface-to-air missiles, sophisticated sensors, and artillery pieces. India has already purchased a fair amount of conventional equipment, including assault rifles, sniper rifles, and night vision devices for the 3,000 soldiers of a new Special Forces group being trained by Israeli specialists to fight separatist militants in disputed Kashmir. India is also negotiating for high-tech fencing for military bases in Kashmir, which have repeatedly been attacked by guerrillas. New Delhi is also asking for unmanned aerial vehicles, which most likely will be deployed on the India-Pakistani border. India is also eyeing Israel's Arrow antiballistic missile. So far, however, Washington has not given its approval.

Controversy in India: Despite the rapid expansion of India-Israel ties, the Indian government has always been careful to emphasize that it is not taking sides in the Arab-Israeli dispute. The violence in Israel at the time of Sharon's visit evoked strong sympathy from his hosts, but India was sharply critical of Israel over its actions against Yasser Arafat and over the Israeli-built fence in the West Bank. India imports 70 percent of its crude oil requirement, most from the Middle East. Indigenous gas reserves have been in decline for the past 15 years, with India currently producing only 65 million cubic meters of natural gas per day—less than half its daily demand of 141 million cubic meters. Iran is looking to sell 2.5 million tons per year of liquefied natural gas to India, but unless a deep-sea pipeline is feasible, it is unlikely India will increase imports if it means pipelines will cut through Pakistan. India's friendship with Israel could trigger anti-Indian sentiment in the Arab world that could adversely affect the many Indians who work there. These are practical reasons for India to try to maintain good relations on both sides of the Arab-Israeli divide, a task that will become more complicated as its defense trade with Israel grows.

Sharon's visit also turned out to be a lightning rod for criticism of the BJP government's foreign policy by the Congress and other intellectuals on the Indian scene. India's ties with Israel, like its post-Cold War interest in closer relations with the United States, are still looked on with some ambivalence on the political left. More importantly, the majority of India's 130 million Muslims generally oppose close ties with Israel. Although few of them are likely to vote for the BJP in next year's election, the government will want to avoid throwing their undivided support to its opponents.

Growing concern in Pakistan: Not surprisingly, India's purchase of Israeli defense equipment rang alarm bells in Islamabad. Deployment of the AWACS by the Indian air force is expected to provide a substantial advantage in the event of a conflict and provide major surveillance capabilities to India. President Musharraf and Foreign Minister Kasuri both publicly urged the United States to prevent the widening of the conventional imbalance between India and Pakistan and have stepped up their requests for the United States to supply F-16 and AWACS aircraft. Musharraf raised some eyebrows by suggesting that Pakistan weigh the pros and cons of recognizing Israel. Pakistan is unlikely to move in that direction any time soon, though, and its public airing of the subject will have no serious impact on Israel's approach to defense ties with India.

A more serious concern is whether the "Israel factor" will lead to a more serious effort by Middle Eastern countries to obtain nuclear assistance from Pakistan. The recent inspection of Iran's nuclear facilities by the International Atomic Energy Agency (IAEA) suggested that Pakistan might have provided Iran with technological know-how needed to manufacture centrifuges for the enrichment of uranium used in nuclear weapons, a charge Pakistan has denied. Pakistan's relations with Iran are troubled, and the United States would take very badly any new evidence of nuclear weapons-related transfers by Pakistan. But over the long term this is an area that will bear close watching.

The Washington factor: The Bush administration has welcomed the closer connections between India and Israel. Their military ties are compatible with the kind of strategic relationship the United States is trying to develop with India in the Indian Ocean region. Brajesh Mishra, India's national security adviser, recently called for closer cooperation between India, the United States, and Israel, arguing that all three nations are prime targets for terrorism by a common enemy. Although this general appeal undoubtedly has resonance in all three countries, their separate bilateral relationships are likely to remain far more important than any "triangular" activities. An interesting footnote to this observation is the expanding contact between Indian-American lobbying groups and such groups as the American Jewish Committee and the American Israel Public Affairs Committee.

The road ahead: Despite the controversies over Israel's policies toward the Palestinians and India's quest for balance in its own Middle East policy, India is likely to maintain strong ties with Israel. The dimensions of its defense purchases, the sophistication of the equipment involved, and the fact that this provides another link to Washington are all attractions that will be important to any future government. And despite India's important ties in the Arab world and with Iran, the lure of intelligence consultation with another country that faces chiefly Muslim adversaries will be a durable one. The big challenge of the future is likely to be in the rest of India's Middle East policy, both in securing more reliable energy supplies and in developing a posture the government and the country are comfortable with in Iraq. The result will be occasional inconsistencies in India's Middle East policy, but that is a pattern other countries have lived with for years.

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