CHAPTER 9

Security Outlook of the Asia Pacific Countries and Its Implications for the Defense Sector: An Indian Perspective

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Introduction

The Mayan mythological calendar declaring December 21, 2012 as the last day of the world has been proved wrong. Although the suggested day of apocalypse passed, 2012 was a year that reminded us that the post-cold war paradigm is in a state of flux. There were strains in the political, economic, and diplomatic fronts across the globe, as well as in the inter-connected world that we live in. Everything impacts our decisions and well-being. The year 2013 will be challenging with the tensions in the AfPak region, South and East China Seas, Korean peninsula, Syria, Iran, West Asia, and Africa, the economic slowdown, climate change, and other traditional as well as non-traditional threats. We have to see how the new leadership/governments in the US, Russia, China, France, Japan, South Korea etc., will face these challenges. Will there be a linear continuation from the past, or will there be a paradigm shift—a shift towards greater peace and stability, or a decline towards further instability?

UNESCO names 48 countries that constitute the Asia Pacific region. While this list includes India, Australia, Japan, South Korea, Taiwan, and China, it excludes the US. However, in the current strategic discourse, the Asia Pacific generally includes the countries of the Pacific Rim including US, Australia, South Asia, SE Asia, East Asia, and NE Asia. India which essentially is an Asian and Indian Ocean entity, is now firmly categorized as a leading power in Asia Pacific along with China, Japan, South Korea, Indonesia, Vietnam, Malaysia, Singapore, and Thailand.

The "Asian Century" is no more just a catchy phrase—we are living it at this moment. The Asia-Pacific region is approaching 30 percent of global GDP and is forecast to make up to 50 percent of the global economy by 2050. The intra-regional

and extra-regional merchandise exports for 2009 was US$3.57 trillion, out of which 52% was intra-regional. Over 60 percent of the global population lives in Asia and her middle class has more than tripled in the past two decades, and this class alone is larger in numbers than the total population of the US and Europe combined. Almost 50 percent of the world's maritime trade passes through the confined straits and chokepoints in the archipelagic waters of South East Asia and the South China Sea.

This region is also witness to dozens of outstanding and potentially dangerous territorial disputes. The Asia Pacific could also become an arena for the new cold war with an emerging and consequently assertive China taking head-on the sole superpower—the USA—now somewhat weary and over-stretched with its global commitments and interventions in Iraq and Afghanistan. Some analysts feel that the world's maritime future is likely to be determined in large measure in the Asia Pacific, particularly by the developing relationship between maritime powers of the region.

India—A Global Power

India has the potential and the ambition to become a global power in the near future. However the country's path to global power is far from linear, and depends on a large number of internal and external factors. India faces numerous internal and external security challenges, effects of which are augmented by incoherent policy responses and enduring deficits in capacity.

Despite an ever resurgent nation, poverty and lack of opportunities coexist with fairly rapid economic growth and obscene wealth. These discrepancies, compounded by a wide range of external and internal destabilizers, produce enormous potential for discord as well as a number of enduring internal conflicts. Despite these deficits and vulnerabilities, India has extraordinary experience in defeating some of the most violent insurgent and terrorist movements. Nevertheless, there is increasing awareness of the urgency of a coherent strategic response. Ultimately, India's political environment has demonstrated tremendous resilience, justifying the expectation that, in spite of its difficulties, the country will sustain its positive trajectory.

India is undertaking extensive military modernization and is also a nuclear weapons state. While developing an effective nuclear triad, India will not get into an arms race in the conventional or nuclear field. Military modernization and an emphasis on indigenization have produced a relatively robust defense industry which provides India with the knowhow of measuring up against most of the regional and internal security challenges. The irony however, is that India still lacks a clear national security strategy, and the defense sector shares some of the country's structural weaknesses. For India to become a true global power, resources have to be matched with a clearer sense of strategic direction, and the ability for global power projection. India will also have to learn to use its hard and soft power more effectively to promote its national aims.

India's Internal Security Challenges

India's internal assets are pluralistic and secular traditions, economic growth, and a booming population. However, India also has to grapple with a number of internal challenges including widespread poverty, increasing social gaps and unrest, ethnic and religious strife, and bureaucratic inertia. This has become its main preoccupation. Notwithstanding this, India today is witnessing a clear expansion of its area of interest. Driven by great power instincts and the quest for strategic raw materials, India's immediate area of interest extends well beyond the sub-continent. It stretches from the Gulf of Aden in the West to the Malacca straits in the East, and from Antarctica in the South, to Central Asia in the North. India's interests around the Indian Ocean have been followed by increased military activities, including a naval build-up and ability for regional power projection. India's increasing ambitions can also be seen by a willingness to maximize the country's global influence politically, economically, and culturally.

Sub-state Actors

A look at the Indian environment brings out certain internal security concerns. The phenomenon of sub-state actors is among the newer challenges that India faces. Some are already operating as near-state entities, embedding themselves within the political system, and are beginning to seriously impact the domestic stability. Sub-state actors have been present in the Northeast for years, but the phenomenon of Naxalism/Left Wing Extremism is now in vogue in many parts of the country

and is perceived as one of the greatest challenges to India's internal security. The foreign support provided to these non-State and sub-State actors adds a dangerous dimension which has to be addressed within and beyond India's borders.

Non-traditional Security Issues

Non-traditional security issues have also become vitally important. India's energy deficit will continue to impinge on our security, as our energy needs increase. Searches for alternate sources of energy have not been very productive, though we have made some progress with regard to wind and solar energy, and geothermal and allied technologies. Nuclear energy promises to be our best hope, but it would take us a long time to achieve a reasonable level of self-sufficiency.

Rich Poor Divide and Corruption

Perceptions of deprivation and exploitation pose serious problems for governments. It gives the impression that the State is unable to protect the freedoms of the poor and alienated. Movements such as the left-wing extremism often thrive on such beliefs. In a country where 18-20 percent of the population lives in conditions of poverty, this can have a cascading effect. Security is also increasingly being threatened by a growing anger over rising prices and concerns about food security among ordinary people. Corruption again has a corroding effect on the sinews of the State, and combined with poor delivery of socio-economic programs can, hence, undermine security.

India's Regional & Extra-regional Security Concerns

The world continues to witness the ongoing shift in the concentration of power and wealth from West to East, and the United States in response has declared its intention to rebalance its strategic orientation toward rising Asia. While Washington warily eyes Beijing as a competitor for supremacy in a variety of areas, stronger US-Indian ties are viewed in contrast as both desirable and urgent. Most recently, India's test of the Agni-V long-range ballistic missile put an international spotlight on India's defense modernization efforts, especially vis-à-vis China, given that this new missile brings most of the Chinese mainland within range of India's land-based nuclear forces. The test was reflective of India's complex efforts at internal and external balancing, and has important implications for both the country's regional as well as

extra-regional security concerns.

Being an intrinsic part of the region, India is directly affected by the current Asia Pacific security environment, which is turbulent and conflict prone, due to the following defining issues:

-Afghanistan. US military interventions in Afghanistan following 9/11 and its consequent plans to withdraw/drawdown by 2014, pose a dilemma and challenge not just for Afghanistan, but for the entire international community. The three major challenges of governance, neutralizing the Taliban, and economic development continue to be issues of grave concern for all those who have a stake in the stability and security of the nation. While issues of governance and corruption in Afghanistan are much debated, what is lost sight of is that Afghanistan in 2013 is not the Afghanistan of 2001. Its political structure and institutional mechanisms have evolved to the point that it has enabled two Presidential elections, and drafted a national constitution which recognizes gender equality, ethnic diversity, and religious minorities. It has a functional government with the ability to promulgate domestic regulations and negotiate international agreements including strategic partnerships with India, the US, and other countries. It has an elected legislature, a vibrant media, and a youth who are committed to see their country emerge from the quagmire created by the Taliban, Al Qaeda, Haqqani network, LET etc, all operating from within Pakistan and supported by the Pakistan ISI. While Pakistan will deny this, as it denied the presence of Osama Bin Laden on its soil, the facts speak for themselves. Historically, the Afghans have a problem with Pakistan (the Durand Line being one of them) and they believe that Pakistan will continue to be a spoiler and not let Afghanistan develop into a peaceful, economically viable country. Many Afghans have asked the question, "If Pakistan believes that the Afghan Taliban are good for Afghanistan, then why is the Pakistan Taliban not good for Pakistan?" What is implied is that Pakistan cannot have double standards while dealing with the Taliban. India will continue to support the Afghanistan government and people.

-Pakistan. Pakistan's aggressive external policy towards India and repressive internal dynamics have led to wars with India and in East Pakistan, which resulted in the violent breaking away to form the sovereign, independent country of Bangladesh. Today, nuclear armed Pakistan displays signs of a failing State, combining a deadly mixture of radicalism, State sponsored/supported terrorism, jihadism, sectarian

strife, insurgency, etc. It continues to be a hub of international terror. The Al Qaeda, Taliban, LeT, Haqqani Network, the Quetta Shura, etc., are all located in Pakistan, and their activities should be a concern globally. Pakistan's fast growing nuclear weapons arsenal coupled with its record of nuclear and missile proliferation is another worrying factor. Who does not know of the AQ Khan network? The PAF recently unveiled a very high speed, long range air launched missile called the CM-400 AKG, which was touted as an "aircraft carrier killer." So now we have "aircraft carrier killers" in the Western Pacific as well as in the Indian Ocean. What this combination will do to destabilize the oceans needs to be examined. This state of affairs in Pakistan needs to be stemmed. The nightmarish scenario discussed eternally is what would happen if Pakistan's nuclear weapons fell into the hands of terrorists/jihadists.

-China's Rise—Peaceful or Otherwise. China's massive military build-up and assertive behavior, coupled with its willingness to use force should be a cause for global concern. China, in its typical style, has sent mixed messages to its neighbors about its strategic intentions with regard to its territorial disputes both on land and at sea. The assertiveness in dealing with its disputes at sea has lately been bellicose. It is worth mentioning that calibrating the politico-diplomatic-military response can go awry. China's gigantic economic leaps will make it more energy hungry, as nearly 80 percent of its oil imports pass from the Middle East and West Asia through the Indian Ocean. It can ill afford to have a confrontation with the other nations of the Indian Ocean. Sea Lines of Communication or SLOCs are an instrument of maritime power, with geography being the determining factor for forces being deployed to support friends or deter enemies. Any unexplained or unwarranted military buildup, or acquisition of forces can lead to military imbalance and mutual distrust. Any undue assertiveness or willingness to use force to support unilaterally declared claims could become a potential trigger for a skirmish at sea, with grave consequences.

-Nuclear/Missile Proliferation. The nexus/cooperation/assistance between China, Pakistan, and North Korea needs to examined more critically so as to counter the possibility of nuclear and missile proliferation.

-Cyber Warfare—A New Battlefront. Almost imperceptibly, the Asia Pacific has become the new frontline of the current manifestation of cyber warfare with

various types of cyber weapons being deployed by parties whose identities can only be speculated upon, but presumed to be state and non-state actors from within the region and beyond. Since the discovery of the Stuxnet malware in 2010, no less than five other "cyber weapons" have made their appearance over the past two years. The two recent attacks on energy companies are particularly worrisome, since they represent a relentless and rapid escalation in capabilities and intent on the part of the perpetrators. Cyber-attacks can have devastating results in terms of loss of livelihood, destruction of the economy, and anarchy in society. Loss of life alone can no longer be a barometer of devastation. It is as important to have contingency plans ready to deal with all eventualities, as it is important for countries to come together to nip this scourge in the bud, and to call out the rogue actors.

-Weaponization of Space. We are all aware that space technologies, like many other technologies earlier, evolved during the cold war to pursue military objectives. So the militarization of space in every spectrum of C4ISR, though not widely discussed, was pursued by many space faring nations. In the late 1950s and 1960s, both the USA and USSR tested anti-satellite systems which led to the debate on the weaponization of space. However, the realization of the disastrous consequences of the weaponization of space were understood, and one did not learn much about the debate till the Chinese carried out an ASAT test in January 2007. This test changed the entire perspective that space would not become a battleground in the years to come.

India, which has a well-developed satellite manufacturing and launch capability, looked afresh at the prevailing strategic environment in the Asia-Pacific region and decided to increase its efforts to create an indigenous ballistic missile defense program as well as upgrade its navigation, communication, and reconnaissance satellite programs. Keeping its security challenges in mind, India will formulate its own reliable space security architecture.

The questions we need to address are twofold. First, is there a possibility of a collaborative approach towards developing space technology for military use in the region? Can countries like Japan, South Korea, India, Vietnam, Malaysia, the Philippines, and others pool in their resources wherever possible? Second, is the time not ripe to discuss the possibility of creating an Asian Space Security Architecture?

-The Maritime Turmoil. The understanding of the interpretation of UNCLOS stipulations related to the SLOC security requires implementation. In addition, countries could reach agreements regarding cooperation in law enforcement on the high seas for guaranteeing the norms for international navigation on the high seas. Settlement of islands' sovereignty disputes, and overlapping maritime claims should be put on the regional agenda. As an expedient measure, the establishment of joint patrol areas and joint development zones needs to be initiated. The ways of guaranteeing oil and gas transportation merits special attention. Naval cooperation is of particular importance for SLOC security. Bilateral and multilateral naval cooperation would reduce uncertainty in maritime security environment. Concrete cooperative approaches could be worked out for the protection of SLOCs, especially when dealing with non-conventional threats. They could include humanitarian assistance, search and rescue at sea, avoidance of incidents at sea, anti-piracy, cooperative maritime surveillance, and mine-countermeasures. Conflict flashpoints all across the Asia Pacific are the result of regional rivalries, border disputes, or religious and sectarian strife. The most important, and the one involving the maximum number of states, is the South China Sea. The impasse over territorial sovereignty and control of natural resources in the South China Sea represents an increasingly serious challenge to regional security. The situation demonstrates the need for more effective regional leadership than that which currently exists. Breaking this impasse will require each of the countries involved to make difficult choices based upon several hard and sometimes uncomfortable truths.

In general, problems affecting most nations today are multi-faceted. These problems are generally beyond the capability of a single nation to resolve, and necessitates calls for genuine cooperation between nations. Certain problems are best resolved regionally—others bilaterally or multilaterally pooling in expertise, resources, information, and intelligence. With problems now taking on a formidable and in certain cases a sinister dimension, like nuclear terrorism, the adverse fall-out will affect more than one nation and perhaps the region itself. Thus, it is incumbent upon all those who are part of a regional entity to resolve all such issues in a spirit of sincere cooperation beyond narrow partisan interests. India's diverse albeit cooperative initiatives are welcome pointers towards this end.

India's Security Policy Developments Post 26/11

Indian Defense Industry

In a calibrated response, the Ministry of Defence announced its revised Defence Offset Policy in 2012. It is a major policy broadening measure, which includes small and medium enterprises (SME) coupled with incentives for the original equipment manufacturers. It also includes transfer of technology, research and development, investment in kind, and the clarifying and easing of liability limits and banking periods. This should lead to a more balanced development of the domestic defense industrial base.

A new Defence Offset Management Wing has also been created under the department of Defence Production in the Ministry of Defence. It will be responsible for formulation of Defence Offsets Guidelines and all matters relating to post-contract management. It will also assist vendors in interfacing with the Indian offset partners. The list of critical technology and test facilities for acquisition by the Defence Research and Development Organisation include Nano technology based sensors and displays, miniature SAR and ISAR technologies, fiber laser technology, high efficiency flexible solar cells technology, pulse power technologies, etc. The Indian defense industry is poised to help India become an important security partner throughout the region, and will look forward to partnering the global defense industry through a robust cooperative arrangement.

India's Space and Nuclear Energy Programs

India's robust space program will see the launch of the PSLV-C 20/SARAL mission in February 2013, followed by the GSLV-D5 mission with the indigenous cryogenic stage in April 2013. The Mars Orbiter Mission, India's first ever inter-planetary mission, is scheduled for launch in October 2013. During the period May-July 2013, we plan to launch GSAT-7, a multi-band communications satellite, INSAT-3D for meteorological applications, IRNSS-1A the first navigation satellite onboard PSLV-C22, and the next generation launch vehicle, GSLV-Mk III.

India's quest for nuclear energy continues with many milestones expected to be crossed during 2013. Two VVER reactors will be commissioned in 2013, while negotiations for setting up Light Water Reactors are progressing. Concerted efforts will also be made to expand the exploration and extraction of Uranium from new mining sites. The manufacture and supply of indigenous fuel for India's first prototype fast breeder reactor would be completed. All of these tasks will be implemented with

an emphasis on nuclear and radiological safety aspects in compliance with enhanced safety measures post-Fukushima.

India's Counterterrorism Strategy

India is faced with multiple threats to its security, as it has to deal with militancy from three sources simultaneously—Maoist rebels or Naxalites also known as Left Wing Extremism, tribal-based ethnic separatists, and Jihadist militants fighting in Kashmir. But in the case of terrorism, a global menace for which every nation is making strategies and polices to deal with, India has its own way due to various reasons.

India's counter-terrorism architecture came into being in 1980. Since then, what was merely on paper as a counter terrorism policy with major points focusing on the strengthening of Coastal Security or Maritime Security apparatuses, gained momentum only after the 26/11 attack on Mumbai. The policy is now becoming a strategy to prevent future attacks either by defensive or offensive means, both at land and sea.

As the attack of 26/11 was carried out using the sea route, the prime focus of the policy makers and security forces was to bring more momentum to the coastal security scheme launched in 2005-06 as Phase-I of the Coastal Security (CS) Scheme, which included the setting up of 73 coastal police stations, 97 check-posts, 58 outposts and 30 operational barracks, along with 204 boats, 153 jeeps, and 312 motorcycles.

The Coastal Security Scheme phase II currently being undertaken at an estimated cost of Rs1,580 crore, includes the setting up of more police stations, acquiring boats, vehicles and other equipment, and constructing jetties. The static coastal radar chain and the national AIS (automatic identification system) network will aid dynamic detection, and track suspicious vessels entering Indian waters. All such long-range identification and tracking systems will mesh together under the upcoming National C3I (command, control, communication and intelligence) Network. Linking 51 nodes of the Navy and Coast Guard to achieve a common operational picture, this comprehensive maritime intelligence grid is slated for completion by 2013.

National Intelligence Grid

Another such initiative is the setting up of the National Intelligence Grid (NATGRID). An eleven user Central agency will be able to electronically access 21 sensitive databases held in several areas like banks, credit card, internet, cell phones, immigration, motor vehicle department, railways, National Crime Records Bureau, SEBI, and the Income Tax Department. Along with the Crime and Criminal Tracking Network System (CCTNS), which will integrate the Central and state crime data, NATGRID will give a suspect's 360 degree profile.

National Investigation Agency

The setting up of the National Investigation Agency (NIA), the amendment in the Unlawful Activities (Prevention) Act in 1967, and the setting up of major hubs at different locations in India for the National Security Guard (NSG) for quick response are some of the major initiatives taken by the Government of India post 26/11.

Cyber Defense

Recognizing the threat of cyber-attacks from a host of hostile entities ranging from domestic saboteurs to foreign rivals, a recent initiative intends to train 500,000 Indians as cyber warriors in the next five years to meet a critical gap in India's defenses. A government-private sector plan will look at beefing up India's cyber security capabilities in light of a group of experts reckoning that India faces a great shortfall of such experts despite the country's reputation of being an IT and software powerhouse. Cyber warfare has emerged as a top threat to national security, with India's systems subjected to an increasing number and more sophisticated cyber-attacks.

Security Cooperation in the Asia Pacific Region

Perhaps there is no other region in the world whose regional security is as hotly debated as that of the Asia Pacific, and the quest to build a viable security order continues. Issues that could provide a way ahead for security cooperation and the building of a lasting security architecture in the region are discussed in the succeeding paragraphs.

Strategic Mutual Trust Needs to Be Further Enhanced

Research shows that the pending factors in inter-country and intra-regional relations are the specific reflection of the accumulation and overlapping of multiple challenges in the course of the simultaneous rise of constituent countries against the backdrop of major changes in the international paradigm, and the profound adjustment of the international system. Given different political cultures, countries differ in security and strategic thinking. This strategic imbalance needs to be corrected as well as mutually bilateral and multilaterally trust enhanced. Also, the multilateral resolution of contested claims in accordance with ratified international treaties where more than two aggrieved parties are involved, could lay a foundation to a more stable Asia Pacific.

Multilateral/Bilateral Relations Need Stronger Popular Support

Changes in the views on inter-country relations held by the media and the general public, poses a new challenge for governments in terms of bilateral relations. Due to the complicated political and social transformation and rising nationalist sentiments, things are getting more and more complicated. The people in the region need to view and handle bilateral problems and differences in a normal, calm, positive, and inclusive way.

Addressing Trade Imbalance Has to Become the Top Priority

The rapid economic development and the consequential huge market potential in the region has fundamentally improved external environment and uplifted its international standing. Demand for natural resources with energy in particular, brought by the rapid economic growth of countries, has put the region on competitive terms in maintaining resource security. Increases in bilateral trade tends to create friction and could result in skewed trade imbalances.

Defense Industrial Cooperation

There has been a clear shift of global economic weight to the Asia-Pacific region. This has established new trends in defense spending, and in turn far greater advanced capabilities than ever before. This is viewed as both providing concerns and opportunities for the region. Firstly, the region must raise its own capabilities and the domestic industrial means to sustain and support its defense capacity. Secondly, it provides avenues for new markets, investment, partnerships, and the development

of regional opportunities.

Underpinned by an expanding regional economy, the Asia Pacific defense market is forecast to grow significantly over the coming decade. Military acquisitions are expanding in the region, and each country's procurement priorities are wide. This increasingly necessitates the region to develop local defense industry capabilities through offset and industrial collaboration strategies, as almost each country in the Asia Pacific is now firmly committed to building levels of self-reliance through military procurement.

Establishing regional collaboration would enhance defense industrial inter-dependence within the region, and thereby foster indigenization and technological independence when it comes to local armament production. Asia currently procures almost 90 percent of its defense products and services from overseas suppliers, mainly the United States and Western Europe. This would help create economies of scale for defense products and services produced by member states, create and secure a highly skilled labor force especially in the defense and aerospace sector, and enhance the defense industrial supply chain network within the Asia Pacific. This would eventually create a more comprehensive and consolidated defense and security environment within the region.

Security Architecture

There is an urgent need to put in place an effective Security Architecture. While some may argue that the incremental architecture evolving over the years is a good option, the time has now come to critically examine the shortcomings in the system. As mentioned earlier in this paper, there is also a need to look at the need for evolving an Asian Space Security Architecture.

Conclusion

The strategic uncertainties and the political fluidity which has always been the hallmark of the Asia Pacific security, have not really dissipated despite the end of the Cold War. The bipolar security order has given way to a multipolar Asia with the rise of new power centers, especially China, and the transitory stage in the absence of regulatory mechanisms has been unnerving.

Navies can create a favorable national image abroad by "showing the flag," and

provide timely help and protection to friendly governments. By reaching out to maritime neighbors, they can "shape the maritime environment" by establishing friendships, building capacity and capability of regional maritime forces, influencing the behavior of other states, and altering perceptions where necessary. Exercises with friendly foreign navies improve inter-operability, which facilitates combined operations for humanitarian roles or for any other purpose. The Indian Navy with its well-balanced maritime composition of aircraft carriers, nuclear submarines, and a formidable maritime air element, can help provide peace and stability in the region. It however cannot do this mammoth task alone. This is where regional maritime partnerships become the need of the hour. This in turn would necessitate a new indigenous regional security architecture, which needs to be devoid of any outside security guarantees or umbrellas. This would then lead us to questions like, "Can the disputes be settled diplomatically, militarily, or politically?" and "Can there be a mutual compromise or accommodation to solve the problems at hand?" If yes, what would be the quantum of give and take? If no solution is possible at present, can we work around the dispute to strengthen bilateral/multilateral/regional relations? This would entail answering the all-pervasive question that do we have an effective security architecture? Is the conflict prevention and conflict resolution mechanism in place? In the interim, how do we manage regional tensions/disputes? And in the above context it would be in order to quote Frederick the Great of Prussia, "Diplomacy without military power is like music without instruments."

I would conclude by saying that the Asia Pacific region, with the Indian and Pacific Oceans and many healthy and emerging economies on its rim apart from the new powers of China and India, is slated to play a pivotal role both geo-politically and in the global economy. India, with its genius and a rapidly growing economy, has a vital role to contribute to the stability and prosperity of this region in keeping not only with its aspirations, but the expectations of the world from India. Since the last few years, India has not only made a promising start with its Look East Policy, but has been proactive with its many initiatives pertaining to the regional economic and security architecture in Asia Pacific. An enlightened policy based on our accelerating economic growth backed by adequate military muscle will enable India to contribute to peace and stability in the region.