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India's Expanding Foreign Policy in the Asia-Pacific Region: Implications and Prospects for the India–New Zealand Relationship

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A major feature of India's foreign policy in the post-Cold War era has been its increasing economic, political and strategic engagement with the Asia-Pacific region, a process that began in the 1990s as India's "Look East Policy". However, New Delhi's eastward expansion, despite sharing many commonalities with New Zealand, has not yet resulted in any substantial relationship with Wellington, be it in the field of politics, economic or defence/security. Despite attempts taken in the last two decades, India's engagement with New Zealand in terms of overall bilateral relationship is still untapped. There is ample scope for these two countries to collaborate and engage themselves in a wide-range of issues encompassing economic, political and strategic aspects of their bilateral relationship, with

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focus on a closer security partnership to deal with the emerging challenges from traditional and non-traditional threats in the region.

Today, India is considered a major player in emerging global balance of power. After staying at the periphery of international politics for decades, India is now attracting global attention. India has begun to realize its potential as a major power in the so-called “Asian century” and is no more a mere observer of the actions of other global players. After the end of the Cold War, India set out to transform its foreign policy and raise its regional and international standing. Since then, resolute efforts have been made to redefine and restructure India's foreign policy goals. This has included reordering India's relationship with the United States, the only super power in the post-Cold War era, links with its immediate neighbours in South Asia, its full spectrum strategy to address sensitive issues in dealing with China and Pakistan, improving its presence in Africa and the Middle East, and its expansion eastward towards the Asia-Pacific.

Without the burden of the ideological baggage of the Cold War era, India has sought to exploit the more flexible context that has prevailed for the past two decades. It has adopted a deliberate policy of engaging and enhancing bilateral ties with all the key global players. In doing so, New Delhi has moved away from its traditional attachment to non-alignment, which had been a cornerstone of its foreign policy since independence. India has reaped the benefits of closer economic and strategic ties with countries such as the United States while maintaining the core elements of balanced international relations,¹ even when it has seemed that a clear cut vision of its external policy priorities was not always evident.

A major feature of India's foreign policy in the post-Cold War period has been its increasing economic, political and strategic engagement with the Asia-Pacific region, a process that began in the 1990s as India's “Look East Policy”. However, New Delhi's eastward expansion, despite sharing many commonalities with New Zealand, has not yet resulted in any substantial relationship with Wellington, be it in the field of politics, economic or defence/security. There have been positive developments in this regard in the last two decades but India's engagement with New Zealand in terms of overall bilateral relationship is still untapped. In recent years, mutual attempts to enhance the bilateral relationship from both sides have focused on bilateral trade, tourism, education, Indian diaspora as a bridge between the two nations and the ongoing free-trade negotiation. However, apart from the above aspects of

the relationship, there is ample scope for both countries to enhance their relationship in the strategic and security arena, especially in the maritime domain. This paper aims to examine the basis and objectives of India's evolving approach to the Asia-Pacific region, and the possible implications for the India–New Zealand relationship. The paper will explore the prospects and areas of cooperation between these two countries in the future and suggests that India and New Zealand need to engage themselves in a wide-range of issues encompassing economic, political and strategic aspects of their bilateral relationship. Given the emerging traditional and non-traditional security challenges in the Asia-Pacific region, it is imperative for both the countries to forge a closer security partnership with a focus on maritime issues.

India's Expanding Strategic Engagement in the Asia-Pacific Region

With the breakdown of the Soviet Union, India lost its most valued economic and strategic partner, and was faced with the challenge of pursuing its interest in the changed international scenario. Furthermore, as India's economic crisis in 1991 coincided with these international developments in the post-Cold War globalized world, India was compelled to have a relook at its foreign and economic policy. The Indian Prime Minister Narsimha Rao's strategic vision was astute enough that he quickly grappled the changed international milieu. In the absence of any major rival political alliances, India went ahead to mend ties with all major powers. New Delhi went further than the precincts of SAARC to engage the South-East nations to tap the economic potential of the South East Asian region, known as the "Look East Policy". The evolving geo-strategic dynamic of the region have shaped India's "Look East Policy". This has expanded to strategic engagement with major powers such as the USA, Japan, Australia in the Asia-Pacific region.

Broadly speaking, India's interests in the Asia-Pacific region lie in a diverse set of issue-based themes, including: preventing the region from being controlled by any single power; ensuring the economic and energy security; protecting the global commons, especially the sea lanes of communications; promoting the values of democracy and free society; tackling the threat of terrorism and religious extremism, non-proliferation of weapons of mass destruction (WMD); and managing climate change and assisting in the event of natural disasters and ensuring the safety and security of Indian diaspora in the region.

India's Look East Policy

India has adopted a multi-pronged strategy of engagement at bilateral, regional and multilateral level in the Asia-Pacific region.² At the outset, India engaged nations in the region through economic diplomacy and subsequently deepened the partnership in strategic and military dimensions. In recent years, India has also used its soft power diplomacy focusing on rebuilding and re-establishing cultural and civilizational links in the region. This vision is clearly stated in the Indian Prime Minister Manmohan Singh's statement,

*India's Look East Policy is not merely an external economic policy, it is also a strategic shift in India's vision of the world and India's place in the evolving global economy. Most of all, it is about reaching out to our civilizational neighbours in South East Asia and East Asia.*³

Initially, New Delhi's attitude towards Association for South East Asian Nations (ASEAN) was indecisive but not antagonistic. India suspected the ASEAN as an extension of the United States hegemonic interest in the region. Similarly, the ASEAN members were suspicious of India as it was seen as proxy state of the Soviet Union. However, the end of the Cold War cleared this doubt. Furthermore, the developments such as India's Joint Naval exercises with the South East Asian nations made New Delhi's policy of improving relationship with ASEAN apparent.

Since India's focus on enhancing ties with ASEAN, their relationships have developed and have strengthened. India became a sectoral dialogue partner of ASEAN in 1992 and in 1995 full dialogue partner. It participated in the ASEAN Ministerial Meeting (AMM), the Post Ministerial Conference (PMC) and the ASEAN Regional Forum (ARF) in July 1996. India became a summit level partner of ASEAN, 2002. Since then, India has annual summits with ASEAN along with China, Japan and Republic of Korea. These political level interactions are further strengthened through senior official's meetings, as also specialized working groups in functional areas. The peak of the "Look East Policy" was the signing of the India-ASEAN Free Trade Agreement (FTA) on 13 August 2009 at Bangkok. Apart from the economic, science and technology, and development sector, it also includes political and security issues such as tackling terrorism and transnational crime, combating corruption and promoting good governance.⁴

New Delhi's expanding Look-East Policy further includes its involvement with ARF. Since India joined ARF in 1996, it has actively participated in its meetings. India,

as a full dialogue partner, has worked consistently for the advancement of its closer association with ARF member nations. India has been involved in many peacekeeping multilateral activities and exercises such as maritime security, counter-terrorism, combating sea piracy and cyber security.⁵ This involvement reflects India's sustained commitment to further its ties with the Asia-Pacific region in all dimensions. It emphasizes India's pledge to the broader goal of a politically stable, economic prosperous and peaceful region. India has further enhanced its foothold in the region by the virtue of its being member of East Asia Summit (EAS). Initially some of the members of EAS had reservation on the issue of India's inclusion. However, in the larger interest of a stable regional order and to counter-balance China's influence, India was included in the EAS. Since its inclusion in the EAS, India has used the platform to increase its influence in the region economically, politically, culturally and strategically.

In addition, India has been playing a leading role in the groupings namely Bay of Bengal Initiative for Multi Sectoral Technical Cooperation (BIMSTEC) and Mekong Ganga Cooperation (MGC). These organizations have focussed on the issues such as technical cooperation, climate change, water security, etc. but are also considered a counterbalance to China's influence in the region.

The "Look East Policy" was initially directed towards the South East Asian nations. But the changing geo-strategic and geo-economic environment⁶ has compelled India to include China, Japan, South Korea and other Asia-Pacific nations in the range of this policy. The immediate concern of India is strategic. It comes from the rising Chinese military build-up and its strategy of encircling India within the South Asia region. It considers the Chinese move as harming its interest and blocking its march towards a great power status. India will be therefore looking for balancing China along with major powers such as the United States and Japan in the region.

India's Approach towards China

India has tried to match up with the Chinese military build-up by focussing on the modernization of its defence industry and is steadily building up its military capability. India continues to import arms and defence products from its major defence supplier country such as Russia, Israel, United States, France and other West European countries to upgrade its military hardware while entering into joint production with them. In 2011, India overtook China as the biggest importer of arms in the world and this trend has continued until 2013.⁷ According to the Stockholm

International Peace Research Institute (SIPRI), India accounted for 9% of all weapons imports between 2006 and 2010.⁸ This position of India as the biggest importer of arms is likely to continue, to counter Chinese military build-up.

Another aspect of balance of power could be seen in the naval build-up. Indian navy is the biggest naval power in the Indian Ocean and New Delhi is continuously expanding its maritime capability in the region. However, China over the last decade has pursued a policy of “String of Pearls” strategy for encircling India by building ports and entering in strategic ties with India’s South Asian neighbours. To this strategy, India has responded with the strategy of “Necklace of Diamonds”. Accordingly, India has extended its economic engagement to strategic and military engagement with its South-East nations that feel threatened with the strong Chinese military capability in the region, such as Mongolia, Taiwan, South Korea, Myanmar, Vietnam, Singapore and Philippines.

In September 2011, India conducted oil exploration naval exercise with Vietnam in the South China Sea. Alarmed by this development, China has asked India to refrain from any activity, commercial or military, in the “Chinese maritime territory”.⁹ Despite that, Indian authorities have asserted that they would continue their naval presence in the region for commercial purpose. Like other countries in the region such as Vietnam and Philippines, India too has questioned the sweeping claims of China over the resource-rich South China Sea.¹⁰

However, apart from the above balance of power strategy, India has tried to strengthen the relationship with economic engagement with China. In the last decade, the diplomatic exchange and ties have increased, and India–China trade has shown an upward trajectory. India–China bilateral trade, which was US\$ 2.92 billion in 2000 reached US\$ 51.8 billion in 2008, making China India’s largest trading partner in goods, replacing the United States. India–China total trade in goods for 2012 stood at US\$ 66.57 billion.¹¹ However, Indo-China relations became sour following a three-week stand-off between their troops in the close proximity to the Line of Actual Control, which was defused on 05 May 2013.¹² But both countries have tried to maintain normal relationship after their top leader’s visit to each other’s countries.¹³ Both countries are also sharing their concerns at multilateral platforms on global issues such as climate change, tackling regional political crisis, world politics and the emerging world order to restructuring the governing structures of international financial institutions. However, despite these steps, the two Asian giants remain stuck in a legacy of mistrust and suspicion arising out of border dispute, economic competition, their scramble for energy sources and power projection. India is aware

that China is better placed in the great power projection game and accordingly New Delhi is taking steps to pursue its interest in the Asia-Pacific region.

India's Strategic Engagement with the United States

In this context, India's strategic partnership with the United States is significant. Today, India's relationship with the United States is marked by unprecedented convergence of interests and values, which were never witnessed before during the entire history of the 60 years of bilateral relationship. The structural changes in the international order in the post-Cold War period provided platform to the USA and India to converge. Today, a much enhanced and involved Indo-US relationship is visible in all aspects of bilateral relations including political, economic, educational, cultural and strategic. The most important aspect of this relationship is the Indo-US strategic convergence marked by frequent joint military exercises, defence purchase, signing of a 10-year Defense Framework Agreement, and the US-India nuclear deal. The US-India strategic partnership, despite having a lull phase during the Obama administration, has been moving ahead under the strategic dialogue. Today, the India-US strategic partnership has come out of the ideological baggage of the Cold War and is grounded in the geo-strategic and geo-economic realities, and based on the democratic values and principles. The strategic partnership between the world's two largest democratic nations is positively affecting Asia-Pacific regional strategic security dimension.¹⁴

Also, India has followed a policy of systematic economic and strategic ties with Japan and Australia. In the wake of Tsunami disaster in 2004, Indian navy entered in the rescue and rehabilitation operation with navies of the USA, Japan and Australia. It gave rise to the idea of "Quadrilateral Alliance", also known as the "Concert of Democracies".¹⁵ However, after Chinese protests, the "Quadrilateral Alliance" was given a backseat; this gave the idea of democratic nations in the region to come together on security issues. It has helped in building confidence among the navies of these countries for enhanced interoperability in case of any aggressive stance of China in the region.¹⁶ Since the arrival of a nationalist government in Japan with Prime Minister Shinzo Abe in command, there has been a serious focus on enhancing defence ties with India. New Delhi too has responded positively and both India and Japan have begun to focus on defence aspects in their bilateral relations.¹⁷

What began as India's economic cooperation with the nations of Southeast Asia has expanded into a full-spectrum bilateral economic, political and strategic engagement with almost all the major countries and powers in the Asia-Pacific region. This expanding role of New Delhi in the Asia-Pacific region has been welcomed and expedited by countries such as Singapore, Vietnam and Indonesia, which look to the South Asian giant to help hedge against Beijing's growing influence in the region.

The demise of Soviet Union leading to the end of the Cold War, the emergence of a unipolar world led by the USA, an emerging threat from rising China in the region and its own great power aspiration have shaped India's foreign policy of eastward expansion. With its robust economic growth, military modernization, naval expansion and strategic engagement with the USA and its allies in the region, India has accumulated power that is likely to have an impact on the emerging distribution of power in the Asia-Pacific region. It would be competing with China on many fronts, especially for energy and mineral resources, and as a major player, balancing the great power game in the Asia-Pacific region. At this juncture, it is important to examine the implication of India's expanding vision in the Asia-Pacific region for India–New Zealand relationship and its future prospects.

Implications and Prospects for the India–New Zealand Relationship

India and New Zealand have traditionally enjoyed cordial and friendly relations based on common linkages of Commonwealth alliance, parliamentary democracy, English language and sporting ties mainly cricket. Apart from the relations at official level spanning over four decades, trade and people-to-people contacts have been flourishing. However, despite these commonalities they could not forge a comprehensive relationship. The reason lies in the Cold War dynamics in which India pursued a foreign policy of “Non-Alignment” and later on sided with the Soviet Union, while New Zealand was allied with the United States under the Australia New Zealand US Security (ANZUS) pact. Also, India's non-signatory status to the Nuclear Non-Proliferation Treaty eluded both nations to come together on many diplomatic and political issues.

India's relations with New Zealand were like a roller coaster ride. Just after independence, India's first Prime Minister Jawaharlal Nehru and New Zealand Prime Minister Peter Frazer shared the Commonwealth solidarity, but soon it derailed, as the dynamics of Cold War politics started taking shape. India initially pursued a foreign

policy of Non-alignment Movement leading the Afro-Asian nations based on anti-colonial solidarity. However, Nehru was more attracted to socialism and subsequently moved closer to the Soviet Union. On the other hand, New Zealand joined the US-led Western bloc by entering into the US-led military alliance, namely the ANZUS pact.¹⁸

The differing perceptions about Cold War politics did not allow India and New Zealand to converge. However, during the Indo-China war in 1962, New Zealand supported India and criticized China. This was acknowledged by Prime Minister Indira Gandhi during her visit to New Zealand in May 1968. The relationship became warmer during the premiership of Norman Kirk. New Zealand was the one of the few Western countries that had criticized Pakistan military atrocities in East Pakistan in 1971 and had supported India's concern. When Prime Minister Norman Kirk visited India, he received a very warm welcome and explored the possibility of bilateral trade in more areas. But India's atomic explosion in 1974 created awkwardness and this warm relationship began to be questioned. New Zealand media heavily criticized the Indian nuclear test, as the anti-nuclear movement had gathered momentum in New Zealand. However, showing greater understanding of India's position, the New Zealand government was more considerate. Acknowledging India's scientific prowess and nuclear technological advancement, Kirk urged Indira Gandhi to stick to India's commitment to complete nuclear disarmament and hoped that India would not develop a nuclear bomb. After Kirk's departure from office, the New Zealand–India relationship touched an all-time low due to issues such as the shutdown of New Zealand High Commission in India because of controversies surrounding the tour of the South African rugby union team's tour of New Zealand in 1981 at the Commonwealth Heads of Government Meeting (CHOGM) in New Delhi and in Melbourne. The real boost and confidence in New Zealand–India bilateral ties were achieved when David Lange became Prime Minister. His victory received wide media attention in India. Both Rajiv Gandhi and David Lange shared an excellent personal rapport and took steps to mend the India–New Zealand relationship and an institutional framework was established to take the bilateral relations ahead.¹⁹

In the post-Cold War era, despite India's focus on its eastward neighbours, its relationship with New Zealand could not leap forward. However, some of the major developments that took place in the last two decades have caught New Zealand's attention. India's steady economic progress, expanding military and naval capability in

the Asia-Pacific region in the post-nuclear explosion phase, the growing US–India strategic partnership and the US–India civilian nuclear deal have cleared the suspicion in the New Zealand policy-making circles about India's nuclear compulsion and strategic posture. Today, India and New Zealand have crossed the barriers of the Cold War baggage and nuclear issues. They are therefore coming together to cooperate on security, economic, defence and various issues of global concern.

Security Dimension

Today, the Asia-Pacific region is facing traditional and non-traditional security threats. The rise of China is a major security concern due to possible domination of the Asia-Pacific by a single power or many nations in the region. India considers the Chinese military presence in the Asia-Pacific region a threat and has consistently taken many strategic steps to counter it. New Zealand is clear about its intention of not joining such a power balancing game. However, the very fact that New Zealand shares security relations with the USA and the steady growth of the US–India security/defence relationship in the Asia-Pacific region provides a platform where both countries can come together for power aggregation in the future.

Terrorism is a security concern, which has affected almost all the parts of the world and the Asia-Pacific region is not free from asymmetric warfare. For example, there has been a rise of Islamic fundamentalism in the region. In the case of Indonesia, it is well documented, and trends show that radical Islam is spreading in other South-East Asian countries too.²⁰ Eliminating the threats posed by state sponsors of terrorism and religious extremism to democratic societies, preventing further proliferation of WMD and related technologies to other countries and non-state actors are the issues on which both India and New Zealand can collaborate.

Another potential area of security concern for New Delhi and Wellington in the region arises from the concern of promotion and proliferation of democracy not only as an end in itself but also as a strategic means of stopping undemocratic regimes from spreading their internal struggles and checking the trans-border forces in the region. As India's stakes are stretching in the Asia-Pacific region, it is likely that New Delhi will play a more pro-active role in tackling these issues. Concerning New Zealand, the question has been raised as to what extent can New Zealand come out of its neighbourhood to cooperate on these issues? But looking at the global reach of these issues and NZ's armed forces active participations in the US-led "Global War on

Terrorism”, New Zealand will not be insensitive to these problems. In the future if the need arises, India and New Zealand can collaborate on these matters.

Another security concern is the Indian naval presence in South West Pacific that could threaten New Zealand’s interests, but could also be perceived a stability factor.²¹ The safety and security of its expatriates have become a concern for India and a policy has been framed in this regard. Fiji constitutes a significant portion of the Indian origin population and India will be looking for the establishment of a democratic government in Fiji, which can ensure the safety of Indian diaspora. The security of its diaspora would involve India in the South Pacific region further. The very fact that the Fiji military government has shown its arrogance by previously expelling the Australian High Commissioner and the New Zealand High Commissioner, the expulsion of Fiji from the Pacific Islands Forum and from the Commonwealth Nations, and the growing involvement of China in Fiji indicate that India might look at the region seriously and may become active economically and diplomatically. Over the last decade, India has tried actively to connect and listen to the concerns of the Indian diaspora, as it has become an important component of its foreign policy for projecting its influence in world affairs.²²

The security dimension can be strengthened by developing closer defence ties. Unless there is a credible joint exercise between the two armed forces, so that they develop mutual confidence and interoperability in case of crisis, the security dimension discussed above will remain theoretical and at a policy level. Both countries are the members of ARF and the ASEAN Defence Ministers’ Plus Meeting and this gives them a platform to cooperate on the security issues. There is an increase in visits of the defence personal between the two countries. Naval ships have visited each other’s ports and armed forces have served together in United Nations peace-keeping missions in Kosovo and Sudan. More joint exercises between the armed forces, especially navy-backed seminars, symposia, and regular academic and strategic think-tank exchanges, can further enhance this aspect.

In recent years, there has been a shifting focus on the growing importance of Indo-Pacific region. India’s increasing economic and military strength and its own legitimate geo-strategic and geo-economic security concerns, its historical, religious, cultural and diaspora ties will focus New Delhi’s attention in this direction. This broader definition returns India to Asia’s strategic matrix. It connects the Indian and Pacific Oceans, thereby underlining the crucial role that the maritime environment is likely to play in future strategic and defence planning of the nations in this region, to

thwart any likely threats to sea lanes of communication and the free movement and navigation of goods and vessels. The recent strategic developments show that New Zealand's traditional strategic and security partners, mainly the United States and Australia, have focussed on this aspect of shifting paradigm from Asia-Pacific to Indo-Pacific region. The United States and Australia have been working in this new shifting strategic dynamics emerging from the increased importance of Indo-Pacific region by enhancing their strategic ties with India and their other traditional allies such as Japan and South Korea. The US–Australia–India strategic triangle is evolving and New Zealand's active involvement cannot be denied.

Trade and Economic Relations

New Zealand's foreign policy has a special emphasis on India due to a convergence of not only strategic but economic interests too.²³ One of the most important and immediate benefits that India and New Zealand can have is through economic and trade partnership. Both the countries in the recent years have put considerable effort in enhancing bilateral trade. New Zealand's trade relationship with India goes back to British colonial period, but in the post-independence period of India it was in 1986, when the Indian Prime Minister Rajiv Gandhi, who took concrete and official steps to enhance the bilateral trade, visited New Zealand.

During Rajiv Gandhi's visit, an institutional framework to identify potential areas of cooperation and to increase trade was established through a Trade Agreement, which provided for the establishment of a Joint Business Council and a Joint Trade Committee. The first meeting of India–New Zealand Joint Trade Committee (JTC) was held in New Delhi on 04–05 June 1987 when the two sides agreed to take effective steps to create an environment conducive to trade expansion and to inject dynamism to trade relations.²⁴ Since then, the JTC continues to guide the NZ–India bilateral trade relationship. The officials from both the countries have met several times to discuss the bilateral trade and related issues.

Even though the peak period in New Zealand–India relations was the prime ministership of David Lange, the trade between the two countries was worth only \$99 million in 1989. Since then things have certainly improved, albeit rather slowly. In June 2005, New Zealand's exports to India increased to \$194.4 million and India ranked 25th among its trading partners. Although growth had been modest, it was the result of the initiatives taken by the successive Labour Party-led governments since

2000. The high point of this initiative was Clark's visit to India in October 2004 – exactly 20 years after Lange's first official visit. In 2008, the total trade between the two nations reached \$ 494.59 million.

India's economic growth has sparked the expansion of bilateral trade and economic links with New Zealand too. In 2011, India–New Zealand bilateral trade was over NZ\$1.25 billion. The exports from New Zealand to India stood at NZ\$917 million and imports from India were valued at NZ\$370 million for the year ending March 2011. The balance of trade is in favour of New Zealand and India is now New Zealand's seventh largest export market.²⁵ The increasing trade relationship between these two countries is reflected in the fact that New Zealand's exports to India have almost doubled in the last five years. India's growing economy, its increasing geopolitical significance and its increased openness to the rest of the world has therefore made it an important country for New Zealand.

The main New Zealand export items to India are primary commodities such as coal, wool, wood pulp, hides and skins. New Zealand's coal exports, in particular high-quality coking coal used in India's growing steel industry, are flourishing. Coal has also figured as foreign investment in NZ, with two Indian companies – Saurashtra Fuels and Gujarat NRE Coke Limited, having taken a stake in the Pike River Coal project New Zealand's West Coast.²⁶ Dairy products, fruit and machinery have also become significant trade items. Log exports and wood pulp continue to strengthen, along with hides and skins used in the manufacture of leather goods. Wool, as an input into Indian carpets, has traditionally been an important export to India, but is declining. There is a great potential for exports to diversify, particularly through the FTA currently under negotiation, which aims not only to eliminate tariffs but address a range of non-tariff barriers.

Traditionally, India's main exports to New Zealand have been gems and jewellery. But Indian exports are becoming more diverse and include a wide range of manufactured products.²⁷ The New Zealand Trade and Enterprise offices in New Delhi and in Mumbai in 2008 highlight the growing importance of their trade relationship.²⁸ In terms of investment, New Zealand comprise only 0.02% of the total foreign direct investment inflows in India and it has to do a lot of catching up with other Western nations and even Southeast Asian nations like Singapore and Malaysia.²⁹

Opportunities for growth in other services sectors include professional and business services, environmental services, engineering and construction services, and

services incidental to agriculture and forestry.³⁰ In 2007, New Zealand and India decided to commence a joint study of aspects and possible outcomes of the FTA. Since its completion and acceptance by both the governments in 2009, the study accelerated the pace of NZ–India bilateral trade relations, which has the potential for substantial development.³¹

In 2009, a joint feasibility study had concluded that the two economies are largely complementary, and an FTA would deliver an outcome of genuine mutual benefit. In April 2010, India and New Zealand began talks on a bilateral FTA or Closer Economic Cooperation Agreement (CECA). In January 2010, the Trade Ministers of both the countries began FTA negotiations, and the recent visit of New Zealand Prime Minister John Key to India has finally brought the issue to the fore. It is expected that an FTA between New Zealand and India will be realized soon.³² A further boost to the India–New Zealand trade relationship is expected once the FTA between them is implemented.

Delivery of a high-quality trade agreement will raise the profile of New Zealand businesses in India and will assist in developing their understanding of the Indian market. In recent years, India's average applied tariff rate has reduced in line with its tariff policy and World Trade Organization commitments. The FTA would ease the high tariff and non-tariff barriers, particularly sanitary and phytosanitary (quarantine) barriers regarding New Zealand exports to India in agricultural and value-added products, facilitate connections and act as a catalyst for trade promotion, as well as underpinning stronger bilateral interaction and cooperation in the related areas.

While there has been a steady growth in New Zealand in the field of tourism, the film industry and education, there is immense potential for further growth in these fields. With increasing economic affluence, there is an increase in Indian people travelling to foreign countries for leisure and spending quality time. New Zealand already attracts nearly 30,000 Indian tourists every year, which will continue to grow further. The film industry is another area of collaboration.

Education is an area in which New Zealand is becoming a sought-after destination for the Indian students, mainly for the technical, vocational education and training programmes. India is one of New Zealand's fastest growing education markets, and is now the fourth largest (after China, South Korea and Japan). Here, New Zealand can follow the leads of countries such as the UK, USA, Canada and Australia, as they have opened their campuses in India to tap the market of India's

growing appetite for professional, polytechnic and vocational education in world-class universities.

Overall, the growing India–New Zealand trade relationship is most noticeable in the increasing tempo of two-way high-level visits, the growing trade relationship and the negotiations towards a bilateral FTA. To enhance trade relations, it is important that both countries understand each other's requirements, the market needs, trade patterns between the two countries and business opportunities for New Zealand and Indian companies in terms of products, services and investment.

Indian Diaspora as a Factor in NZ–India Ties

There is a fast growing Indian diaspora in New Zealand, numbering around 100,000, constituting 2.5% of New Zealand's total population (2006 census),³³ which is settled all across New Zealand. Their presence can be felt in many walks of life, from public life to business, medicine, engineering, information and technology, education, sports, motel and small businesses, agriculture and arts. The diaspora plays an important role in bridging the nations. Indian diaspora have been termed a “model minority” and they have played an influential role in the relationship between their newly adopted country and motherland. Indian-Americans' contribution in the socio-cultural and economic realms of the United States and their role in the US–India relationship is being cited as an example in this case. Although the Indian diaspora is making their presence felt in different walks of life in New Zealand, their professional success has not reached the level from where they can focus on political activism either in New Zealand domestic politics or play an active role in New Zealand's relationship with India. However, the Indian diaspora in New Zealand is being engaged on this front by the government and institutions such as the Asia–NZ Foundation and New Zealand–India Research Institute, which are a right step in this direction. In the coming years, the role of the Indian diaspora will become significant in New Zealand's relationship with India.

Political and Diplomatic Initiatives

India and New Zealand can collaborate on the issue of global commons and on a range of multilateral international forums and regional organizations to deal with the political and diplomatic challenges in the Asia-Pacific region. As India rises and becomes more involved globally, it will need a country like New Zealand to work on

bilateral and common global interests. They can work together on community building and take initiatives on addressing environmental and climate change issues, human security, promotion of the principle and values of democracy and diffusion of liberal economic at diplomatic and political levels.³⁴

New Zealand tops many criteria of human indicators and its image of the least corrupt country, its impartial stand on many controversial issues such as not sending troops to the US-led War on Iraq and its strong opposition to nuclear proliferation, and its commitment towards environmental issues, democratic values and norms, establish it as a “norms entrepreneur”. These attributes of New Zealand have made it influential on international forums. Its geographical alienation makes it imperative to give its bilateral relationship with other nations the top priority of its foreign policy agenda. In today's shifting and unpredictable global environment, any nation's interest hinges on sustaining and building its international influence through strong bilateral relationships and its presence and access to international decision-makers. On many international issues, the decision are reached through collaboration. Given the above scenario, New Zealand is a country that can add to the efforts of any nation, aspiring to the status of a global player.

In the above context, one example is China's relationship with New Zealand. Beijing has reaped the political and diplomatic benefits from its engagement with Wellington. It has used its closer economic relationship with New Zealand for its image building on an international stage.

India's commitment towards democratic norms, its concern towards the emerging non-traditional security issues, its record and commitment towards nuclear non-proliferation cause despite being a nuclear nation and its non-signatory status of Nuclear-Non Proliferation Treaty, and its decision on some of the controversial issues such as not sending troops to Iraq during the US invasion of Iraq in 2003, bring India closer to New Zealand. These factors further necessitate that India, which sees itself as playing a global role in the future, should engage New Zealand. When China, a communist country, can leverage politically from democratic New Zealand, then there should be no reason why India, a democratic country, should not.

Conclusion

India's increasing geo-political, geo-strategic importance and its openness to the world has increased its status as the preferred partner for New Zealand. One of the

significant steps taken to strengthen the NZ–India courtship is the formation of an inter-agency “NZ Inc India Strategy”. The NZ Inc India Strategy aims to develop an all-inclusive partnership with India by 2015, which will focus on an economic and political relationship.³⁵ Although the India–New Zealand relationship has gone through many upheavals in the past, a kind of pragmatism seems to be emerging in both countries in the present international scenario. Furthermore, both countries are taking firm steps to institutionalize their partnership and are incorporating economic, political, cultural and strategic facets in their bilateral relationship.

The India–New Zealand future relationship can also be seen in the context of the India–US–China strategic game in the region. In this regard, apart from New Delhi’s own great power aspiration, India’s increasing involvement in the Asia-Pacific region can be attributed to the India’s worry over the steady shrinkage of the US naval presence in the southern Indian Ocean and the void that will be created in the future. Hence strengthening US–India strategic partnership is desirable in light of China’s growing military profile. However, India’s power projection in the Asia-Pacific region also hinges upon how it overcomes its limitations on managing its coast, and how it deals with the socio-economic and political challenges at a domestic level. These factors will be decisive in determining India’s future power projection capabilities. Unlike the Indian Ocean, which is in its own backyard, the Pacific Ocean is at the outer periphery of India’s strategic priority. Therefore, India will need to forge a strategic alliance with like-minded countries in both oceans to protect its interests and pursue its ambitions. This will warrant a concerted approach in which diplomatic and defence ties will play a key role. In the near future, India can build a partnership with the nations who have a base in the Pacific Ocean.³⁶ In this regard, India’s relationship with New Zealand, a country with considerable diplomatic influence on international organizations and naval presence in the region, will be significant. India offers New Zealand a package that involves not only an economic but also a future security partnership to counter emerging traditional and non-traditional security challenges in the Asia-Pacific region.

As India arrives at the international stage, the world’s largest democracy has the potential to become one of the foremost constituent of the “Political West”³⁷ and in all likelihood will be one of the principal global players with considerable influence in the global economy, political modernization and global governance. The future of India and the Political West bonhomie will depend on the shared democratic values

and principles, and the alignment of geo-strategic and geo-economic interests. Nevertheless, it will also depend on how the Political West engages India, a nation that is poised to be one of the leading nations in the 21st century.³⁸

Notes

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