

**CENTRE OF LAND WARFARE STUDIES, NEW DELHI**  
**INDIA-ISRAEL RELATIONS: PROSPECTS AND CHALLENGES**

**27 February 2015**

**SEMINAR REPORT**

**Introduction**

Centre for Land Warfare Studies (CLAWS), New Delhi organised a seminar on India-Israel Relations on Friday, 27 February 2015. India-Israel relations have grown rapidly since 1992, when the Indian diplomatic mission was opened in Israel. Defence has been the cornerstone of bilateral relations but there has been progress in other areas too. Trade has increased from USD 200 million in 1992 to USD 6 billion in 2013. India missed a number of opportunities to establish relations with Israel due to a straightjacket approach and inflexibility. The seminar aimed to look at the present status of India-Israel relations, including the opportunities and challenges. The objective of the discussion was to predict the future trajectory of the bilateral relations and to suggest possible institutional mechanisms that can help further boost the relationship.

**Mr Assaf Moran, First Secretary, Political Affairs, Embassy of Israel in India gave a special address.** Excerpts of the talk:

The basis of our relations is rooted in 3 important factors: ***Shared Values, Shared Interests*** and ***Shared Challenges***. Securing the stability of our joint “Table of the Relations”, we are continuously adding more foundations, the 7 pillars of our bilateral agenda being: Defence, political, trade & economic, agriculture water, energy and homeland security.

**Defence.** Israel is the second largest defence equipment and service supplier to India, while India is also the number one export target of Israel's defence industries. Our challenges are very similar: we are both located in a challenging strategic environment: challenged by traditional, as well as new asymmetric, warfare, besides terrorism. Both countries are willing to research and develop together, to experiment together, to share experience and knowledge, to work together, to learn from each other, to offer many advanced technologies. Most recently this growing relationship was witnessed by the Defence Minister of Israel, Moshe Ya'alon and at the Aero India Show in Bangalore where the Israeli pavilion featured 15 of the country's top defense companies. Equipment on display included air defense systems, UAVs, satellite systems, missiles, aircraft self-protection systems and electronic warfare systems. **The ‘Make in India’ and “Buy and make in India” programs and initiatives in defense-related issues are already being addressed by the various players on the Israeli side of the equation, some of which are already integrating them in their projects.** Some Israeli companies are already engaging in JVs with Indian counterparts. R&D is a crucial part of our past, present and future. We are also willing to share many of our technologies with India in what is termed as “ToT”. But more than that, we are willing to create platforms of joint R&D to pinpoint shared challenges, discuss and plan solutions together, and possibly even manufacture them together.

When we established our full diplomatic relations in 1992, the annual **trade** between our two countries stood at \$180 million. In 2013, our annual civilian trade, well balanced and quite diversified stood at \$6.01 billion. In 2013, India was Israel's tenth largest trade partner overall, and Israel's third largest trade partner in Asia after China and Hong Kong. In recent years, the bilateral trade has diversified somewhat with the inclusion of several sectors such as pharmaceuticals, agriculture, IT and telecom, and homeland security. During April 2000-

November 2013, Israel ranked 43rd among foreign direct investors with FDI into India of US\$ 73.7 million. Israeli companies have invested in India in energy, renewable energy, telecom, real estate, water technologies, and are also setting up R&D centres or production units in India.

Another vital aspect of the India-Israel relationship has also been that of cooperation in the field of **agriculture**. India and Israel already have a bilateral agreement for cooperation in agriculture. Under the bilateral Action Plan for 2012-2015, agricultural cooperation has been expanded to seven states including Haryana, Maharashtra, Karnataka, Rajasthan, Gujarat, Tamil Nadu and Punjab. Around ten India-Israel Centres of Excellence for cooperation in agriculture have been set-up so far, of the thirty centres that are expected to be established by 2015.

Closely linked to issue of food security, is also that of **water**. The Joint Declaration for Cooperation in Water Technologies between the Indian Ministry of Urban Development and the Israeli Ministry of Industry, Trade and Labour in February 2012 bears testimony to this interest. Israeli progress in lowering the cost of desalination has attracted attention in India and in future, desalination could be a major solution for the two countries to come together on water woes.

In the field of **energy** too, India is clearly poised to benefit from Israeli technology. Cooperation in the areas of renewable energy and clean fuel technologies could help India manage its developmental problems of power shortages, which in turn would increase industrial efficacy. Joint innovation and development with Israel, especially in the area of solar facilities, will help India increase its base of alternative energy sources while simultaneously increasing the share of renewables in its energy basket.

Another field of cooperation that has the potential to grow like the defence and political cooperation is **Homeland Security and counterterrorism**. India and Israel have signed an agreement aimed at formalizing and creating a sustainable framework for cooperation.

The discussion was chaired by Mr Virendra Gupta, Former High Commissioner of India to South Africa.

The panelists for the discussion were:

1. P R Kumaraswamy, Professor, Centre for West Asian Studies, JNU
2. Lt Gen Narendra Singh, PVSM, AVSM, SM, VSM, Former DCOAS (P&S)
3. Dr Sujata Ashwarya Cheema, Assistant Professor, Centre for West Asian Studies, Jamia Millia Islamia.

## **Economic-Political Prospects and Challenges to Bilateral Relations**

- **FTA.** India has signed FTA with ASEAN, and amongst other countries only with Japan and South Korea. Talks are underway on the FTA with European Union. There are no positive signs that trade will dramatically change due to the FTA between India and Israel. The only way trade will increase substantially is by including the energy component, which consists of oil and gas, however, there are no indications that Israel is in a position to export oil and gas from the Mediterranean.
- **Strategic.** The term 'strategic' has different contours for India and Israel. For India, strategic includes arms, weapons and satellites, while the weightage of water and solar energy partnership is negligible in the strategic relationship. The outcome from the technology should outweigh its monetary value. Due to its expertise, Israel is going to be a major partner in projects India has undertaken, including smart cities, infrastructure, Clean India and Digital India. Israel is unlikely to export the platform for the technology due to the expenses.
- **Political Relations.** From 1920s to 1992, India had a policy of zero-sum game. India's friendship with Palestine not only meant support for the Palestinian cause but also

hostility towards Israel. From 1992-2004, there existed parallel track diplomacy, as there were no simultaneous talks with Israel and Palestine. From 2004-2014, the policy was of non-parallel track as there was no scope to de-link bilateral talks from multilateral talks. The bilateral relations were kept separate from the peace process negotiations. There were no high-level contacts as the relationship meandered along the functional lines. Post 2014 with the arrival of the new government in Delhi, there would be a more assertive pro-Israeli policy. One of the fundamental complaints of Israel has been the inherent mistrust in the relationship. But the relations are expected to be on the rise.

- **Palestine.** India is likely to revisit its Palestinian position. Does India articulate by expressing support for Palestine or by opposition to Israel? The atmosphere in India and Middle East are extremely conducive to relook the position. The presence of majority single-party government will give clarity to India's outlook in the region.
- **Visa.** Israel should stop issuing paper visas to Indians.

## **Defence Cooperation: Areas of Synergy and Convergence**

Israeli hi-tech defence companies are world leaders in radar, avionics and command & control systems with expertise also in upgrade of East Europe origin weapons & equipment. This is particularly important to India due to its ageing inventory. There is scope for close cooperation with DRDO with a large number of projects already ongoing and planned. The fundamental strength of Israeli defence industry is its professed willingness to transfer technology and setup joint ventures with Indian counterparts.

India is serious about implementation of Make in India and the imperative of transfer of technology is important. The professed willingness of Israeli companies will go a long way in furthering bilateral relations. The future scope for India-Israel defence relations is strongly hinged on the transfer of core technology to exploit the "Make in India" opportunity. Despite suggestions that 'Make in India' in defence-related issues is infeasible, it provides an opportunity for the two countries to balance business opportunity & strategic relationship.

Cooperation in field of intelligence and counter-terrorism is also crucial. Given the changing contours of threat, it is important to strengthen the capacity of intelligence operations.

There remain a number of constraints to the defence relations amid domestic political sensitiveness. There is increased competition to Israel in the Indian defence market as the United States aims to leverage its relationship with India. Two major defence firms in Israel are currently under investigation for allegations of corruption while another company stands blacklisted. This creates pressure on the bilateral relations to ensure transparency for defence cooperation to flourish.

## **India-Israel-West Asia Pivot**

India continues to maintain robust relations with the three contending poles of West Asia, i.e. Israel, Iran and Saudi Arabia. Israel and Arab countries are cooperating against a common enemy that is the nuclear Iran. The Gulf Cooperation Council's (GCC) trajectory on Israel is similar to that of India. The Gulf countries have also become cognisant of India's strategic importance in terms of growing economy, information technology and energy market. The GCC's look-east policy has finally set aside Pakistan as a factor in diplomatic relations with India while India's look-west policy is likewise concentrating on trade and this partnership is of inter-dependence.

India's growing and expanding relations with Israel do not affect its relations with the Gulf countries and vice-versa. It maintains healthy relations with the three poles of the region:

1. **By instituting non-parallel engagements.** The normative standard setting core of realist foreign policy, i.e. national interest and state security, underscores this. India has kept the highs and lows of bilateral relations immune from each other. Each relation is treated on its own merits and own rights. This is referred to as by analysts 'strategic anomaly', in dealing with countries locked in outstanding disputes with each other.
2. **By projection of soft power,** related to its great power aspirations. India has followed an informal strategy of projecting soft power in its neighbourhood to assert its great power aspirations in the geopolitical arena. India seeks to extend its influence outward, beginning with soft hegemony in the subcontinent and pushing outwards to West Asia, South-East Asia and Central Asia. In all these geopolitical theatres, India aspires to convert borders into frontiers: not by military might but through vigorous economic interaction, trade, greater connectivity and establishment of critical energy links. It has signed strategic partnership with Saudi Arabia, Israel and Iran at the same time, which are highly nuanced and have different interpretations in different bilateral context.