

Regional Dynamics and Strategic Concerns in South Asia

Europe's Role

Project Director
Robert D. Lamb

Author
Heather Conley

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Center for Strategic & International Studies
1616 Rhode Island Avenue, NW
Washington, DC 20036
202-887-0200 | www.csis.org

Regional Dynamics and Strategic Concerns in South Asia: Europe's Role

Heather Conley

This background paper was prepared as part of a study of U.S. strategic concerns in South Asia and the regional dynamics and priorities that are likely to influence U.S. policy there between 2014 and 2026. It is one of 10 such papers covering the relevant internal dynamics, trends, relationships, and scenarios in China, Iran, the Gulf States, Central Asia, Russia, Turkey, Europe, India, Pakistan, and Afghanistan. The final report, South Asia Regional Dynamics and Strategic Concerns: A Framework for U.S. Policy and Strategy in South Asia, 2014–2026, by Robert D. Lamb, Sadika Hameed, and Kathryn Mixon, is available at <http://c3.csis.org> and includes a framework on which the United States may base the development of policies and strategy in South Asia over the next 12 years.

Europe's Relations with the United States

The United Kingdom's relationship with the United States—the so-called “special relationship”—is an exceptionally close and unique bilateral relationship due to its strong military and security cooperation, intelligence sharing and robust political as well as trade relationship. The relationship between the United States and NATO countries, based on U.S. treaty commitment and a shared European commitment to collective defense (“an attack against one is an attack against all”), is equally robust. With approximately 75,000 U.S. armed forces stationed in Europe and an American-designed missile defense architecture to protect Europe, Europe remains a vital pillar for advancing U.S. strategic security interests.

The relationship between the United States and European Union, composed of 28 member states, is also exceptionally close due to its common history and shared values. In 2012 alone, transatlantic trade in goods and services—the largest trade relationship in the world—amounted to \$960 billion. The United States is the European Union's third-largest supplier and its main export market. Clearly, for both sides of the Atlantic, the importance of the transatlantic relationship demands a strategic investment in maintaining strong international cooperation on critical global foreign and security policy challenges.

Over the past decade, Europe has significantly increased its focus on South Asia since deploying forces in support of U.S. military operations in Afghanistan. Presently, there are about 24,000 European forces deployed in Afghanistan, including 9,000 British forces.¹ The European Union is the third-largest development assistance provider to Afghanistan after Japan and the United States, with a contribution of about \$47 million and an emphasis on governance, health and rural development.² However, public support for continued military operations in Afghanistan is waning in both the United

¹ NATO-ISAF, “International Security Assistance Force (ISAF): Key Facts and Figures,” June 24, 2013, p. 2, http://www.isaf.nato.int/images/stories/File/Placemats/20130624_130624-mb-isaf-placemat.pdf.

² Financial Tracking Service, “Afghanistan emergencies for 2013,” September 10, 2013, http://fts.unocha.org/reports/daily/ocha_R24c_C1_Y2013_asof___1309091302.pdf.

States and European Union.³ With the anticipated drawdown of European forces from Afghanistan in 2014 and the currently unknown post-2014 U.S. security posture, the importance of South Asia to Europe is expected to decrease in the coming years. Instead, instability and unrest in North Africa and the Middle East will increasingly dominate the European security agenda, especially given heightened concerns over illegal immigration stemming these regions and its implications for unemployment and economic recovery within the bloc.

Therefore, as Europe continues to be politically and economically consumed by its ongoing economic crisis combined with the deep unpopularity of European military engagement in Afghanistan, Europe's overall lack of interest in and attention toward the region will only become more pronounced.

The most significant European actor for South Asia policy is the United Kingdom. Internally to the United Kingdom, the most destabilizing foreseeable event would be a successful Scottish national referendum (September 2014), the formation of a weak coalition government following the 2015 general elections and the possible withdrawal of the United Kingdom from the European Union (referendum envisaged by 2017—opinion polls show so far a slight majority in favor of withdrawal). These events will command the near full attention of British leaders; could destabilize the European Union; and could foster tensions in relations between the United Kingdom and the United States as U.S. policymakers want the United Kingdom to remain an active player in the European Union. As Assistant Secretary of State Phillip Gordon stated in January 2013, "...Britain is an important player in the world and certainly a longstanding and important friend of the United States and it always will be. At the same time, we have a growing relationship with the European Union as an institution which has an increasing voice in the world and we want to see a strong British voice in that European Union, that is in the American interest."⁴ British public opinion, however, supports a more distant and less intrusive relationship with the European Union. There will be a period of significant period of uncertainty (2013–2017) on the future of both the United Kingdom and Europe and their ability to pursue dynamic foreign and security policies.

Other important European actors with substantial interests in South Asia are France and Germany. Although France and Germany do not share the United Kingdom's historical engagement in the region, these countries' policies do not differ substantially from the United Kingdom in their geopolitical assessment of South Asia. Germany has historically benefited from a positive image in the South Asia countries due to its colonial absence and primarily has focused on economic and trade relations. For example, Germany is India's fifth-largest trade partner. However, with German military involvement in Afghanistan since 2001 (Germany currently has 4,400 armed forces in

³ According to a recent poll conducted by the German Marshall Fund, "more than half of EU respondents surveyed (53 percent) wanted to withdraw all troops from Afghanistan, with an increasing number of Americans (44 percent, up from 35 percent in 2011) in agreement. Three-out-of-four European respondents (75 percent) polled supported either total withdrawal or troop reduction, nearly the same as the Americans polled (68 percent)."³ Only 2 percent of European respondents were in favor of increasing their troop commitment. German Marshall Fund of the United States, *Transatlantic Trends 2012: Key Findings* (Washington, DC: German Marshall Fund, 2012), pp. 35-36, <http://trends.gmfus.org/files/2012/09/TT-2012-Key-Findings-Report.pdf>.

⁴ U.S. Department of State, "Media Roundtable in London: Remarks by Philip H. Gordon, Assistant Secretary, Bureau of European and Eurasian Affairs," January 9, 2013, <http://www.state.gov/p/eur/rls/rm/2013/jan/202650.htm>.

Afghanistan⁵), Berlin has had to rebalance its economic policy with a growing concern about security issues and the necessity of combating terrorism. Germany continues to be concerned by international terrorism originating from the region, in particular in view of the militant groups, including German nationals, harbored in the autonomous area of Pakistan (i.e., the Federally Administered Tribal Areas [FATA]).

Although France removed all its combat forces from Afghanistan in 2012,⁶ Paris also believes that South Asia's regional stability remains precarious and places significant policy emphasis on peace and stability in the region.⁷ For example, the French 2013 White Book on Defense (*Livre Blanc*) qualifies the region as “a strategic interest,” mentioning the risks of nuclear proliferation and the protection of regional energy supplies. Both countries also aim to maintain strong economic ties with India. In 2008, Paris and Delhi agreed to boost trade to a target value of €12 billion, and since then the bilateral trade relationship has demonstrated robust growth, approximately 6 percent in both 2011 and 2012.⁸ By 2012, Indo-French commercial flows totaled €7.9 billion.

Therefore, in the timeframe envisaged (2014–2026), a significant divergence between the United Kingdom, European and American strategic interests in South Asia is unlikely. It is anticipated that Europe will follow America's policy lead in the region but will not be an active participant. Europe will enhance and compete with the United States on strengthening its trade relations and commercial interests with the region, particularly with India.

Internal Trends and Dynamics

Following the transition of NATO/ISAF forces from Afghanistan in 2014, terrorism concerns, regional instability, nonproliferation concerns and growing opium exports will strongly influence both British and European relations with South Asian countries. With continuing threats of extremist networks in the United Kingdom and Europe, deterring domestic terrorist attacks will be Europe's principle strategic priorities.

Due to ongoing British economic challenges (which have significantly reduced defense spending) and the unpopularity of British military deployments in Iraq and Afghanistan, Her Majesty's Government will be extremely reluctant to engage in any open-ended military commitment in the region, especially if it involves British boots on the ground. UK counterterrorism efforts in the region will continue although with a less visible presence, most likely through Special Operations Forces and unmanned aerial vehicle (UAV) operations in the coming years.

The current European economic crisis and the growing economic influence of emerging economies should also progressively shift the balance of power in relations between the United Kingdom and India, making the UK-India economic relationship of even greater importance. The European Union has also initiated a free trade dialogue

⁵ NATO-ISAF, “International Security Assistance Force (ISAF): Key Facts and Figures,” June 24, 2013, p. 2, http://www.isaf.nato.int/images/stories/File/Placemats/20130624_130624-mb-isaf-placemat.pdf.

⁶ Laura Smith-Spark, “France Pulls Last Troops from Combat Roles in Afghanistan,” CNN, December 20, 2012, <http://www.cnn.com/2012/12/15/world/asia/afghanistan-france-troops>.

⁷ Martin Petty and Jon Boyle, “French Combat Troops Withdraw from Afghan War,” Reuters, November 20, 2012, <http://www.reuters.com/article/2012/11/20/us-afghanistan-france-idUSBRE8AJ11O20121120>.

⁸ “Indo-French Relations,” Embassy of India, Paris, France, April 9, 2013, <http://www.ambinde.fr/economic-and-commerce/indo-french-relations>.

with India. Europe will also wish to compete for military sales to India, as the \$1.04 billion French Rafale jet purchase attests. Afghanistan and Pakistan will remain recipients of British and European development assistance. The European Union contributes approximately €200 million a year to Afghanistan through its Multiannual Indicative Programme.⁹ The UK Department for International Development's (DFID) current bilateral budget for Afghan development is of a similar size (£178 million). EU development funds for Pakistan are smaller (about €70 million), with additional humanitarian aid (€313 million contributed by ECHO since 2009).¹⁰ In 2013, DFID provided Pakistan with approximately £300 million in financial aid through various projects.¹¹ Security interests in Afghanistan and Pakistan will remain on the European agenda, with heightened attention given to securing its diplomatic and commercial interests in the next 15 years.

Key Influencers

As in the United States, foreign policy does not rank high on the list of priorities for European voters, although in general European audiences have greater knowledge of world events. There is no significant divide between right and left political parties in Europe or in the United Kingdom regarding South Asia policy although there is active antiwar sentiment which crosses the political spectrum. Therefore, regional issues of concern can be expected to stay confined to a small circle of government officials, experts, interest groups and international aid organizations, unless a major crisis (terrorist attack in Europe, India-Pakistan war) brings it to the full public's attention. Even in such a case, it seems unlikely that political parties would take different stances with regards to the South Asian countries, although there could be disagreement related to the origins of a crisis (e.g., U.S. policy or previous military intervention may be blamed for instability).

European countries will closely monitor the flows of populations to and from this region, particularly the United Kingdom, given its large number of immigrants from South Asia (Afghans: 50,000; Pakistanis: 1.2 million; Indians: 1.6 million). Migration flows from South Asia to the United Kingdom contribute to reinforcing its links with the region. The top three countries of origin of immigrants (including percentage total of all immigration) to the United Kingdom in 2011 were: India (12 percent), China (8 percent), and Pakistan (8 percent). These figures reflect in particular an increase in the number of migrants from Pakistan, to 43,000 in 2011. Illegal immigration is also considered to be on the rise, in particular from Afghanistan and Pakistan and contribute to raising resources for criminal networks, causing an anti-immigrant backlash in Great Britain. Although these large communities show no intent to act collectively in order to influence British foreign policy, the radicalization of some elements could foster ethnic tensions inside the United Kingdom in the cases of an upsurge of terrorist acts in the United Kingdom or of cross-border violence in South Asia.

In view of the strong Muslim identity of Afghanistan and Pakistan, cross border violence in South Asia would likely include a religious component, potentially also

⁹ Delegation of the European Union to Afghanistan, "Cooperation for Development: Multiannual Indicative Programme 2011–2013," http://eeas.europa.eu/delegations/afghanistan/eu_afghanistan/development_cooperation/index_en.htm.

¹⁰ European Commission, "Humanitarian Aid and Civil Protection: Pakistan," http://ec.europa.eu/echo/aid/asia/pakistan_en.htm.

¹¹ UK Department for International Development (DFID), "Project Budgets: Pakistan," <http://devtracker.dfid.gov.uk/countries/PK/>.

increase religious divides in European countries (2.7 million British Muslims). Such a situation would increase the challenge for UK security forces and increase the risk of widespread violence, including “lone wolf” incidents. However, the probability of such violence occurring in the United Kingdom would depend on the extent of UK involvement in the region. If the United Kingdom distances itself from events that would force them to support one religious agenda over the other, the threat of a domestic attack would decrease.

Commercial interests are also important stakeholders in the UK relationship with South Asia, in particular India. Increasing British trade and investment with India is London’s number one priority (areas highlighted for cooperation are advanced manufacturing and R&D, education, healthcare, and infrastructure and energy). The United Kingdom is the third-largest investor in India with a cumulative investment of \$17.54 billion, \$7.87 billion of which came in 2011–2012.¹² India is also the fifth-largest investor in the United Kingdom, and by far the most popular business destination in Europe for Indian companies. Of the 1,200 Indian companies in the European Union, 700 are in the United Kingdom.¹³

As part of the “Golden Crescent,” an area that includes Afghanistan, Pakistan, and Iran, the region is estimated to produce 90 percent of the world’s supply of opium.¹⁴ Europe is its most important export market.¹⁵ International drug traffickers therefore have an important stake in Europe’s relationship with South Asia, although traffickers do not have the ability to exert significant direct influence on the United Kingdom’s policies. As poppy is a key source of income for impoverished Afghan farmers, drug traffickers have established close relationship with Afghan government officials. This places them in a position to play an indirect role influencing Afghanistan’s relationship with western countries.

Regional Relations

Relations between the United Kingdom, its NATO allies, and South Asia center on promoting stability across the region. Europe principally uses its “soft power” tools in the region, particularly overseas development assistance, which amounted to €581.1 million in 2011, focusing on social infrastructure and humanitarian aid.¹⁶ The EU countries are also strong supporters of nonproliferation efforts in the region, preferring to channel their efforts through multilateral organizations. Mitigating security threats, engaging in humanitarian and development assistance efforts and establishing more robust economic and development ties are key components of its regional strategy.

¹² High Commission of India, London, “Brief on India-UK Bilateral Economic Relations,” June 30, 2013, <http://hcilondon.in/pdf/economic.pdf>.

¹³ UK Foreign and Commonwealth Office, “India-UK Relations,” January 2, 2013, <https://www.gov.uk/government/publications/india-uk-relations>.

¹⁴ Serious Organised Crime Agency, *Annual Report and Accounts 2012/13* [hereafter SOCA 2013] (London: House of Commons, July 2013).

¹⁵ The UK Organised Crime Strategy sets out that drug trafficking to the United Kingdom costs an estimated £17.6 billion per year.

¹⁶ European Commission, *2012 Annual Report on the European Union’s Development and External Assistance Policies and their Implementation in 2011* (Luxembourg: European Union, 2012), pp. 188-189, http://ec.europa.eu/europeaid/multimedia/publications/documents/annual-reports/europeaid_annual_report_2012_full_en.pdf.

Relations with Afghanistan

Despite the United Kingdom's historical fraught relationship with the region, London's present and future relationship with Afghanistan is predicated on protecting its national security, an objective shared by NATO and European partners. In David Cameron's words, the United Kingdom is in Afghanistan "for one reason, to protect our national security by stopping that country being used as a base from which to launch terrorist attacks against our people and against our allies around the world."¹⁷

The United Kingdom's priorities in Afghanistan include ending al Qaeda's safe haven, pushing back the insurgency, creating a space where Afghan civil society can establish itself, training the Afghan National Security Forces (ANSF) to take over from NATO's International Security Assistance Force (ISAF) and to maintain that space for the Afghan Government to exercise sovereign control.¹⁸ Suppressing the spread of extremist ideology also is a strategic priority for the United Kingdom and its NATO allies. Limiting extremism in the region will promote stability and create an environment for democratic institutions and civil society to take root. Future policy to execute these objectives and prevent the reemergence of terrorist and extremist groups in a post-2014 withdrawal timeframe will be formulated in conjunction with NATO's operations, future EU assistance programs and the United Nations.

At the onset of military operations, the United Kingdom was a strong proponent of eradicating the Afghan opium trade. At the insistence of former UK prime minister Tony Blair, who argued that "the arms the Taliban are buying today are paid for by the lives of young British people buying their drugs on British Streets," the United Kingdom was put in charge of opium eradication efforts under the 2001 Bonn Agreement.¹⁹ Moreover, funds from drug trafficking fueled the Taliban insurgency (estimated to be up to \$150 million a year).²⁰ As the concentration of British forces under ISAF were deployed in Helmand Province, the epicenter of the opium trade and insurgent activity, opium eradication became a central objective. However, it was only in 2008 that NATO forces received authorization to attack drug lords and drug-trafficking networks, despite opposition from several NATO members. Unfortunately, British efforts to stem the trade through the promotion of alternative crop programs failed to compete with the economic benefits of cultivating illegal narcotics. 2013 represents the third year where there has been an increase in opium crop cultivation (representing 75–90 percent of the world's total heroin supply) which fuels concern in London that the Taliban can pursue its regional aims with illicit funds.

Post-2014, British antidrug efforts will likely focus on supporting Afghan government policy such as the National Drug Demand Reduction Policy, the National Alternative Livelihood Policy and the Anti-Drug Trafficking Policy, in addition to disrupting supply chains through stronger law enforcement. As the United Kingdom

¹⁷ Statement to the House of Commons, July 2, 2013.

¹⁸ Defence Committee, "Minutes of Evidence HC 413, January 23, 2013."

¹⁹ Sean Rayment, "Why Britain's pledge to end Afghanistan's deadly heroin trade has failed," *The Telegraph*, May 20, 2012; Lionel Beehner, "Afghanistan's Role in Iran's Drug Problem," Council on Foreign Relations, September 14, 2006, <http://www.cfr.org/iran/afghanistans-role-irans-drug-problem/p11457>.

²⁰ Charlie Edwards, "Afghanistan's Opium Trade: Why Britain Should Not Kick the Drug Habit After 2014," Royal United Services Institute, July 12, 2013, <http://www.rusi.org/analysis/commentary/ref:C51E00BEAC9471/>.

reduces its military presence in Afghanistan, the objective will shift to limiting the impact the drug trade has on British society.

UK development and humanitarian assistance projects promote a stable and prosperous Afghanistan. DFID currently oversees 42 operational projects in Afghanistan with a budget of approximately £688 million, to include such projects as the Afghanistan Reconstruction Trust Fund and the Afghanistan Infrastructure Trust Fund. It also supports projects that focus on border regions, such as strengthening the agriculture sector and support for demining initiatives.²¹ UK official development assistance (ODA) will continue through the next decade with £178 million allocated per year until 2017.²²

Relations with Pakistan

Security is a top priority in the United Kingdom's bilateral relationship with Pakistan, and efforts will continue to focus on eliminating safe havens for extremist groups. In June, Prime Minister Cameron and Prime Minister Nawaz Sharif agreed to joint efforts to prevent terrorist activities including countering extremism and radicalization, investment in education, tackling poverty and dealing with all other issues that fuel extremism.²³ These programs include the Pakistan National Cash Transfers Program to reduce poverty and promote education with a budget of £285,762,800 and Punjab Education Support Program II with a budget of £206,800,000.²⁴ Restoring relations with Afghanistan as well as promoting ongoing peace negotiations with India is also an important British objective. Since 2012, the United Kingdom has hosted several Trilateral Summits with President Hamid Karzai of Afghanistan and President Asif Ali Zardari of Pakistan to address issues of reconciliation and lasting peace in the region.

Pakistan's nuclear weapons are a defining characteristic of its relations with the United Kingdom as it is with the United States. Pakistan's nuclear arsenal is of concern for two reasons: the possibility of proliferation beyond Pakistan into third countries,²⁵ and the risk of nuclear weapons falling into the hands of Pakistani extremists.²⁶ The United Kingdom is a strong supporter of the Non-Proliferation Treaty (NPT), maintaining a strong voice at the 2010 Review Conference as well as the 2013 NPT Preparatory Committee meeting. It is British policy that the NPT offers the greatest opportunity to achieve two key long-term goals: a world free of nuclear weapons and the peaceful development of nuclear energy.²⁷ Though not stated publicly, nuclear weapons falling

²¹ UK Department for International Development, "Project Search: World Map," <http://projects.dfid.gov.uk/Default.aspx>.

²² William Hague, "Quarterly Statement on Afghanistan" (oral statement to UK Parliament, March 21, 2013), UK Foreign and Commonwealth Office, <https://www.gov.uk/government/speeches/quarterly-statement-on-afghanistan>.

²³ David Cameron and Nawaz Sharif, "Pakistan visit: statements from David Cameron and Nawaz Sharif" (speech, Prime Minister's Office, June 30, 2013), <https://www.gov.uk/government/speeches/pakistan-visit-statements-from-david-cameron-and-nawaz-sharif>.

²⁴ UK Department for International Development, "Project Search: World Map."

²⁵ Bruno Tertrais, "Pakistan's Nuclear and WMD Programmes," Non-Proliferation Papers, No. 19, EU Non-Proliferation Consortium, July 2012, pp. 11–13, <http://www.sipri.org/research/disarmament/eu-consortium/publications/Nonproliferation-paper-19>.

²⁶ Anthony H. Cordesman, "Redlines, Deadlines, and Thinking the Unthinkable: India, Pakistan, Iran, North Korea, and China," CSIS, April 16, 2013, https://csis.org/files/publication/130416_Thinking_the_Unthinkable.pdf.

²⁷ Jo Adamson, "Statement by Ambassador Jo Adamson to the Second Preparatory Committee for the Ninth Review of Conference of the Treaty on the Non-proliferation of Nuclear Weapons"

into the hands of extremists represents a key concern for the United Kingdom as well as an important justification for continuing efforts to promote greater economic and political stability in Pakistan.

Criminal activity that flows from the sale of narcotics is also a concern for the United Kingdom. It is estimated that money generated from the illegal sale of narcotics accounted for 15 percent of the finances of militant groups in Jammu and Kashmir along the Indian-Pakistan border.²⁸ In the past, the UK government has donated almost £12 million to Pakistan Law enforcement for ongoing programs to combat drug trafficking.²⁹ Similar support is expected to continue in the future.

The United Kingdom will increasingly use trade and ODA as a tool of stabilization. In May 2012, Prime Minister Cameron and former Pakistani prime minister Yousaf Raza Gilani launched a Trade and Investment Roadmap outlining future steps both governments will take to promote investment, support business and increase trade to £2.5 billion.³⁰ Cameron and Prime Minister Sharif pledged in June to increase this target to £3 billion by 2015. This agreement enhances the United Kingdom's position as the second-largest investor in Pakistan after the United States.³¹ Pakistan is also a priority country for UK ODA and will likely become the United Kingdom's largest aid program by 2015 with a total commitment of £1.39 billion.³²

The European Union also has increased its level of interaction with Pakistan, focusing on development assistance and aid. In 2009, the first EU-Pakistan Summit was held and in 2010 the two partners established a five-year engagement plan highlighted by increased levels of ODA.³³ In its EU-Pakistan Country Cooperation Strategy, the European Commission has allocated €213 million in assistance for the period of 2011-2013.³⁴ Negotiations on a post-2013 strategy have been sporadic but development assistance, aid and trade will continue to define bilateral relations between Pakistan and the European Union in the future.

Relations with India

Economic ties will be a cornerstone of future UK-India relations. Over the past decade, bilateral trade between India and the United Kingdom has increased more than three-

(official statement, Geneva, Switzerland, 2013), http://www.reachingcriticalwill.org/images/documents/Disarmament-fora/npt/prepcom13/statements/22April_UK.pdf.

²⁸ N.S. Jamwal, "Terrorist Financing and Support Structure in Jammu and Kashmir," *Strategic Analysis* 26, no. 1 (2001): 143.

²⁹ Jamie Doward, "Pakistan risks UK anti-drugs money as hangings of traffickers resume," *The Guardian*, November 17, 2012.

³⁰ David Cameron and Yousaf Raza Gillani, "Joint statement between Prime Minister of Pakistan and PM to mark the first annual summit of the UK-Pakistan Enhanced Strategic Dialogue" (joint statement, Prime Minister's Office, May 10, 2012), <https://www.gov.uk/government/news/uk-pakistan-joint-statement>.

³¹ Pakistan-Britain Trade and Investment Forum, "Membership Application Form," <http://www.pbtif.co.uk/membership/>.

³² UK Trade and Investment, "Pakistan-Economic Factsheet," April 2013, <https://www.gov.uk/government/publications/pakistan-economic-factsheet-april-2013>.

³³ Clare Castillejo, *Pakistan's Crisis: What Role for the EU?* (Madrid: FRIDE, December 2011), http://www.fride.org/download/pb_1_pakistan_crisis.pdf.

³⁴ European Commission, "Development and Cooperation—Europeaid: Pakistan," http://ec.europa.eu/europeaid/where/asia/country-cooperation/pakistan/pakistan_en.htm.

fold, totaling £10.875 billion in 2012.³⁵ Economic relations are expected to expand as the United Kingdom aims to double its bilateral trade by 2015 as India simultaneously seeks to increase its bilateral trade by £24 billion.³⁶ Both countries are hopeful that ongoing negotiations for an EU-India Free Trade Agreement launched in 2007 will conclude in the near future.

The United Kingdom and India share a strong commitment to a peaceful Afghanistan. During a 2013 Summit, Prime Minister Cameron and Prime Minister Manmohan Singh committed to a stable Afghanistan by promoting economic relations and a commitment to address all forms of terrorism, including the dismantling of terrorist sanctuaries and disrupting all financial and tactical support. In the past, British soldiers have trained alongside the Indian Army to develop counterinsurgency skills and exchange knowledge and experiences in the areas of countering improvised explosive devices (IEDs), force protection, and stabilization. The United Kingdom has relied on India's policing abilities by elevating its military through shared technology, civil and military, as well as bringing India into major export control regimes such as the Nuclear Suppliers Group, the Missile Technology Control Group, the Australia Group, and the Wassenaar Arrangement.³⁷ India will continue to be the United Kingdom's strongest partner in promoting stability across the region.

The two partners also work closely on matters of nuclear weapons, holding regular consultations on disarmament and nonproliferation issues. At a joint summit in 2013, Prime Minister Cameron and Prime Minister Singh concluded a memorandum of understanding on chemical, biological, radiological and nuclear security. The United Kingdom also supports India's membership in the Nuclear Suppliers Group. They also maintain strong relations on civil nuclear issues, which began with a joint declaration in 2010. Negotiations to conclude a Civil Nuclear Cooperation Agreement are ongoing.

The United Kingdom and India have a long history of collaboration on development, with DFID currently implementing 37 projects in India with a budget of £1.61 billion.³⁸ Development assistance has traditionally focused on India's poorest states that struggle with issues of poverty and healthcare. Due to India's emerging economy status, India's development relationship with the United Kingdom will transition from aid-recipient to a two-way partnership on critical global issues including trade, global health, climate change and food security.³⁹ In November 2012, the United Kingdom's international development secretary announced that all financial assistance to India would end in 2015. This shift in relations will reduce the volume of UK assistance to around £210 million annually for the period of 2012/2013–2014/2015.⁴⁰

³⁵ High Commission of India, London, "Brief on India-UK Bilateral Economic Relations."

³⁶ UK Foreign and Commonwealth Office, "India-UK Relations."

³⁷ Indian Ministry of External Affairs, "Joint Statement on the India-United Kingdom Summit 2013—Indian and the UK: A Stronger, Wider, Deeper Partnership," February 19, 2013, <http://www.mea.gov.in/bilateral-documents.htm?dtl/21197>.

³⁸ UK Department for International Development, "Project Search: World Map."

³⁹ UK Foreign and Commonwealth Office, "India-UK Relations."

⁴⁰ UK Department for International Development, "UK-India Development Partnership After 2015: Framework Paper," April 19, 2013, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/191059/framework-paper-UK-India-future-dev-partnership.pdf.

Other Relationships

UK/NATO-Iran

The relationships between the United Kingdom and South Asian countries are strongly influenced by UK bilateral relations with other key regional actors. From a geostrategic perspective, the greatest regional threat to the United Kingdom and NATO is Iran and its nuclear program. The presence of British and American military forces in the region has triggered an “encirclement complex” among Iranian hardliners. Afghanistan and Pakistan generally have good relations with Tehran but are not overly friendly, due to ethnic (Afghanistan) and religious (Shia/Sunnis) differences. If military intervention were to occur against Iran’s nuclear program, the United Kingdom and NATO allies would anticipate Iranian retaliation against western interests by supporting greater instability in Afghanistan and Pakistan. Afghanistan in particular would be susceptible to greater violence given its domestic divisions and to the already pervasive influence of Iran in the southwest of the country.

Europe-China

Due to a potential lost decade of economic growth, European countries are urgently focused on increasing economic growth, enhancing global competitiveness and reducing unemployment and debt. Europe’s economic engagement with emerging economies, particularly with China, will intensify over this period, as will increased Chinese commercial engagement in Europe. For example, China has repeatedly purchased European debt, investing in Spanish, Greek, and Portuguese bonds.⁴¹ In January 2011, it was estimated that Chinese bondholders held as much as €43 billion in Spanish debt—roughly 20 percent of the country’s total bond issuance.⁴² In addition, China has made strategic investments in European infrastructure, such as in the Greek port of Piraeus, where it leased half of the port’s shipping facilities for €500 million in 2010.⁴³ It has since doubled commercial traffic in its portion of the port, and European leaders are likely to encourage such positive investments as a stimulus for growth—as evidenced by Greek Prime Minister Samaras’s 2013 visit to Beijing. Maintaining positive Chinese-European economic relations, and perhaps most specifically Chinese and German economic relations, may play an increasingly influential role in potentially subduing a larger European role in South Asia.

EU-Turkey

Another influential actor in the region will be Turkey. Historically, the European Union’s relationship with Turkey has been an extremely challenging partnership. Although accession talks were formally opened between the European Union and Turkey in 2005, for the past three years there has been no positive movement. Following violent protests in Taksim Square in June 2013, Europe has postponed its plan to reinstate accession

⁴¹ David Oakley and Anousha Sakoui, “China Offers Spain €1bn Confidence Vote,” *Financial Times*, July 12, 2010, <http://www.ft.com/intl/cms/s/0/69eb723a-8df3-11df-9153-00144feab49a.html#axzz2bJaH2sCD>; Ingrid Melander and Harry Papachristou, “China’s Wen Offers to Buy Greek Debt,” Reuters, October 2, 2010, <http://www.reuters.com/article/2010/10/02/us-greece-china-idUSTRE69112L20101002>.

⁴² David Pierson and Henry Chu, “China moves to prop up Europe’s economy,” *Los Angeles Times*, January 11, 2011, <http://articles.latimes.com/2011/jan/15/business/la-fi-china-euro-20110115>.

⁴³ Liz Alderman, “Under Chinese, a Greek Port Thrives,” *New York Times*, October 10, 2012, <http://www.nytimes.com/2012/10/11/business/global/chinese-company-sets-new-rhythm-in-port-of-piraeus.html?pagewanted=all>.

talks, causing a further rift in Turkish-European relations.⁴⁴ In response, Turkey, as a NATO member, has continuously stymied efforts to initiate a meaningful dialogue on NATO-EU security and defense cooperation, by preventing its adversary, Cyprus, from developing a relationship with the strategic alliance.⁴⁵ In light of diminishing European military spending and the need to reconfigure European security arrangements, this has only further exacerbated the existing European-Turkish tensions. Although Turkey has played a positive role through NATO/ISAF in Afghanistan, Ankara will be completely absorbed by domestic political upheaval, the spillover effects of Syria's civil war, the Iran nuclear question and its own Kurdish question.

Conflict Scenarios

Depending on the evolution of relations between the three South Asian countries, the following scenarios can be envisaged:

Scenario: Afghanistan Stability

The continuation of Afghanistan's civil war at a lower level of intensity would occur if the main actors in Afghanistan find an explicit or tacit *modus vivendi*. A complete victory by the central government or Taliban would be unacceptable to India and Pakistan given their competition for influence in Afghanistan.

In this scenario, British or NATO military presence would not be required in Afghanistan and security conditions would be sufficient to allow British and European development assistance flows to continue to flow to Afghanistan (EU development aid committed to Afghanistan: €347 million in 2011), albeit in select locations and at reduced levels. The aim of this aid would be to establish a limited virtuous cycle, with development aid helping to consolidate some semblance of stability in certain portions of the country. This task will be daunting as Afghanistan is still one of the less developed countries in the world (ranking 175 out of 186 in 2012 according to the UN Human Development Index).

Without a Western military presence in Afghanistan, there is no "common enemy" for Afghan's ethnic communities to fight against, permitting regional players such as Iran and Pakistan to concentrate more significantly on enhancing their own influence in the country. These same actors do not necessarily view a peaceful and more independent Afghanistan as beneficial although they would respond positively to the removal of a Western military presence in Afghanistan. In many ways, Iran and Pakistan would prefer the continuation of a low intensity conflict without an outside military presence which would allow them to exert influence over Afghanistan's domestic politics. India's view on a Western military presence in Afghanistan however may be more nuanced; on the one hand, it believes a strong American presence in Afghanistan serves as a restraint against Pakistani engagement but, on the other hand, Delhi would also like to exert additional influence which is more easily pursued without Western engagement. As a recent RAND study notes, "many Indians have a sense that their country must exert more of an influence in South Asia as a whole if it is to be taken

⁴⁴ Adrian Croft and Justyna Pawlak, "EU rebukes Turkey on crackdown by delaying entry talks," Reuters, June 25, 2013, <http://www.reuters.com/article/2013/06/25/us-turkey-protests-eu-idU.S.BRE9500BT20130625>.

⁴⁵ Judy Dempsey, "Between the European Union and NATO, Many Walls," *New York Times*, November 24, 2010, <http://www.nytimes.com/2010/11/25/world/europe/25iht-letter.html>.

seriously as a world power.”⁴⁶ The Western withdrawal from Afghanistan presents India with an ideal opportunity to extend its reach in the region.

Scenario: Afghanistan Instability

A significant degradation of the security situation in Afghanistan would have two main consequences. First, it would open the possibility of a resurgence of Taliban terrorist actions aimed at western countries and, once again, parts of Afghanistan would become safe havens for extremists targeting European and American interests. The second consequence would be an increasing tension between Pakistan and India, if either country feels that the other is conducting a “war by proxy” to gain influence in Afghanistan.

In such a scenario, security concerns would immediately outweigh other considerations for the United Kingdom and Europe. Development assistance to Afghanistan would quickly come to an end, and Western personnel and nongovernmental organizations (NGOs) would be evacuated. Following over a decade of costly involvement in Afghanistan, the United Kingdom would probably favor a realistic approach and increase use of unmanned aerial vehicles and special operations forces. However, should European terrorist networks be incited and should domestic acts of violence within Europe occur, the United Kingdom would likely consider taking more robust military action, although this would not translate into returning ground forces to Afghanistan.

From a regional perspective, increased violence in Afghanistan would likely lead to the fragmentation of Afghanistan. With Karzai loyalists and the Northern Alliance more favorably inclined toward India, Pakistan would use its influential networks in Afghanistan to counter these forces in order to return Afghanistan to a strategic status quo. Iran also would be compelled to play an active role through its intelligence networks in Western Afghanistan in an increasing fight for influence, even going against its sectarian instincts and reaching out to the Sunni-affiliated Taliban as it did in June of this year. Such a “war by proxy,” in the absence of western involvement, would be inherently instable and could easily lead to direct hostility and cross border violence between India and Pakistan.

A scenario game changer would be a large scale terrorist attack in Europe which would be traced to South Asia. Although a repetition of a 9/11-style attack would be unlikely, terrorists could attack European infrastructure and economic interests or use chemical, radiological, and biological weapons, intensifying economic, human, and psychological damage. Most significant European countries consider a terrorist attack as likely event and are particularly concerned by spreading of terrorists networks in the Sahel region and Syria as well as the threat of home grown terrorists. Should a major terrorist attack occur, European governments would demand complete cooperation from the country whose nationals were involved although they would lack the means to deploy autonomously a military force larger than a few brigades for a limited time without significant U.S. military support. Such a scenario would be a worst case hypothesis for European governments where officials would face enormous political pressure to act but would have a limited set of military options to deploy.

⁴⁶ Larry Hanauer and Peter Chalk, *India's and Pakistan's Strategies in Afghanistan: Implications for the United States and the Region* (Santa Monica CA: RAND, 2012), http://www.rand.org/content/dam/rand/pubs/occasional_papers/2012/RAND_OP387.pdf.

Scenario: India-Pakistan Instability

Once cross-border violence between Pakistan and India reaches the threshold where it can be considered a war (multiple actions, significant casualties and direct involvement of the government), there is a very high risk of a rapid nuclear escalation. (Pakistan has expanded its nuclear weapons capabilities in recent years, leading to speculation that it would employ a “first strike” nuclear policy to confront India’s overwhelming military force in a conflict scenario.⁴⁷) Both countries also have developed tactical nuclear weapons, which lower the threshold of nuclear use and risk escalating a conflict.) Pakistan is the weaker power and has lost the three previous confrontations with India; it also harbors deep mistrust of western countries (according to polls, 74 percent of Pakistanis consider the United States an enemy).⁴⁸ Due to Pakistani domestic complexities, its policies and politics can shift quickly depending on the perceived level of threat and domestic pressures.

As a country with strong historical ties in South Asia and a permanent member of the UN Security Council, the United Kingdom would not shun involvement in a deteriorating security situation in the region. However, neither the United Kingdom nor European NATO countries have the military means (both in terms of sheer size, force transit and power projection capabilities) to engage in the region for any duration of time but would likely play a limited military role in a coalition led by the United States. The British would use active diplomacy at the United Nations to broker a compromise and an end to hostilities.

Conclusions

Europe and the United Kingdom will face several domestic challenges in the coming years which will limit their regional and global foreign and security policy activism and ambition. The British in particular will focus on improving their domestic economic outlook as they look toward 2015 general elections. An increasingly potent electoral issue is how the United Kingdom will redefine its relationship with the European Union as well as politically assessing the impact of Scotland’s independence referendum in 2014. After an unpopular and exhausting military intervention in Afghanistan, there is no public appetite for even a minimal involvement in preserving South Asia’s security although development assistance will be offered as long as security conditions permit.

Due to its historical relationship in the region, the United Kingdom will seek to remain diplomatically and economically engaged in the region although it must find a way to balance diminishing political and developmental assistance assets and preserving its interests in the region. Ultimately, the British believe that their greatest influence in the region is their trade relations and their (waning) influence in shaping Washington’s policy toward the region. As British-American relations grow more problematic as the British-European relationship evolves, London’s ability to influence U.S. policy will be sorely tested as well.

⁴⁷ Dean Nelson, “India and Pakistan ‘escalate nuclear arms race,’” *The Telegraph*, June 5, 2012, <http://www.telegraph.co.uk/news/worldnews/asia/pakistan/9312139/India-and-Pakistan-escalate-nuclear-arms-race.html>.

⁴⁸ “Pakistani Public Opinion Ever More Critical of U.S.,” Global Attitudes Project, Pew Research, June 27, 2012, <http://www.pewglobal.org/2012/06/27/pakistani-public-opinion-ever-more-critical-of-u-s/>.

About the Author

Heather A. Conley is senior fellow and director of the Europe Program at CSIS. Prior to joining CSIS, Ms. Conley was a senior adviser to the Center for European Policy Analysis. From 2005 to 2008, she was the executive director of the Office of the Chairman of the Board at the American National Red Cross. From 2001 to 2005, she served as deputy assistant secretary of state in the Bureau for European and Eurasian Affairs with responsibilities for U.S. bilateral relations with the 15 countries of northern and central Europe. From 1994 to 2001, she was a senior associate with an international consulting firm led by former U.S. deputy secretary of state Richard L. Armitage. Ms. Conley began her career in the Bureau of Political-Military Affairs at the U.S. Department of State where she served as the State Department liaison for the U.S. Department of Defense's Global Humanitarian Assistance Program (HAP). Following this assignment, she was selected to serve as special assistant to the coordinator of U.S. assistance to the newly independent states of the former Soviet Union. Ms. Conley received her B.A. in international studies from West Virginia Wesleyan College and her M.A. in international relations from the Johns Hopkins University School of Advanced International Studies (SAIS).