

PEARSON

INDIA'S FOREIGN POLICY

Edited by
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INTRODUCTION

Standard accounts of foreign policy are typically biased in favour of politico-security narratives. However, contemporary foreign policies are both political and economic, and the strategic changes originating from the end of the Cold War are as important in shaping India's foreign policy as the economic changes underlying globalization. Moreover, foreign policies are a function of the interplay of global and domestic factors. Traditionally these have been kept apart, and the analysis of systemic factors and unit-level variations has proceeded along parallel tracks. If domestic variables and systemic factors would need to be brought together for comprehensive and convincing foreign-policy accounts of states, perhaps one needs to transcend the limits of the prevailing cultures of foreign policy analysis in India. This is needed for two reasons. First, the scope and ambition of a state's foreign policy are driven primarily by its position in the international system, defined by the nature of distribution of capabilities. Second, the impact of capabilities on foreign policy is indirect and complex, because systemic pressures are mediated by intervening (domestic) variables at the unit level.

Since the very beginning of its journey as a sovereign state, India thought of itself as a great power, regardless of its material weaknesses, absence of strategic reach and depth, manifest lack of an international recognition of its potential power, and the many constraints created by the existing body of great powers to prevent India from breaking into their ranks. The non-aligned foreign policy was in fact meant to compensate for India's hard-power deficits by opening up a space for its autonomous maneuvering within the Cold War bipolarity of the then existing international system. Non-Alignment was never conceived as a strategy to perpetuate India's dependence on soft-power resources. It sought to create hard-power capabilities within a limited bounded space, amidst enormous constraints and difficulties, both at the systemic and domestic levels.

However, domestic or internal security considerations were equally, if not more, significant for the Indian state. India's strategic paradigm of the Cold War era, in fact, emerged out of dual considerations—the external power projection of

capabilities of the state on the one hand, and settling the claims of domestic delegitimation through democratic means, on the other.

Indian foreign policy became decidedly realist, and the state came to lean towards socialist policies in the 1970s due to a combination of factors, both regional and international. The unusual hardening of India's threat environment left few options besides heavy reliance on Soviet support. As opportunities for power projection were limited, the pressure of external powers, particularly that of the United States, mounted. The last years of the Cold War period saw the Soviet intervention in Afghanistan that altered the geo-political setting of the subcontinent as never before. The American ploy to counter-balance the Soviet threat by courting Pakistan, which already had an unofficial military alliance with China, and the mutual interactions of the US–China détente and Soviet–China hostilities, put enormous pressure on India and its national security. Till the sudden demise of the Cold War, however, India, did not redefine its foreign and security policies in any fundamental sense. The mistrust of super power alliance politics, intense hostility with Pakistan, and consistent rivalry with China drove her foreign policy moves. Soviet support remained a constant, although India went on espousing a broad-based non-aligned posture, maintaining high priority to West Asian Arab states but displaying a constant lack of interest in East Asian relations.

The end of the Cold War led to enormous and sudden transformations at the systemic level that impacted crucially on the evolving 'grand-strategy' discourse(s) of the Indian state. At the end of the Cold War era, new forces are in operation and the predictable formats of foreign policy choices have been drastically altered. This is a period when new power equations are being formed in a uni-polar world that shows multi-polar tendencies, when global and transnational economic relations increasingly herald greater integration, and information technology revolutionizes and penetrates even the most secluded corners of the world. There are new challenges and opportunities. Many of the profound erstwhile prescriptions need to be evaluated in the light of the changes that take place as the post-Cold War era progresses.

At the beginning of the 21st century, India not only aspires to be a global player but is also recognized as a rising power with the potential to play a greater role in the international affairs. The ever-increasing importance of India's foreign policy therefore brings greater opportunities with correspondingly greater responsibilities, and India's foreign policy and its relations with the other actors in the global system require meaningful explorations at this transitional phase.

This volume collects essays covering various aspects of India's foreign policy and relations, analyzing trends and patterns, and focusing on the consistency, continuity and change both in attitude and actions. Individually, each essay is a commentary on the concerned theme it portrays, but taken together, the complete picture that emerges exposes a disjointed, makeshift bunch of policies with mixed results.

The book is divided into four broad sections. The first section has essays on the general aspects of India's foreign policy, and creates the basis for more specific treatments that follow next. The inclusion of the essays on foreign economic policy and the role of press in India's foreign affairs is dictated by the overriding significance of these themes in the contemporary epoch. Foreign economic policies are now in many ways the drivers of foreign policy directives, and the press provides an exciting canvas and medium for the formation of most policy decisions in contested domains of foreign relations. The second section takes us to the conventional settings of security and defence-related issues. In the high politics of global affairs, the nuclear and naval powers are key to a nation's capacity for power projection. As a rising power in world politics, India's evolving nuclear policy and maritime strategy are vital indicators of present capabilities and future aspirations. How India relates to the existing great powers of the world would decide the success or failure of her foreign policy in the coming years. The crafting of ties with the lone super power of the world, the United States of America, amidst alleged hegemony and new opportunities of partnership, would constitute a major test for India's foreign policy expertise in general, and her diplomatic corps in particular. India's calibrated normalization of ties with China, despite a structural rivalry of uncertain magnitude, is the other major foreign policy objective before the foreign policy establishment. Good relations with China would not only reduce India's security deficit in the subcontinent, but may also be the harbinger for its much touted Look East initiative. Russia, despite its economic difficulties and relative decline, remains the most trusted friend of India, and the most significant defence destination in terms of military technology and hardware. Continued good relations with Russia thus remain a top foreign policy objective. India and the European Union are forging dense political and economic ties. India's faith in multilateralism converges to a great deal with European Union's (EU) global perspective. The challenges and opportunities of this fledging partnership find a place in this section in recognition of Europe's continued relevance for India's foreign policy goals. The final section incorporates a series of essays on important bilateral relations of India. How India connects to her immediate neighbourhood and relates to the more distant areas of the world would decide the character of foreign policy that she is evolving for the time. The geo-politics of the subcontinent, the rise of ethnicity as a major determinant of policy in South Asia, the vision of the Look East thrust, the growing complexities in West and Central Asia, the attractions and silences over Africa and Latin America, the understanding of regionalism and its institutional dynamics, are all crucial issues concerning India's foreign policy. These issues have been dealt with by the various authors in considerable detail and from diverse perspectives. Throughout the volume, the editors refrained from imposing their prerogatives in influencing the views articulated by the authors and, consequently, the authors are responsible for the views expressed and sources cited.

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FROM NON-ALIGNMENT TO PRO-IMPERIALISM: CLASS AND FOREIGN POLICY IN INDIA

Jayantnuja Bandyopadhyaya

The magnitude, sense, and direction of a state's foreign policy are determined, in any given period of time, by both domestic and external factors. One of these factors is the exogenous inputs and stimuli received by the state from the international system, i.e., from other states and groups of states. For example, the foreign policy of the USA between 1945 and 1990 was based on the grand strategy of an ideological and strategic confrontation with the Soviet Union. Since the collapse of the Soviet Union around 1990, the USA and its strategic allies have adopted the strategy of imperialist domination of the world through economic and military globalization. Similarly, relations between the USA and the USSR during the Cold War and their policies towards India were major external determinants of Indian foreign policy between 1947 and 1990. The nature of these exogenous stimuli changed after the disintegration of the Soviet Union and the emergence of the USA as the only superpower in the international system with the new global strategy of imperialist domination. India had to respond to the new exogenous stimuli through a reorientation of its foreign policy.

However, the new sense and direction of India's foreign policy in the changed international context was not—and could not have been—mechanically determined. Not all states respond to exogenous stimuli over time in the same way. Every state has an inner structure that mediates between its exogenous stimuli and its foreign policy response. Changes in the exogenous stimuli generated by changes within the international system are therefore responded to differently by different states in a given period of time, or by the same state at different periods of time, according to the differences and dynamics of their inner structural characteristics. The changes in the grand strategy of the USA in response to the dynamics of its external environment were determined by its own structural characteristics and their dynamics. India's foreign policy of non-alignment during the Cold War, and the pro-imperialist reorientation of its foreign policy since the collapse of the

Soviet Union were also determined in the same manner by its structural characteristics and their dynamics.

CLASS STRUCTURE AND FOREIGN POLICY

The inner structure of every state can be deconstructed into a finite set of structural units or components, each of which performs a conceptually specific, though operationally overlapping, function with respect to the making of foreign policy. Moreover, these structural units of the state have relations among themselves, which can be characterized by either coordination or control, or both. However, since the state by definition has a central and sovereign authority, the structure of a state is always and necessarily hierarchical, irrespective of whether its government is democratically constituted or not. This means that some of the structural units are dominant while the others are dependent. Obviously, it is the dominant structural units that play a decisive role in framing its domestic and foreign policy. These dominant structural units determine the goals of foreign policy at any given period of time in terms of 'national interest' as perceived by them, interpret the meaning and significance of the exogenous stimuli, and decide the sense and direction of foreign policy. Their foreign policy behaviour is constrained by certain domestic and external constraints and parameters. But these are also interpreted and adapted by the dominant structural units to suit their own class and sectional interests. A basic understanding of the behavioural characteristics of the dominant structural units of a state is, therefore, necessary for an explanation of its foreign policy in any given period of time.

The class structure of a state determines which sections will play a dominant role and which structural units will remain dependent. The class structure of a state with predominantly feudal relations of production, like Saudi Arabia or Pakistan, is necessarily different from that of a state with predominantly capitalist relations of production, like the USA or the UK. The class structure of a state with semi-feudal and semi-capitalist relations of production like India is different from that of either Saudi Arabia or the USA. However, it should be remembered that a class permeates the entire state system in its economic, political and social aspects, and does not directly control the sense and direction of foreign policy. It operates through its auxiliaries or affiliates such as political parties, business groups, political and ethnic pressure groups, arms lobbies, political leadership, and bureaucracy. In the USA, for example, the transnational corporations including the big oil companies, the military-industrial complex, the Jewish lobby, the privately owned mass media, and the privately managed educational system have always acted as auxiliaries or agencies of the propertied classes to help shape foreign policy. In Pakistan, the armed forces, the clergy, and the political leadership have generally acted as the auxiliaries of the feudal class in determining foreign policy.

However, we should not take a simplistic view of the relationship between the dominant class and the dominant structural units of a state and their control over the sense and direction of foreign policy. Although the distribution of property is the central characteristic of the relations of production, the latter cannot be analysed or understood purely in terms of an unscientific economic determinism. Archaic social formations like caste or tribe, religious divisions and conflict, ethnic or regional separatism, state-inspired aggressive nationalism, and other socio-historical forces often impart a complexity to the relations of production, especially in traditional and developing societies, that cannot be correctly explained through economic determinism. On account of such sociological complexity, the membership and leadership of political parties, for example, do not always have a one-to-one correspondence with a particular economic class. The same economic class may also be broadly represented by two different political parties. Therefore, the relationship between the ruling class and the dominant structural units of a state should not be viewed in a deterministic manner. Finally, it should be remembered that the dominant structural units of a state are human aggregates and, as such, possess cognitive, volitional, and heuristic capabilities that impart a measure of autonomy to their domestic or foreign policy behaviour. Given the class structure of the state, the sense and direction of its foreign policy can be predicted only probabilistically, rather than in a deterministic manner.

Subject to such complexities and analytic refinements, however, the class structure of a state is undoubtedly the most important determinant of its foreign policy. The ruling class operates through its auxiliaries, namely, the dominant structural units of the state, in interpreting national interest, deliberating on and responding to exogenous stimuli received by the state, and influencing the magnitude, sense and direction of its foreign policy. It is within this analytic framework that we shall discuss the strategy of non-alignment followed by the government of India from 1947 to 1990, and the strategic shift of Indian foreign policy to pro-Americanism and pro-imperialism since then, especially since 1998 under the Bharatiya Janata Party (BJP)-led National Democratic Alliance government.

FOREIGN POLICY AT INDEPENDENCE

The class structure of India at the time of Independence was predominantly based on feudal relations of production. A dual economy was, however, inherited from the colonial period, and a small capitalist and commercial sector had also developed mainly around the port cities. The vast feudal structure was characterized not only by the economic exploitation of the peasants by the landlords, but also by the socioeconomic oppression of the 'lower' castes by the 'higher', religious bigotry and superstition, communal divisions and conflict, and linguistic and ethnic differences. At the same time, a large section of the peasantry, and a small section of the big landowners had actively participated in the national liberation movement

against British imperialism. Their class interests, therefore, transcended the property question at the national level. The small capitalist and commercial class that had grown in the urban areas also had a somewhat ambiguous class character. The primary interest of this class was, of course, to increase its wealth in independent India and was, therefore, antagonistic to the working class. However, the members of this class as a whole had also suffered economic disability and racial humiliation under British rule and, hence, had developed a strongly nationalist, anti-imperialist, and anti-racist ideological outlook. In fact, a section of this class, as well as a section of the landlords had financed the national liberation movement.

A small middle class had developed in the urban centres, and played a major role during the national liberation movement as well as after Independence. Its members had mostly received Western higher education either in India or in Western countries, particularly Britain. Except for those few members of this Western-educated middle class who had embraced Marxism and organized proletarian class struggles within the fold of the national liberation movement, the rest were generally ambiguous with regard to their political beliefs and ideological convictions. They were acutely conscious of and sensitive to the political oppression, economic exploitation, and racial humiliation that they had been subjected to under British rule. This psycho-historical sensitivity imparted to the middle class a genuinely anti-imperialist and anti-racist behavioural characteristic. Many members of this class were also deeply impressed by the accelerated economic and educational development of the Soviet Union through state planning and socialism. At the same time, this Western-educated mainstream middle class had a strong empathy for Western political systems, values and beliefs, and shied away from proletarian class struggles at home and proletarian internationalism abroad.

By and large, the middle class, with the exception of its communist fringe, followed the strategy of class collaboration during the national liberation movement, and afterwards under the guise of radical rhetoric. While trying to draw peasants and workers into the freedom movement through the aggregative ideologies of nationalism, anti-imperialism, anti-racism, and religious emotionalism, the mainstream middle class refused to seriously disturb either the class structure or the caste structure of India, and it was this ideologically ambivalent, mainstream middle class that played a major role in shaping national politics and the foreign policy of India after Independence.

Given this class character of the Indian state at the time of Independence, it was natural that Indian foreign policy should take the broad orientation that it did from 1947 till the end of the 1980s. While being strongly anti-imperialist and anti-racist, it was also ambivalent towards the global ideological-strategic confrontation between the Soviet Union and the Western states led by the USA during the Cold War. However, this is only a preliminary and somewhat simplistic formulation of the relationship between the class structure and the broad orientation of the Indian foreign policy after Independence. As explained earlier, the nature and

characteristics of the dominant structural units of the state, and the domestic as well as external constraints and parameters under which they operate, should also be taken into account for a scientific explanation of foreign policy. This is what we now proceed to do with reference to Indian foreign policy during the period mentioned above.

THE CONGRESS PARTY, NEHRU, AND NON-ALIGNMENT

The major structural units of the Indian state that were relevant to foreign policy in the first few decades after Independence were the political parties, political leadership, the Parliament, armed forces, and diplomatic bureaucracy. Pressure groups, business lobbies, arms lobbies, etc., were not sufficiently developed or organized to be able to exert any significant influence on the making of foreign policy. Needless to say, not all of these structural units of the state had equal weight with regard to their role in the making of foreign policy. The armed forces were sharply divided in their class composition. While the rank and file was generally recruited from the peasantry, the officers generally came from the propertied classes. They had received their military training under British officers, often in Britain. Although they had inherited the British military tradition of political neutrality and voluntary subordination to civil authority, their education, lifestyle, and ideological proclivities were decidedly Western. However, the representative character and legitimacy of the civilian government which came to power under the Prime Ministership of Jawaharlal Nehru led to the marginalization of the armed forces in the making of the Indian foreign policy. The diplomatic bureaucracy, which was initially recruited from among the Indian Civil Service (ICS) officers and families of ex-rulers of the princely states, were pro-Western in their lifestyle and ideological outlook. But it was also effectively brought under the command and control of the political leadership with regard to decision-making in foreign policy.

Thus, the apparently dominant structural units of the state concerned with formulating the foreign policy were the political parties, political leadership, and the Parliament. Among the political parties, the Indian National Congress, which had led the freedom movement under the leadership of Mahatma Gandhi and Jawaharlal Nehru, dominated the political scene. Unlike in China and Vietnam, the Communist Party of India (CPI) had been unable to capture the commanding heights of the anti-imperialist struggle in spite of its dedicated work among peasants and workers. The communal forces, including the Hindu Mahasabha and its successor, the Jana Sangh, were too insignificant to be able to exercise any influence on the sense and direction of the foreign policy. Muslim communal politics had also come to an end, at least temporarily, with the partition of the subcontinent. Equally insignificant were the small social democratic parties to the left of the Congress. Indian politics in the first few decades after Independence represented a one-party dominant political system. Since the Congress enjoyed a

clear majority in the Parliament, it also exercised nearly total control over the government and its domestic as well as foreign policies. The leadership of the CPI and the social democratic parties did occasionally exercise some indirect influence on the foreign policy through parliamentary debates, agit-prop methods, and their personal relationship with Nehru. But the broad strategy with regard to foreign policy was formulated by the Congress in the light of its perception and interpretation of national interest, external stimuli received, and the constraints and parameters of the state, both domestic and external. Such a perception was undoubtedly coloured by the class character of the Congress and its leadership, but Nehru's political leadership also played a somewhat autonomous role in giving shape to both perception and policy.

The Congress also had to take into account the basic constraints and parameters of the Indian state system in deciding the sense and direction of the foreign policy. The domestic constraints included the vast social, economic, political and cultural plurality of the state system, and the imperative of accelerated economic development through economic and technological aid from as many foreign states as possible, and the need for political aggregation for the purpose of state-building. The domestic parameters included the liberal-democratic constitution, the anti-imperialist and anti-racist tradition of the national liberation movement, and the Gandhian legacy of tolerance and non-violence. The most important external constraint was the ideological-strategic bipolarity of the international system into which the Indian foreign policy had to be projected. With Pakistan's direct involvement in the Western military alliances, this central contradiction within the international system had in fact directly impinged on India's sovereignty and territorial integrity. The manner in which the Congress responded to these constraints and parameters in foreign policy depended to a great extent on their class character.

The Congress Party basically represented the interests of the propertied classes, including the big landholders, the capitalist and the commercial classes. These classes had financed the party during the freedom movement, and continued to finance it after Independence. The party had, however, successfully created a measure of horizontal unity among the classes and masses through the ideologies of nationalism, anti-imperialism, anti-racism, and religious cosmopolitanism in the face of acute economic and social stratification during the freedom movement. It continued to follow the same strategy after Independence to create a mass following for itself, without in any way disturbing either the exploitative relations of production or the oppressive and crystallized prejudice structure of caste. This class character of the Congress manifested itself in the anti-imperialism and anti-racism of the Indian foreign policy as well as ideological-strategic ambivalence as reflected in the strategy of non-alignment. Nehru's leadership, representing as it did the class character and ideological ambivalence of the mainstream Indian middle class, was not fundamentally different from that of the Congress. Strongly anti-imperialist and anti-racist, Nehru organized the two Asian Relations confer-

ences in 1947 and 1949 respectively, and the Bandung Conference of Afro-Asian states in 1955. He and the Congress also carried on a prolonged struggle against apartheid in South Africa. He was not only the leading architect of the Non-Aligned Movement, but was also mainly responsible for its fundamentally anti-imperialist orientation. However, his ostensibly strong empathy for the emancipation of Indian masses and socialist ideology was not reflected in any attempt at radical reconstruction of India's relations of production or to seriously challenge the capitalist ideology through his domestic or foreign policy. His Western lifestyle, his Fabian socialism, and his commitment to Western political values and belief patterns persisted throughout his life, and apparently led India into becoming a member of the Commonwealth headed by Britain, and to economic, intellectual and cultural dependence on the West. While it was undoubtedly an anti-imperialist strategy, non-alignment was ideologically ambivalent.

It should not be forgotten, however, that the strategy of non-alignment, in spite of being related to the class character of the Congress and its leadership, played a relatively progressive role in international relations during Nehru's lifetime and afterwards, especially through its resistance against imperialism. India's policy of non-alignment and the Non-Aligned Movement (NAM) enabled most of the newly independent states of the Third World to resist the machinations of the imperialist powers led by the USA to re-establish their direct political and military control over these states through imperialist military alliances. India and the NAM opposed big power chauvinism, the balance of power theory, and the militarist approach to international relations in general. In 1976, the Colombo NAM summit even passed a resolution demanding the abolition of the veto and the establishment of a new international political order. On the economic front, India and the NAM raised the demand for a new international economic order that would be free from both direct imperialist exploitation and post-colonial economic neoimperialism, particularly through the Group of 77 and the NAM summit conferences. They also worked incessantly for the promotion of South-South economic cooperation designed to free the developing states from the neoimperialist economic control of the advanced capitalist states. On the cultural front, India and the NAM raised the demand for a new international information order, especially at the UNESCO, in order to free the developing states from the cultural neoimperialism of the USA and the West. This impelled the USA, the leading imperialist state, to withdraw from the UNESCO.

Within a relatively short period of time the majority of UN members joined the NAM in a vast multidimensional anti-imperialist front in international relations. India stood at the vanguard of this Third World movement against international imperialism. Non-alignment became the grand strategy of the Third World against international imperialism, and India's prestige, as the architect and leader of this movement, stood high. This is the reason why there was a consensus of political support behind India's policy of non-alignment. The class character of the Congress and Nehru prevented them from making any ideological or strategic

commitment to the cause of proletarian internationalism. It merely advocated the peaceful coexistence of conflicting ideologies and socioeconomic systems, and maintained close political and economic links with both the conflicting ideological blocks. Friendship with the Soviet Union was due more to Soviet diplomatic support for India at the UN, particularly on the Kashmir question, and India's dependence on the Soviet Union for military supplies, than to ideological or strategic empathy for the socialist camp. Nevertheless, India's policy of non-alignment, while it lasted, did to some extent stymie the progress of imperialism, accelerate the process of decolonization, and intensify the global struggle against white racism in general, and apartheid in particular.

CHANGES IN CLASS STRUCTURE AND FOREIGN POLICY

The class structure that was inherited by the Indian state from the colonial period and the national liberation movement has changed significantly during the last two decades or so, leading to corresponding changes in both domestic and foreign policy. The commitment to social democracy has been replaced by the open advocacy of capitalism and tacit alliance with feudalism. The policy of secularism, albeit in the perverse sense of open encouragement of all religions, had been abandoned by the BJP in favour of the goal of a Hindu Rashtra and the encouragement of Hindu religious fundamentalism by the state and the government. The policy of anti-imperialism in foreign policy had been abandoned in favour of a 'strategic partnership' with the USA, the leader of international imperialism. The Indian foreign policy had been made subservient to the concerted drive for economic and military globalization on the part of the imperialist powers, whose main objective is to destroy socialism and establish a structure of dependent capitalism across the world. The grand strategy of non-alignment has been abandoned and replaced by close alignment with the USA and international economic as well as military imperialism.

The ostensible reason for this turnaround in Indian foreign policy is the radical change in the external constraints of the Indian state brought about by the disintegration of the Soviet Union and the emergence of the USA as the sole superpower in the international system. The retrograde changes in foreign policy are generally justified by the camp-followers of imperialism in the name of a 'new realism' that is said to have become necessary in the changed international context. But as we have argued before, the foreign policy of a state cannot be explained without reference to its inner structural characteristics, particularly its class structure, although there is no mechanical or deterministic relationship between the two. The retrograde movement of the Indian foreign policy during the last two decades or so can be largely attributed to the changes that have taken place in the country's class structure, particularly the sociological characteristics of the ruling class. Nor did the process of structural change start only during the BJP era. It had started about

the 1980s during the last phase of Congress rule, and gathered momentum in the early 1990s during the prime ministership of Narasimha Rao. It was only accelerated, aggravated, and became more retrograde during the BJP era beginning in 1998. The changes in foreign policy more or less corresponded with these retrograde changes in India's class structure. These structural changes during this period, with special reference to the class structure, can now be summarized.

Political Realignment of Caste Formations

Although the caste structure of India is conceptually and sociologically different from the class structure, there are considerable overlaps and links between the two. Moreover, there is a high correlation between low economic status and low caste status on the one hand, and high economic status and high caste status on the other, with marginal exceptions. Changes in the political loyalties of the different caste formations, therefore, induce sympathetic changes in the class structure, including the class character of the dominant structural units of the state.

The Congress, as we have noted earlier, was able to create a mass base for itself that cut across class, caste, and communal divisions with the help of nationalism and anti-imperialism, the syncretic ideology of democratic socialism, and a distorted form of secularism. But from the mid-1960s or so, the middle castes, which were relatively numerous and generally belonged to the propertied class, shifted their political loyalty from the Congress to other political parties. These castes constituted the main political base of the Janata Party, which came to power at the Centre in 1977 after the Emergency. Since the early 1970s, the scheduled castes and tribes, which constituted the most socially oppressed and economically exploited section of the Indian proletariat, also started shifting their political loyalties from the Congress to other political parties and started setting up their own political parties. The process gathered momentum after the publication of the Mandal Commission Report in 1980 and the caste violence that followed in northern India. The formation and rapid growth of the Bahujan Samaj Party (BSP), and the growth of tribal political movements leading to the formation of the Jharkhand, Chhattisgarh, and Uttaranchal states exemplify this process of political realignment. Meanwhile, the rise of Hindu nationalism has led to a shift in the political allegiance of a large section of the upper castes away from the Congress and towards the BJP.

As a result, the Congress lost a large part of its traditional support base among the proletariat as well as the propertied classes, lost power at the Centre, and ceased to be the most dominant structural unit of the Indian political system. Although the realignment of political loyalties of the caste formations has not taken any single direction, and has had a somewhat fragmented look so far, the main beneficiary appears to have been the BJP. This undoubtedly has been one of the major reasons for the BJP coming to power at the Centre and the rapid

replacement of the Congress by the BJP as the most dominant structural unit of the Indian political system in the late 1990s.

Rise of Hindu Fundamentalism

Around the mid-1960s the Rashtriya Swayamsevak Sangh (RSS), and its political wing, the BJP, started rapidly spreading their organizational tentacles and increasing their propaganda on the fascist ideology of Hindu nationalism and Hindu Rashtra, in a bid to capture state power in India. Although the growth of the political influence of the BJP was not immediately reflected in its electoral performance, it enabled the party to become a major partner in the Janata government at the Centre during 1977–79. This stint in office enabled the RSS and the BJP to increase their financial resources and organizational strength further. This, in turn, enabled them to raise their bid for power to a new political level in the 1980s, mainly by taking advantage of the blind faith of a large section of the masses in the Hindi belt in the mythology of the Ramayana. This new organizational and ideological thrust culminated in the demolition of the Babri mosque in 1992, and the Hindu communal frenzy that followed enabled the BJP to capture power briefly in 1996, before establishing a stable government in 1998.

From its inception, the class base of the BJP, like that of its predecessor, the Jana Sangh, consisted mainly of the feudal and trading classes. The big bourgeoisie generally supported the ruling party, namely, the Congress, with which it had no major ideological differences or conflict of interest. But with the rise of the BJP to a dominant position in Indian politics, particularly after its coming to power at the Centre and a number of states, a section of the capitalist class appears to have transferred its financial support to the party. The defection of a large section of the feudal elements, the big bourgeoisie, and the middle castes from the Congress to the BJP has been a major cause of the decline of the former and the rise of the latter. The BJP has also been trying to spread its influence among the proletarian castes and tribes through the blind emotional appeal of Hindu nationalism. The emergence of the BJP as a dominant structural unit of the Indian state system made a major shift in the domestic and foreign policies inevitable.

Reversal of Ideology

The ideological commitment of the Congress to democratic socialism and secularism at home and to anti-imperialism and non-alignment in foreign policy was being slowly abandoned in the 1980s, as we have already mentioned. This reversal of the Congress ideology was as much due to the erosion of its mass base as to the personal leadership of Prime Minister Narasimha Rao. He had a conservative personality and orthodox belief structure, being steeped in Hindu religiosity, with a

Hindu 'godman' constantly around him. His political views were also at best centrist, if not entirely rightist. He represented the class character of the rightist fringe of the Indian middle class. As a result, he opened up the Indian economy, for the first time, to the predatory manipulations of the transnational corporations of the G-7 states in the name of globalization. He was also responsible for India's visible retreat from non-alignment, and a new but wholly unwarranted pro-American tilt to the foreign policy after the disintegration of the Soviet Union. The BJP-led NDA government, due to its own class character and ideological compulsions, carried this process further into an open 'strategic partnership' with the biggest imperialist power of the world.

From its very inception, the BJP, on account of its class character, was ideologically committed to feudalism and capitalism, and a staunch enemy of all forms of socialism anywhere in the world. In this respect, it shared the political strategy of all fascist parties everywhere. Its ideology of Hindu nationalism and Hindu Rashtra involved extreme religious bigotry and fanaticism, and an almost congenital hatred of India's large Muslim population. Immediately after coming to power the BJP-led government quickly jettisoned the foreign strategy of non-alignment, and started aligning closely with the imperialist global strategies of the USA and its allies. At the same time, its Hindu nationalist fanaticism impelled it to escalate Indo-Pakistan tensions, and to seek to subdue Pakistan with the help of the USA.

Rise of the Middle Class

Although the rate of India's economic development has not been sufficiently high for the alleviation of its mass poverty, there has been a phenomenal growth of the 'upwardly mobile' middle class mainly due to the grossly unequal distribution of income and wealth. It has been estimated that at present India's middle class constitutes approximately a quarter of the population, which makes it larger than the entire population of the USA. This large middle class appears to have embraced the consumerist ethos of contemporary Western capitalism all over India. Most members of this class appear to be indifferent to ideological questions, and to be eager to flow with the tide of capitalism and globalization. They seem to have no commitment to anti-imperialism, and are not even willing to resist the Hindu fundamentalism and fascism of the BJP, so long as it does not seriously affect their personal lives. They form endless queues in front of the visa and immigration offices of the USA and other imperialist Western states in the quest for greater personal fortune and wealth. The rise of this large, consumerist, and non-ideological middle class, which itself is apparently one of the results of globalization, is a relatively new element of the Indian class structure that emboldened the BJP-led government to follow a pro-imperialist foreign policy.

Rise of Regional Parties

Simultaneously with the other processes of change in India's state and class structure, and partly on account of them, a large number of regional and local parties have emerged on the Indian political scene, thus imparting a fragmented character to the political structure. Most of these regional parties are devoid of any kind of ideological commitment, and thrive on ethnic, linguistic, or regional chauvinism, casteist politics, or purely anti-incumbency negativism. So far as the central government is concerned, the only objective of these regional parties appears to be the sharing of power at the Centre to strengthen their own position in their respective regions or localities. They appear to have little interest in the broader ideologies and issues of national politics or foreign policy, and are willing to sail with the dominant party in a coalition on all these matters. This gives a more or less free hand to the dominant partner in a central coalition government, such as the BJP, to pursue its national and international objectives according to its own class interests and ideologies.

The above analysis of the changes in India's state structure, particularly its class structure in relation to changes in its foreign policy was intended to indicate the causal link between the two sets of variables in a more or less theoretical perspective. We now proceed to give empirical illustrations of how the pro-American and pro-imperialist foreign policy of the BJP, arising out of its own class character and ideology, has been formulated in specific instances by the Vajpayee government, in response to external stimuli arising out of India's international environment.

FOREIGN POLICY OF THE VAJPAYEE GOVERNMENT

The BJP and the other front organizations of the Sangh Parivar, including the RSS, the Vishwa Hindu Parishad (VHP) and the Bajrang Dal, often projected Prime Minister Atal Behari Vajpayee as a moderate and a liberal, who did not necessarily subscribe to the party's views on Hindu nationalism, Muslim-phobia, feudalism, capitalism, anti-socialism, and pro-Americanism. Vajpayee himself contributed to this ostensibly liberal image by expressing opinions on certain national and international issues that appeared to be occasionally at variance with those of some other wing of the Sangh Parivar. However, this was merely a tactical ploy adopted by the Sangh Parivar, to which Vajpayee was party, designed to widen the political support base of the BJP. Vajpayee, Like most of the other leaders of the BJP, is a life-long member of the RSS, subject to its discipline, and loyal to its ideology. The BJP is the political front of the RSS and represents the fascist ideology of the latter. It is true that the views publicly expressed by Vajpayee on the Indian Muslims, Indo-Pakistan relations, Hindu nationalism, the demolition of the Babri Masjid in 1992, and 'genuine nonalignment' were less fundamentalist and fanatical than those of the BJP. But this happened when the BJP was not in power, and was trying to

expand its support base by projecting Vajpayee, the 'liberal', as the future prime minister. There can be no doubt that this tactic paid political dividends and helped the BJP to capture power at the head of a 24-party coalition in 1998. Vajpayee, however, revealed his true colours as an RSS and BJP loyalist almost immediately after becoming prime minister.

The Pokhran nuclear tests, which Vajpayee immediately ordered after assuming charge as Prime Minister, were intended to be the first signal to the people of India and the world that the BJP attached high priority to Hindu nationalism and Hindu national power, 'greatness' and 'glory'. They were also a signal to Pakistan regarding the BJP's Hindu nationalist perspective of India-Pakistan relations. In September 2000, Vajpayee visited the USA and addressed a joint session of the US Congress. He procured the services of a Brahmin priest from a Hindu temple in the USA and made him chant Vedic mantras in Sanskrit before his speech, in order to project his Hindu nationalist identity. In December 2000, he supported the construction of a Ram temple on the site of the demolished Babri Masjid, as demanded by the RSS, BJP, VHP, Bajrang Dal and Durga Vahini, and described this falsely and perversely as a 'national aspiration of the Indian people'. During the state-sponsored riots of 2002 in BJP-ruled Gujarat in which killed several thousand Muslims and rendered many thousands more homeless, Vajpayee again revealed his true Hindu fundamentalist colours. On 12 April, he launched a vitriolic attack on Islam and Muslims, not only in India but also in other states like Indonesia and Malaysia, and accused them of persistent religious violence. He branded all Muslims everywhere as 'natural aggressors', adding that Islam had spread by the sword through the ages.

The distinction between the BJP ideology and Vajpayee's ideology was, therefore, a contrived one, and was deliberately designed purely as a political tactic, by the Sangh Parivar itself. The BJP's Hindu nationalist ideology, its commitment to capitalism both at home and abroad, its strong antipathy for socialism, its aversion to anti-imperialism and non-alignment, and its preference for an alliance with the USA have in fact been the basic parameters of the foreign policy of the Vajpayee government. In order to ensure that his foreign policy did not deviate from these ideological parameters, Vajpayee also reorganized the political as well as administrative structure of the decision-making process. He filled the prime minister's office with members and loyalists of the BJP, and appointed a BJP member and a loyal personal factotum as his principal private secretary (PPS) as well as national security adviser (NSA). He also reorganized the National Security Council and brought it under the control of the PPS and NSA. Although he headed a 24-party coalition, he constituted a cabinet committee on security that consisted of only senior BJP ministers, with the exception of the Defence Minister George Fernandes who belonged to the Samata Party but was more loyal to the BJP and Vajpayee than most BJP leaders. He also appointed a large number of BJP loyalists as advisers in the vital ministries of external affairs, defence, and finance, although the constitutional validity of these appointments was extremely doubtful.

In an even more blatantly partisan and unconstitutional move, Vajpayee appointed an RSS organizer of Indian origin and leading member of the Friends of the BJP in the USA, as an adviser to the Indian Embassy in Washington with the rank of an Ambassador to the USA. He did this in the face of stiff opposition from the Parliament and the foreign office. The RSS and BJP activist was designated as the Ambassador-at-Large for all non-resident Indians (NRIs), and Persons of Indian Origin (PIOs) abroad. The obvious intention was to bypass the regular diplomatic bureaucracy for implementing the RSS agenda in foreign policy. This RSS project could not, however, be ultimately pushed through on account of the provisions of international and diplomatic practice, which prevented the US government from officially accepting two ambassadors from one country. But that is a comment on Vajpayee's knowledge of the international law, not his dedication to the RSS cause in the making and implementation of his foreign policy.

Indo-Pakistan Relations and the USA

The Lahore Declaration of 1999 was held up by the BJP and the Vajpayee government as an example of their ostensibly friendly attitude towards Pakistan, and of the liberal and moderate character of Vajpayee's personal leadership. It, however, only revealed their willingness to subordinate their foreign policy to the dictates of the USA. The USA had condemned the Pokhran nuclear tests by India as well as the Pakistani nuclear tests that followed. It had mobilized the P-5 states to apply combined diplomatic pressure on India and Pakistan to start immediate negotiations. The USA and its strategic allies including Japan also imposed economic sanctions on both the countries following the nuclear explosions. At US initiative, the UN Security Council also passed a resolution condemning the nuclear tests and urging both India and Pakistan to start an immediate dialogue. It was under such intense international diplomatic pressure primarily engineered by the USA, which impelled the Vajpayee government to start the dialogue process leading to the Lahore Declaration in which both states agreed 'to intensify their efforts to resolve all issues, including the issue of Jammu and Kashmir'. However, instead of intensifying such efforts, the dialogue process was allowed to languish, in tune with the BJP's Pakistan policy, until it was overtaken by the Kargil crisis.

India's nuclear explosions at Pokhran in 1998, and the events that led to the Lahore Declaration in the following year, reflected the foreign policy parameters of the BJP and their dedicated implementation by the Vajpayee government. By ordering the nuclear tests, Vajpayee had fulfilled his commitment to the BJP ideology of Hindu nationalism and Hindu national power. But it was also one of the BJP's major foreign policy objectives, which followed from its class character, to form a close diplomatic and strategic relationship with the USA. Hence, the Vajpayee government yielded to diplomatic pressure from the USA and its strategic allies to start a dialogue with Pakistan, but did not deviate even marginally from the BJP's foreign policy towards the latter.

The Kargil crisis of 1999 also revealed the growing collaboration between the Indian and US governments. When the Indian army started its attack on the Pakistani forces that had infiltrated and built defensive positions across the line of control (LOC), the Clinton administration immediately directed the Vajpayee government not to allow the Indian troops to cross the LOC under any circumstances. The Vajpayee government accepted the directive, and requested the US Administration to compel Pakistan to vacate its aggressive occupation of Indian territory. Apparently pleased with India's positive response to its initiative that had led to the Lahore Declaration, as well as its compliance with the new Kargil directive, the Clinton administration decided to oblige India. President Clinton summoned Prime Minister Nawaz Sharif to Washington, where the two states issued a joint declaration that provided for the withdrawal of Pakistani troops to the Pakistani side of the LOC. The Indian forces had indeed fought bravely and made great sacrifices while evicting the Pakistani intruders from Indian soil. But the fact also remains that US diplomatic pressure on Pakistan was a major additional cause of the failure of the latter's Kargil misadventure.

The Agra Summit of July 2001 represented a similar tactic on the part of the Vajpayee government. It succumbed to US pressure to resume dialogue with Pakistan, but at the same time refused to budge from the party's policy on Pakistan. American diplomatic pressure on India and Pakistan for the resumption of negotiations had increased after the Kargil crisis, prompting Prime Minister Vajpayee to invite General Musharraf to Agra for talks. The Indian media built up a government-inspired hyper-publicity around Vajpayee's initiative. But, the Agra Summit of July 14–16 ended in almost total failure. At the crucial summit meeting on July 16, Vajpayee insisted on discussing the whole range of India–Pakistan relations, including cross-border terrorism and Kashmir, thus downgrading the Kashmir issue to which Pakistan had always attached top priority. General Musharraf, on the other hand, as could be expected, insisted on taking up the Kashmir issue before discussing any other issue. He also rejected Vajpayee's stand on cross-border terrorism and described it as the 'freedom struggle' of the Kashmiri people. The disagreement was so acute that the General and his delegation left Agra shortly after midnight. Here again Vajpayee had bowed to US pressure and taken the initiative for the resumption of negotiations with Pakistan. But he did not deviate from the Hindu nationalist ideology of his own party and its historical antipathy for Pakistan by reopening the Kashmir issue in spite of the generally pro-capitalist and pro-American sense and direction of his foreign policy.

There is strong evidence to suggest that the Agra Summit was the handiwork of the US State Department. Vajpayee's invitation to Musharraf had been preceded by separate triangular and high-level confabulations in Washington, organized at the initiative of the US Administration. Musharraf declared in Islamabad, on the eve of his departure to India for the Agra Summit, that Vajpayee had been compelled by the USA to invite him for talks, although he subsequently retracted this statement, presumably under US advice. The date of the Agra summit was first

announced by the US State Department, and not by India or Pakistan. The agenda included international drug trafficking, which was a primarily American concern, and a surprising item on an Indo-Pak summit agenda involving high politics and diplomacy. Immediately after the failure of the summit, the US media reported that none of the three drafts presented before the summit had been accepted. Since India and Pakistan had submitted only one draft each, the implication was that the third draft was prepared by USA.

That the USA's clout over India with regard to India–Pakistan relations had grown rapidly during the Vajpayee era was also proved by the events following the terrorist attack on the Indian Parliament on 13 December 2001. In line with the BJP's class character and ideology, the Vajpayee government recklessly prepared to launch a military attack on Pakistan, and massed troops on the Pakistan border. It came out with the argument that India had the right to make a pre-emptive strike against Pakistan, just as the USA had used this right to attack Afghanistan. Pakistan immediately responded to the Indian move by test-firing several nuclear-capable missiles, thus indicating its readiness to make a nuclear response to a conventional attack by India. General Musharraf also declared that in view of India's superiority in conventional arms, Pakistan would not hesitate to launch a first nuclear strike against India. The US administration refused to buy India's argument regarding the right of pre-emptive strike, arguing that the two situations cited by India were not comparable. The Indian troops remained on the Pakistan border for several months, until they were withdrawn under relentless diplomatic pressure from the USA and its strategic allies. Senior officials of the Bush administration boasted immediately afterwards that US diplomatic pressure on India had succeeded in averting a nuclear war in South Asia.

It was, and still is, imperative for both India and Pakistan to resolve the Kashmir issue through peaceful diplomacy. But the process of reconciliation should be voluntary and consistent with the sovereignty of the two states, and free from private external interference. But the Vajpayee government, pursuing the foreign policy parameters of the BJP, failed to take any independent initiative to improve India–Pakistan relations in any of the instances cited above, and merely yielded to US pressure. While insisting on the principle of bilateralism that was agreed to in the Shimla Treaty of 1972, the Vajpayee government repeatedly submitted itself to wanton US interference in its policy towards Pakistan. At the same time, it always took pains to adhere to the BJP's foreign policy approach towards Pakistan, and to frustrate the dialogue process on each occasion. Owing to the class character of the Musharraf regime in Pakistan and that of the Vajpayee government in India, the Kashmir problem has been exacerbated. But even more disturbing was the growing interference of the USA in India's foreign policy, and the BJP's week-kneed of the situation. However, as a part of this external interference and its voluntary acceptance, preparations for another Indo-Pakistan summit proceeded amid reports of an American 'road map' for Kashmir.

Indo-US Relations in Other Areas

In areas other than India-Pakistan relations, the foreign policy of the Vajpayee government became even more subservient to US interests. When the US government announced its new National Missile Defence System (NMD) in April 2001, in violation of the Anti-Ballistic Missile (ABM) Treaty of 1972 with the Soviet Union, the Vajpayee government immediately announced its unqualified support to it. India was in fact the first state to support the USA's new nuclear doctrine. But the NMD soon met with opposition not only from Russia and China, but also from the European Union. This was in many ways a turning point for the Indian foreign policy. India had earlier always opposed the nuclear strategy of the super-powers, refused to become a member of the Non-Proliferation Treaty (NPT) and the Comprehensive Test Ban Treaty (CTBT) and proposed general disarmament as the only way to world peace. Around this time, the Vajpayee government also started developing military collaboration with the USA through high-level diplomacy, and a series of joint military exercises involving all the three wings of the armed forces. This was another indication of the new pro-US turn of India's foreign and defence policies. Meanwhile, collaboration between the intelligence and security agencies of India and the USA had also grown apace.

The pro-American foreign policy of the Vajpayee government also manifested itself when the US government declared the 'first war of the twenty-first century' against 'international terrorism' following the terrorist attack on the World Trade Center and the Pentagon on 9 September 2001. No sooner had the Bush administration declared its international war against unidentified terrorists and countries alleged to be harbouring them, than the Vajpayee government offered the use of India's air space, air force bases, and intelligence and logistic support to the USA. The US government had not requested India to for such support, and in fact did not accept the offer because they did not need it. But India's unsolicited and unqualified support for the new imperialist doctrine of the USA, and of the subsequent US attack on Afghanistan, showed the distance Indian foreign policy had rapidly travelled after the BJP came to power in 1998.

The last nail in the coffin of non-alignment was the Vajpayee government's response to the US-British invasion of Iraq in March 2003. The unilateral and private invasion took place in total violation of the UN Charter and international law, and was clearly an act of imperialist aggression that was committed in pursuance of a preconceived global imperialist design after the collapse of the Soviet Union. The declared US objective of destroying Iraq's alleged stockpiles of weapons of mass destruction had no basis in fact or validity according to international law. The other declared objective of freeing the Iraqi people from tyranny through military aggression was both hypocritical and illegal. The real objectives of the US aggression on Iraq were purely imperialistic, perhaps the most important of which was to jump-start the sagging US economy through war. The second objective was to rejuvenate the military-industrial complex, the oil companies and other

transnational corporations (TNCs) that act as prime movers of the US economy. The third objective was to ensure cheap and steady oil supplies for the USA and its strategic allies. The fourth objective was to enable the US-based TNCs to reap hyper profits from the reconstruction of Iraq. The fifth objective was to create a permanent security environment for Israel, the USA's staunchest ally in the Middle East. The sixth objective was to relink Iraq's oil trade, which had been delinked from the dollar and linked to the euro by the Saddam regime, to the dollar. The last—but not the least—objective of the US aggression on Iraq was to boost the election prospects of George W. Bush in 2004. Yet, the Vajpayee government refused to react negatively to US–British imperialist aggression on Iraq for a long time. Under relentless pressure from the mass organizations, the opposition parties, and the press, it was finally compelled to adopt a resolution in the Parliament against the invasion of Iraq.

US–British imperialist aggression on Iraq has already caused an immense destruction of life and property, civilizational infrastructure and cultural treasures of Iraq, in addition to destroying the national freedom of the Iraqi people. As the imperialist occupation of Iraq continued indefinitely and the resistance of the Iraqi people grew by the day, the USA wanted India to contribute one whole division of soldiers for the 'stabilization' of its imperialist occupation of Iraq. Would the USA have dared to make such a demand on India in the pre-BJP period of Indian foreign policy in a similar situation? But the Vajpayee Government, instead of rejecting the US demand outright, negotiated the terms and conditions under which the Indian troops would be sent to Iraq. The USA had ruled out a UN peace-keeping force to replace the vast US war machine in Iraq. Hence, any Indian troops that might be sent to Iraq under US occupation would have a purely mercenary status in international law, and function as an auxiliary of the US occupying forces. It would also amount to the direct participation of India in the enforcement and continuation of US-British imperialism in Iraq. If this speculation turned out to be true, and Indian troops were sent to Iraq to help perpetuate US occupation, it would have meant a complete reversal of Indian foreign policy and a shameful collaboration with global US imperialism.

Another pro-imperialist feature of the Vajpayee government's foreign policy, was the formation of a new India–USA–Israel axis at India's initiative. While this new Indian initiative was in conformity with the anti-Islam, anti-Pakistan, and pro-American parameters of the BJP's foreign policy, it represented a complete reversal of India's West Asia policy since independence. Until the beginning of the Vajpayee era, Indian foreign policy had consistently championed the Arab cause against Israel, and opposed the Israeli occupation of Arab territory in violation of numerous UN Security Council resolutions. At the same time, Israel has always been a close strategic ally and virtual military outpost of the USA in West Asia. India's growing diplomatic and military collaboration with the USA during the Vajpayee era, culminating in the emergence of an India–USA–Israel axis, represented the climax of a new Indian foreign policy that was simultaneously

pro-imperialist and anti-Islamic, and a product of the class character and ideology of the Sangh Parivar.

CONCLUSION

This retrograde movement in Indian foreign policy was not a logical and necessary outcome of the collapse of the Soviet Union and the emergence of the USA as the only superpower in the world. This radical transformation of Indian foreign policy had merely increased the threat of global imperialism, which called for greater vigilance and resistance on the part of Third World states, large and populous states with an anti-imperialist foreign policy tradition like India. Even small states like Cuba and North Korea had vigorously persisted with their anti-imperialist foreign policies long after the disintegration of the Soviet Union. It was in fact imperative for the Government of India, in the new international context, to rejuvenate the Non-Aligned Movement, and to give it a stronger anti-imperialist thrust than ever before. NAM should also have been energized into becoming the spearhead of an international movement for the democratization of the UN and for nuclear as well as general disarmament. But as we have explained earlier, the response of a state to changes in its external constraints and stimuli depend fundamentally on the class character of its dominant structural units. The adoption of a global anti-imperialist strategy in response to the disintegration of the Soviet Union and the emergence of the USA as a ruthless and wanton imperialist superpower would have been alien to the class character of the BJP and the ideological parameters of the Sangh Parivar.

The trouble is that we cannot expect a complete reversal of the pro-imperialist foreign policy of the Vajpayee government from an Indian government that is dominated by a bourgeois party whose class character is not fundamentally different from that of the BJP in spite of possible differences on the communal question. Imperialism in one form or another is fundamentally a corollary of the inner contradictions within the structure of capitalism at an advanced stage of its development. It can, therefore, be seriously resisted only by a state with a different class content. Such a state alone can adopt a transformative and emancipatory approach to international relations and foreign policy. Hence, Indian foreign policy can develop a stable and long-term anti-imperialist and emancipatory character only when the forces of scientific socialism in India are able to exercise decisive influence on Indian foreign policy. It is, therefore, imperative for the leftist forces in India to concentrate their energies on their own independent development throughout the country, and to innovate appropriate strategies and tactics for that purpose.

2

THE EVOLVING TRENDS IN INDIA'S FOREIGN ECONOMIC POLICY: A COMPARATIVE STUDY OF THE PRE- AND POST-LIBERALIZATION PHASES

Antara Acharya

INTRODUCTION

One of the most important objectives of foreign policy is to explore prospects for the development of a country through external relations, and to create greater opportunities for material, technological, and monetary interactions. This understanding is premised on the assumption that economic well-being ensures power, security, development and global respect for the country. This also means that no country can afford to ignore the economic rationale of external relations which act as a driving force in foreign policy making. In recent years, this aspect has become even more relevant due to the phenomenon of globalization and the resultant economic liberalization policies adopted by almost all countries in the world. If the Cold War phase was remarkable for the military power struggle and arms race between the ideologically divided groups of countries, the post-Cold War global order is defined by the integration of the global economy and the collective effort by almost all nations to extract maximum benefits from expanding economic opportunities.

This, in a way, has created problems for the conventional notions of sovereignty and security on one hand, while redefining the realm of state responsibility on the other, as non-state actors have emerged as major stakeholders in a closely integrated global economy that is driven by market forces. The economic aspect of foreign policy making has become even more pronounced as free trade agreements have become instrumental aspects of bilateral and multilateral relations. As a result, the foreign economic policy of any government has become a vital parameter for evaluating its success in the realm of external relations.

The foreign economic policy of a country consists of broad outlines concerning its role in the world economy, which are devised to enhance the position of the domestic economy within the broad global framework. The foreign economic

policy of a country consists of trade policies, legislations, and positions concerning its economic relationships with other states as well as global economic institutions that ultimately shape its response to the global macrosystem. Although in the age of globalization, the role of the state in the sphere of economy has diminished drastically in comparison to that of the global market forces, nonetheless, foreign economic policy plays an instrumental role in determining a country's external as well as domestic economic security and growth opportunities.

The relative importance of the determinants of the foreign economic policy of a country varies in the context of changing trends in the world economy and prevailing ideological orientations. Nonetheless, the basic objective of a country's foreign economic policy remains the enhancement of economic security and prosperity of its people. The immediate strategies and objectives of a country's foreign economic policy might vary according to time and space, but the significance of the economic determinants of foreign policy remains constant.

This chapter seeks to establish the significance of India's foreign economic policy in the process of economic development, especially in the post-liberalization era. The first section addresses the crucial question of whether there ever existed any consistent foreign economic policy (with clearly and explicitly defined goals and strategies) in the pre-liberalization era and develops a simple analytical framework to evaluate the success of India's foreign economic policy within the framework of a relatively closed economy. The second section focusses on the post-liberalization foreign economic policy of India—its changing objectives, determinants and features. The changing institutional aspects of external economic policy-making have been explored by studying the shifts in economic policies after liberalization. This section also deals with the prospects of India's foreign economic policy in the context of recent developments in the global economy, specifically the opportunities for global trade under the World Trade Organization (WTO). The overall objective of the study is to explore the trajectory of the evolution of India's foreign economic policy in areas where the shifts in approach have been most pronounced, namely, trade policies, balance-of-payment issues and foreign direct investment. The developments in bilateral economic relations, although extremely significant, have been dealt with only marginally so as to accommodate the study within the scope of the present volume.

INDIA'S FOREIGN ECONOMIC POLICY IN THE FORMATIVE YEARS: THE NEHRUVIAN VISION, MAHALANOBIS STRATEGY AND PL-480

When India attained Independence, the policy-makers were most concerned with issues relating to external security, law and order, domestic economic conditions, democratic institution-building and maintaining political coherence. In the sphere of economic matters, there was a general consensus that the state had to play an

instrumental role in resource procurement, production, and allocation. In practical terms, this meant direct intervention by the government in providing and regulating basic services and creating industrial infrastructure through a strong public sector. There was also a general consensus that economic planning would play a pivotal role in delineating the desired course of economic development to attain the objectives of a welfare state: social justice and social equality. Partha Chatterjee says, 'The very institution of a process of planning became a means for the determination of priorities on behalf of the "nation".'¹

The Indian Planning Committee² and the Bombay Plan³ were nearly unanimous regarding the need for some kind of planning or substantial public investment after Independence,⁴ although there were various other proposals regarding the kind of planning models for India. These options ranged from the Gandhian agrarian economic model to the Nehruvian socialist model. Ultimately, it was Nehru's planned economic model for modernization through rapid industrialization and a strong public sector that laid the foundations for the country's economic infrastructure.

It was evident from the pre-Independence position of prominent leaders like Nehru, who incidentally was the main architect of the foreign as well as economic policy for many years, as well as nationalist economic documents like the Bombay Plan that the objective of economic policy in independent India would not be confined to mere economic growth. Its objectives included, the attainment of self-dependence and empowerment of the nation as well. In the initial years after Independence, the main objective was the attainment of self-reliance through inward-looking policies that focussed on building capacity for production with minimum external dependence. This approach had significant implications for the external economic relations of India as well.

Gandhi and Nehru had enormous influence in shaping the economic policy of the country, which set the direction for its foreign economic policy. The Gandhian position was based on a self-reliant and self-sufficient agrarian economy and renunciation of the materialist Western capitalist global order, while Nehru's progressive position was in favour of rapid industrialization by using modern scientific technology and external aid. The common theme running through both these approaches was the ambivalence regarding dependence on other countries for economic development. However, Nehru was more open to the idea of using external aid, development loans and technological assistance as tools for rapid industrialization.⁵

It is ironic, however, that although a great deal of attention was being paid to build strong domestic economy, the area of foreign economic policy lacked a coherent long-term strategy and institutional approach. Nehru played an instrumental role in shaping India's foreign economic policy approach. Nehru was aware of the primacy of economic concerns in shaping the foreign policy making. In one of his speeches in the Parliament, he summed up his views regarding the importance of economic concerns in shaping India's foreign policy thus:

Ultimately, foreign policy is the outcome of economic policy, and until India has properly evolved her economic policy, her foreign policy will be rather vague, rather incoherent and rather groping ... I regret that we have not produced any constructive economic scheme or economic policy so far.... Nevertheless we shall have to do so and when we do so, that will govern our foreign policy more than all the speeches in this house.⁶

Nehru also tried to segregate economic considerations from political motivations, keeping India's developmental concerns above other ideological considerations while shaping bilateral relations with other countries. In fact, Nehru was keen on cultivating economic relations with other countries irrespective of the ongoing Cold-War power-bloc politics. He said: 'While remaining quite apart from power blocs ... our relations can become as close as possible in the economic or other domain with such countries with whom we can easily develop them.'⁷ Thus, under Nehru, India's economic diplomacy was meant to be premised on a rational assessment of the existing situations.

Ironically, the institutional framework for conducting foreign economic policy was lacking in the initial years of Independence. The Ministry of External Affairs had very little to do in the matters of economic diplomacy, and the ministries dealing with specific economic aspects dealt with the economic aspects of India's foreign relations. Although the ministry was in charge of all the aspects of India's foreign relations, it was not sufficiently specialized to deal with foreign economic relations.⁸

The approach adopted by the Government of India regarding external economic relations in the post-Independence phase was shaped by various factors. Most important among these was the immediate political and economic situation the country found itself in. On the one hand, the foundations of the post-Second World War global economic order were being laid through the introduction of the Bretton Woods institutions and the Marshall Plan for the reconstruction of war-torn Europe and, on the other, the nascent democracy in India was faced with the legacies of colonialism, and the problems associated with redefined territorial configuration.

The post-Independence phase in India was one of the most exciting yet challenging phases in the development of collective synergies for nation-building. The problems arising with the trauma of Partition and its economic repercussions⁹ apart, the collective enthusiasm for rebuilding the nation was driving force behind the economy. Therefore, building the infrastructure for rapid development and self-reliance. This mammoth task was not possible without external assistance. At the same time, it must be noted that India was not the recipient of assistance for massive national rebuilding on the lines of the Marshall Plan, which had been created to rebuild the war-wrecked economies of Western Europe. The primary reason behind this was the apprehension among the Western donor countries re-

garding India's capability to channel the aid into productive capital assets.¹⁰ This point was further emphasized by P. N. Dhar, a former director of the Institute of Economic Growth, who held that a 'critique of government's policies will certainly indicate that sometimes resources have been used less productively than was ideally possible.'¹¹ This often resulted in under-utilization of resources. This problem was further complicated by the absence of a formal machinery in India to catalyze multinational collaboration needed for effective aid giving, unlike Europe.¹² As a result, the World Bank acted as a vital link in channelling foreign assistance to India.

Nehru and the other policy-makers were aware that unless India became self-sufficient in basic requirements and built industrial infrastructure on modern scientific bases, there was no hope for its rapid progress. In part, this realization was also influenced by the Keynesian economic principle of creating more jobs through public investment in order to increase consumption and expand the economy. Nehru's economic vision was also influenced by the ideological principle of socialism as a means to provide greater equality of opportunity, social justice, and equitable distribution of wealth, and ending the socioeconomic disparities generated by feudalism and capitalism.¹³ All these factors greatly influenced in India's early foreign economic policy approach.

So far as the external economic relations were concerned, they were conducted with four primary objectives:

1. Securing foreign loans or aid to meet immediate challenges of food shortage and basic requirements,
2. Receiving foreign assistance in the area of competence-building and infrastructure development in the form of loans or technical assistance,
3. Regulating foreign trade in concordance with the broad foreign policy objectives, and
4. Playing an important role in the multilateral institutions and forums for developing economies.

Foreign Aid

OECD's Development Assistance Committee has defined foreign aid as 'the flow of long-term financial resources to the least developed countries and multilateral agencies'.

The position of the government regarding external aid was made clear by Nehru. India was open to such assistance, provided they did not contain any hidden purpose. He said the Constituent Assembly in March 1948, 'We want the help of other countries; we are going to have it and we are going to get it too in a large measure.'¹⁴

The First Five-Year Plan document also reiterated the above position in clear terms. It observed that, 'In these early stages of development further external assistance would certainly be useful.'¹⁵ In another important speech in the Lok Sabha, Nehru said:

Other countries realize that we cannot be bought by money. It was then that help came to us; we shall continue to accept help provided there are no strings attached to it and provided our policy is perfectly clear and above board and is not affected by the help we accept... If at any time help from abroad depends upon a variation, however slight in our policy, we shall relinquish that help completely and prefer starvation and privation to taking such help; and, I think, the world knows it well enough.¹⁶

Similar views about the importance of external assistance in the process of nation-building in the Third World countries was expressed by the final communiqué of the historic Asian-African Conference in Bandung, in which India played an important role. It stated that

The proposals with regard to economic cooperation within the participating countries do not preclude either the desirability or the need for cooperation with countries outside the region, including the investment of foreign capital. It was further recognized that the assistance being received by certain participating countries from outside the region, through international or under bilateral arrangements, had made a valuable contribution to the implementation of their development programs.¹⁷

The point that emerges from the above views was that India was to be guided not so much by ideological Cold-War bloc politics as by rational assessment of the requirements of the country in the realm of assistance. Therefore, India showed similar interest in receiving assistance from the USA as well as the USSR and the Eastern European countries.¹⁸ In the early phase, India also received assistance from various international organizations like the United Nations, the World Bank, the International Development Assistance, the Ford Foundation, the OPEC Special Fund, the European Economic Community (EEC) and the International Fund for Agricultural Development (IFAD).¹⁹

The foreign assistance flow to India for the first Plan was estimated at Rs 156 crore, or 10 per cent of the draft plan outlay of Rs 1,493 crore. Most of this assistance came from Anglo-American sources.²⁰ The most important among these was the US economic and technical assistance to India programme under the Mutual Security Act. It provided a grant of \$153 million to increase foodgrain production and raise the living standards in the rural areas.

However, India's stand on external aid changed drastically during the later decades under the influence of the growing collective assertion of rights by the developing countries. Former Prime Minister Indira Gandhi in a speech delivered at the United Nations General Assembly on 14 October 1968 said, 'Aid is only

partial recompense for what the superior economic power of the advanced countries denies us through trade.'²¹

Food Imports

Food security was one of the most crucial issues that India faced after Independence. Per capita foodgrain availability at the time of Independence was about three-fourths of what it had been at the turn of the century.²² India was an exporter of foodgrains (except cereals) by the late 1930s and early 1940s.²³ The situation worsened due to the outbreak of the Second World War, the Bengal Famine of 1941–42 and the massive refugee influx after the Partition. From 1943 onwards, import of foodgrains became an exclusive monopoly of the State. After Independence, the government appointed a second Foodgrains Committee in September 1947. The report of this committee blamed the prevailing food policy and suggested the reduction of food import dependence to tackle the problem. Despite such realizations, India had to depend heavily on external assistance for food, especially from the USA. In fact, in 1951, the wheat loan was the first major US economic assistance programme for India.²⁴ The surplus agricultural commodities programme under the Agricultural Trade and Development Act of 1954 and Public Law 480 of the USA played an important role in meeting the food crisis in India till the introduction of the Green Revolution, which made the country self-sufficient in foodgrain production.

Trade as a Vehicle of Growth

In the pre-Independence phase, India had been more of a 'trade-free market' regime.²⁵ The colonial phase had witnessed a close integration of the Indian economy with the British economy, although in largely asymmetrical terms. A major part of India's external trade relations in the immediate post-Independence phase was also confined to Britain and its former colonies or the USA.²⁶ In the sphere of foreign trade, the share of imports was far higher than exports, creating an enormous balance-of-payment deficit for the country.²⁷ In fact, the balance of payment problem was to haunt the Indian economy for many years to come.

Foreign Trade

At the time of Independence, industry and mining accounted for only about 17 per cent of the national income.²⁸ Though in the subsequent years emphasis was laid on rapid industrialization of the country through public investment, prospects for foreign capital and industry were not totally eliminated. The Industrial Policy Resolution of 1948 recognized the value of foreign capital in the process of industrialization, but adopted a cautious approach by stressing the need to regulate it in the national interest.²⁹ India had a relatively comfortable position of foreign

exchange reserves by the late 1940s, which was further boosted by the Korean War boom that affected commodity prices.³⁰ The first plan was also largely indifferent to export-or import-related issues. It stated: 'In periods of relatively easy foreign exchange supplies, the need for export promotion will be less evident.'³¹ In context of foreign trade, it further held that,

The expansion of trade has, under our conditions, to be regarded as ancillary to agriculture and industrial development rather than as an initiating impulse in itself. In fact, in view of the urgent needs for investment in basic development, diversion of investment on any large scale to trade must be viewed as a misdirection of resources.

The development strategy of the first Plan adopted the principles underlying the Harrod-Domer growth model that highlighted the role of domestic savings and marginally stressed on foreign aid for residual needs.³² Thus, there was no major restriction on foreign import or export during the first Plan period. For example, India was a major supplier of manganese ore to the USA, and its export drastically rose from Rs 1.8 crore in 1948–49 to Rs 24.2 crore in 1953–54.³³ Regarding foreign private enterprise, Nehru held the opinion that

[The] Government would expect all undertakings, Indian or foreign, to conform to the general requirements of their industrial policy. As regards existing foreign interests, government do not intend to place any restrictions or impose any conditions which are not applicable to similar Indian enterprises. Government would also so frame their policy as to enable further foreign capital to be invested in India on terms and conditions that are mutually advantageous ... foreign interests would be permitted to earn profits, subject only to regulations common to all.³⁴

On 6 April 1949, a statement promised equal treatment to Indian and foreign businesses, no restrictions on profit remittances or withdrawal of foreign capital and fair compensation in the event of nationalization.³⁵ Gradually, by the second and the third Plan periods, the approach of the government regarding foreign trade gradually hardened into export pessimism, and it began to insist on import substitution.

In a way, trade, largely considered to be the engine of growth, was not given due significance in the second and third Plans that largely reflected the Mahalanobis approach. Certain clarifications about the Mahalanobis plan needs to be made at this point. It is generally believed that his growth model was based on the principle of a closed economy, with exclusive emphasis on heavy industries for building capital base and achieving maximum self-dependency. This would have had the added advantage of spreading the benefits of rapid growth to other sectors of the economy. It should be noted here that this was a technical model and was neutral to the ownership of productive resources. Moreover, foreign trade did not figure

prominently in the model.³⁶ The methods adopted by the planners to eliminate dependency on the outside world have been described by Nayar as 'attempted autarky' or 'export fatalism'.³⁷ In the long run, this gave rise to export pessimism. Sukhomoy Chakravarty³⁸ asserts that it was due to the realization that it was not possible to achieve significant increase in export earnings in the short run with the given economic infrastructure.³⁹ It was considered more prudent to concentrate on building strong domestic foundations of industries and increasing production, before opening the Indian economy to the world. Although insufficient production and domestic consumption are generally presented as possible explanations for export pessimism, Chakravarty blamed the lack of political will for inadequate utilization of India's opportunities in the global market.⁴⁰ Overall, the focus of the Mahalanobis strategy was on diversification of the export basket in the direction of manufactured goods, while increasing employment opportunities and demand at the same time.

The strategy of import substitution did not yield the desired results as the process of import substitution proved to be far more difficult in the capital goods sector. The need was then felt to earn more foreign exchange through export promotion. But these efforts were undermined by the system of tight import controls, tough trade restrictions and close regulation of foreign exchange transactions. Economist Jagdish Bhagwati has described the situation existing at that phase thus:

[There was] a tight control over imports through import restrictions, continuous shortage of raw material imports, careful screening of investments that call for imported equipment, and a generally uneasy feeling that exports need to be pushed up while little is being done to bring this about.⁴¹

By the time the Third Five-Year Plan was being formulated, it was realized that exports had to be increased in order to receive more foreign exchange and reduce dependence on external aid. Thus, the Third Five-Year Plan observed that 'one of the main drawbacks in the past has been that the programme for exports has not been regarded as an integral part of the country's development effort under the Five-Year Plans.'⁴² Therefore, export promotion was a major ingredient of the development strategy under the third Plan. Various export promotion measures were taken and export promotion institutions were established. Export promotion councils, the Export Credit and Guarantee Corporation, the State Trading Corporation and export houses, were important institutional arrangements set up by the government to promote exports. Procedural simplification was sought through measures like tax concessions and credit facilities, quality control measures and import entitlement schemes. By 1964, India started exploring possibilities for encouraging joint industrial enterprise in other developing countries.⁴³ A set of guidelines was prepared to set up joint industrial ventures abroad.⁴⁴

Technological Assistance

An important aspect of foreign collaboration that gradually gained prominence in the pre-liberalization phase was the area of technological assistance and aid for setting up heavy industries, irrigation facilities, railway networking and electricity generation. The US was an important contributor in this regard. The Second Plan period began in 1956 with an increased need for capital imports. Besides the PL-480 Foodgrain Assistance Programme, American assistance was also channelled through the Development Loan Fund, established in 1957.⁴⁵ It provided the much-needed capital for power projects, manufacturing industries and other developmental projects. In January 1958, the US announced a loan of \$225 million to meet the crucial requirements of the second Five-Year Plan. In July 1959, the World Bank provided a \$10 million loan to India. The total external assistance received by India till June 1959 amounted to Rs 1416 crore. However, the bulk of foreign investment in the private sector was concentrated in trading activities in petroleum. India also continued to receive technical and economical assistance under the Colombo Plan of Technical and Economical Cooperation. Thus, India received assistance from Australia, Canada and New Zealand. Borrowings from IBRD between 1931 to 1956 amounted to \$125 million. This made India the single largest borrower from the bank. Loan assistance of about Rs 233 crore from the USSR, West Germany and the UK helped in financing three major steel plants at Bhilai, Rourkela and Durgapur. Assistance from Canada and Australia were largely in the form of loans in wheat and manufacturing goods. Norway helped in joint development of fisheries, Japan in purchase of industrial plants and machinery, Czechoslovakia in the establishment of forge foundry and Romania in developing machinery and skills for oil refineries.

During the Plan periods, several donor countries and aid agencies came forward to assist India in achieving rapid development. While most of the American aid came in the areas of agriculture, food security, rural development and infrastructure, Germany, the USSR and the Eastern European countries helped in industrial development.⁴⁶ The share of the different countries and agencies during the Third Five-Year Plan is shown in Table 2.1.

Table 2.1 External Assistance to India for the Third Five-Year Plan

<i>Assisting Country/Agency</i>	<i>Total (in Rs crore)</i>
USA	1268.9
IBRD and IDA	423.1
West Germany	308.6
UK	254.4
Japan	138.2
Canada	117.3
USSR	104.3
All	2943.7

Source: S. Mansingh and C.H. Heimsath, *A Diplomatic History of Modern India*, Calcutta: Allied Publishers, 1994, p. 378.

Of the different forms of collaborations with foreign enterprises, the 'package deal approach' appeared to be the most attractive. The steel plants at Bhilai, Rourkela and Durgapur were set up with private and public investment from the respective assisting countries. This saved the government from getting into the details of the technical aspects of production, procuring raw materials and training the personnel. However, a major drawback of such an arrangement was that it made India totally dependent on the assisting country. This was criticized in the Estimate Committee's report on the steel ministry in 1959. In the case of the Durgapur steel plant, which was being built with British assistance, it held that it was not 'in the interest of the country to enter into such package deals.'⁴⁷

An interesting observation, which can be made from the above pattern of external collaboration, is that during the late 1950s and the 1960s, India was not opposed to the idea of inviting foreign private investment. The third Plan showed a distinctive change in the attitude of the planners towards foreign trade and it was realized that export promotion was a crucial component of economic development. In 1959, India and the US entered into an agreement to facilitate dollar convertibility. With many West European countries, agreements were reached to avoid double taxation. Tax holidays and fair dealing on profits and repatriation helped to improve the investment climate in India. Manufacturing, petroleum, plantation, and mining were a few areas that attracted foreign investment. By the end of 1961, the foreign-controlled assets in India formed slightly more than two-fifth of the total large-scale private sector investment.⁴⁸ According to the finance ministry, 'foreign-associated issues accounted for 41 per cent of all authorized capital (1951–63) and for 59 per cent of authorized capital in the private sector (1957–63).'⁴⁹

According to Deepak Nayyar, this change in attitude was a deliberate attempt to correct past mistakes.⁵⁰ Thus, India's overall export returns rose by over 7 per cent per annum in the early 1960s and, from 1960 to 1965, India's exports to USA grew by almost 60 per cent.

Table 2.2 illustrates the import–export volumes of India between 1950 and 1965:

Table 2.2 Foreign Trade Volume of India (*In Rs crore*)

<i>Year</i>	<i>Imports</i>	<i>Exports</i>	<i>Total Value of Foreign Trade</i>
1950–51	672.91	601.71	1274.62
1955–56	692.75	599.40	1292.15
1960–61	1122.48	642.07	1764.55
1961–62	1093.08	660.34	1753.42
1962–63	1133.15	685.49	1818.64
1963–64	1223.75	793.25	2017.00
1964–65	1262.81	814.56	2077.37

Source: India 1966, p. 325; S. Mansingh and C.H. Heimsath, *A Diplomatic History of Modern India*, Calcutta: Allied Publishers, 1994.

Table 2.3 presents a statement of major foreign investments in 1955 and 1960.

Table 2.3 Foreign Investment in India (1955 and 1960) (*In Rs crore*)

Country/Agency	Year	
	1955	1960
Great Britain	376.8	446.4
USA	39.8	112.7
Switzerland	6.6	8.9
West Germany	2.5	6.8
Others (including World Bank)	30.4	115.7
Total	456.1	690.5

Source: *Ibid.*, p. 382.

However, a major condition for almost all private foreign investment was that at least 51 per cent control of these enterprises had to remain with the Indians, and they were also under obligation to replace foreign technical personnel at the earliest.

A major step in the process of liberalizing the foreign trade regime in India was taken in 1966 in the form of devaluation of the rupee by around 40 per cent. This move was largely due to the inflation resulting from the war with China in 1962, and the monsoon failure that caused a sharp decline in agricultural output in 1965–66 and 1966–67. The domestic implications of these developments were felt in the form of temporary abandonment of the five-year planning process and greater government focus on the agriculture sector. For the purpose of the present study, the focus will be on the impacts of these developments in the area of foreign economic relations.

Looking at the area of trade-related laws, three important enactments were crucial in determining the foreign investment potential in India after 1965. These were the Monopoly and Restrictive Trade Practices (MRTP) Act of 1969, the Indian Patents Act of 1970 and the Foreign Exchange and Regulation Act (FERA) of 1973. The first enactment set up the MRTP Commission that, in effect, evaluated the export commitments of the large firms to approve their capacity expansion prospects. The Patents Act 1970 provided for product patents in all areas except food, pharmaceuticals and chemicals where only process patents were given. This hurt the interests of MNCs manufacturing chemicals and pharmaceuticals as it allowed domestic companies to produce cheap drugs. Finally, FERA compelled the foreign firms to dilute their stake and foreign branch companies were compelled to Indianize their shareholding. These provisions, along with the cumbersome import licence regime⁵¹ gave birth to the (in)famous 'licence raj', the breeding ground for corruption. Needless to say, these enactments did not emit very positive signals about the foreign investment climate in India.⁵²

Balance-of-Payments Problem

An important concern for Indian foreign economic relations prior to the liberalization era (with exceptional years) was the balance-of-payments problem. This problem became especially acute after the second Five-Year Plan. A major reason for this was the export pessimism that had gripped the policy-makers. Between 1956–57 and 1975–76, there was a phase that Dr Bimal Jalan has characterized as the 'period of fiscal conservatism', when the fiscal deficit constituted less than 6 per cent of the GDP.⁵³ Public savings rose from 1.9 per cent in 1956–57 to 4.2 per cent in 1975–76.⁵⁴ During this period India's balance-of-payments problem was moderately high. The years 1976–77 to 1979–80 stood out as the golden years for India's balance-of-payments situation when the country had a current account surplus of 0.6 per cent of the GDP. Comfortable food stock and foreign exchange situation and remittances from the Indians working in the booming Gulf region were some of the factors responsible for this. As the BOP situation improved, the government also introduced some measure of import liberalization.

The most important measure was the extension of Open General Licence (OGL) provisions to all items except those specifically restricted or banned. However, the second oil shock of 1979–80, sharp decline in foodgrain production and spurt in inflation led to an increase in the trade deficit from Rs 2,200 crore in 1,978–79 to Rs 6,000 crore in 1980–81.⁵⁵ This compelled India to take a 5 billion loan from the IMF under the Extended Fund Facility in 1981. Thus, this balance-of-payment crisis was met through the concessional assistance from an external source on market terms. The balance-of-payments problem in the 1980s was also indicative of a drawback of the kind of import liberalization policy being pursued in India. (During this phase, the liberalization policy supported massive imports and the growth in imports was financed largely by commercial borrowings.) The mismatch between the free import policy and limited potential for export expansion led to huge deficits in import spending and export earnings. This was an important reason behind India's balance-of-payments crisis in the 1980s. India's declining share in the total world exports from 0.98 per cent in 1965 to 0.44 per cent in 1990 was indicative of the problem.⁵⁶ In fact, an important cause for the adoption of the liberalization policy in 1991 was the deteriorating balance-of-payments situation of Indian economy. This became evident from the Eighth Plan document's assessment of the situation:

The balance of payments situation has been continuously under strain for over almost a decade. During the Seventh Plan period, the ratio of the current account deficit to GDP averaged 2.4 per cent—far above the figure of 1.6 per cent projected for this period in the plan documents. This deterioration in the balance of payments occurred despite robust growth in exports in the last three years. The already difficult balance of payments situation was accentuated in 1990–91 by a sharp rise in oil price and other effects of the Gulf War. With the access to commercial borrowings going down and the non-residents deposits showing no improvements, financing the current account deficits had

become extremely difficult. Exceptional financing in the form of assistance from IMF, the World Bank and the Asian Development Bank had to be sought. While the immediate problems have been resolved to some extent, it is imperative that during the Eighth Plan steps are taken to curb the fundamental weakness in India's balance of payments situation so that it does not cause serious disruption to the economy.⁵⁷

In fact, the worsening balance-of-payments situation was a major trigger for the gradual process of economic reforms that started in the early 1980s with the delicensing of investment limits for a large number of industries, and the inclusion of more exportable items on the OGL. In hindsight, the biggest drawback of this approach was that it created an imbalance between import and export growth patterns. While the relaxation in import policies led to a higher import of raw materials for manufacturing, the sluggish export scenario coupled with exogenous economic constraints put a severe burden on India's foreign reserves and created major problems for the Indian economy. Another important object of criticism in this phase was the highly restrictive policy towards foreign investment. The scope for foreign investment in India was restricted in terms of areas of investment as well as procedural formalities. Besides, the foreign investors were allowed only a minority equity participation of 40 per cent. Thus, the share of foreign direct investment (FDI) in India's gross capital formation was only 0.2 per cent as against the average of 6.1 per cent for the developing countries as a group.⁵⁸ This led to the adoption of the liberalization policy in 1991 which was a watershed event and started a new chapter in the evolution of India's foreign economic policy.

The Major Trends in India's Foreign Economic Policy Since 1991

An enormous amount of literature exists on the various factors that led to the adoption of the liberalization policy in India in 1991, the summary of which is beyond the scope of the present paper.⁵⁹ However, it should be noted that the two main factors that led to the failure of the liberalization attempts made in 1980 were the inability to raise the export volumes to match the increase in imports resulting from the liberalization process and the absence of prudent fiscal discipline machinery to avoid the foreign exchange crisis. Therefore, these factors were important concerns for the liberalization policy adopted in 1991.

The present section deals primarily with,

- the changes brought about by the liberalization policy in the area of foreign economic policy,
- the changes brought about in the institutional approach in conducting economic diplomacy in context of globalization,
- the emerging issue areas that dominate India's foreign economic policy concerns, and
- the challenges facing India's foreign economic policy in the present context.

Needless to say, the liberalization policy had a major impact on India's foreign economic policy. The basic parameters that had defined India's approach towards private capital, trade policy, foreign investment norms, import–export conditionalities, external assistance and global economic institutions were all redefined.⁶⁰

The most visible impact of the reform process could be seen in the area of industrial deregulation. Industrial licensing has been abolished for all industries (except for specified areas) and investment decisions no longer depend on governmental approval. Monopoly restrictive laws have been amended to allow more private participation and greater investment.

In the area of trade liberalization, quantitative restrictions on import and export have been removed from almost all products, and efforts have been made to raise the country's trade volume. The few noteworthy trade promotion methods include the establishment of export promotion councils, special economic zones, agricultural export zones, and trade facilitation centres, and the reduction of transaction costs. Another method for promoting bilateral trade is becoming increasingly popular and important is through the free trade agreements that India has signed with an increasing number of countries. Besides, as an active member of the World Trade Organization, India has also emerged as an important advocate of the rights of the developing countries under global free trade arrangements. The Exim policy of 1997–2002 was remarkable in its efforts to deregulate and simplify trade procedures, and scrap quantitative restrictions in a phased manner.

In this context, the foreign trade policy of 2004–2009 also deserves mention. It takes an integral view of India's foreign trade scenario, and provides a roadmap for its development. It recognizes agriculture, handlooms and handicraft, gems and jewellery, and leather and footwear as thrust areas for export expansion. Special measures have been taken to promote agricultural exports under the *Vishesh Krishi Upaj Yojna*. Duty-free import of agricultural capital inputs has been facilitated under the Export Promotion Capital Goods scheme. A new scheme to accelerate growth in exports called 'Target Plus' has been introduced. To make India a global trading-hub, a 'Free trade and warehousing zone' scheme has been introduced. It seeks to create trade-related infrastructure with the freedom to carry out transactions in convertible currencies. These measures seek to enhance the international competitiveness and promote India's share in international trade, which is currently abysmally low at less than one per cent.

A crucial and controversial area that has an enormous implication for India's foreign economic policy is foreign investment. The government has adopted a very cautious and gradualist approach in allowing FDI into India. Many concessions were given to the foreign investors. In order to encourage FDI inflow, the restrictions of 40 per cent equity under FERA was raised to 51 per cent. However, it was allowed only in select high priority areas, but gradually, its realm has expanded to cover almost all the sectors of the economy, including infrastructure, telecommunications, civil aviation and media. In 1991, the industrial approval system in all

industries was abolished except for 18 sensitive areas. In 34 priority industries, upto 51 per cent FDI was approved through the automatic route. Technology transfer was not made a necessary prerequisite for FDI approval.

A Foreign Investment Promotion Board (FIPB) was set up in 1992 to approve FDI proposals. Accordingly, FERA was also amended to facilitate FDI inflow. In 2005, FDI of upto 100 per cent was permitted in petroleum products marketing, oil exploration, petroleum products pipelines, scientific and technical magazines and journals and upto 74 per cent in private sector banking, as well as the telecom sector. The Global Competitiveness Report 2003–04 by the World Economic Forum ranked India at 41st place on barriers to foreign ownership, as against 81st for China.⁶¹ According to the World Investment Report of the United Nations Conference on Trade and Development (UNCTAD), FDI in the Indian economy has risen from \$3.40 billion to \$4.27 billion.⁶²

The aggregate inflow of non-resident Indian (NRI) deposits in various schemes reached \$14.3 billion by the end of 2003–04. This was the result of the various policy initiatives taken to facilitate inflow of NRI deposits. However, the outflow of NRI deposits also recorded a 47 per cent increase to reach \$10.6 billion in 2003–04 as against \$7.2 billion in 2002–03.⁶³

Table 2.4 looks at the foreign investment inflow pattern in India between 1990 and 2000.

Table 2.4 Foreign Investment Inflow in India; 1990–2000 (US \$ million)

Year	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Direct Investment	97	129	315	568	1314	2144	2821	3557	2462	2155
Portfolio Investment	6	4	244	3567	3824	2748	3312	1828	(-)-61	3026
GDRs/ADRs, FII	*	*	240	1520	2082	683	1366	645	270	768
Offshore Funds and Others	6	4	3	382	239	56	20	204	59	123
Total	103	133	559	4153	5138	4892	6133	5385	2041	5181

Source: Sharanjit Singh Dhillon and Lalita Kapoor, 'Foreign Portfolio Investment and Indian Capital Market after Liberalisation' in P.P. Arya and B.B. Tandon (eds), *Economic Reforms in India: From First Generation and Beyond*, New Delhi: Deep and Deep Publications. 2003, p. 581.

Another important component of the foreign institutional investment concerns the policy changes regarding the capital market and portfolio investment. The government has adopted a cautious approach in this matter. The major reforms introduced were the establishment of the Securities and Exchange Board

of India (SEBI), market-determined allocation of resources, dematerialization and electronic transfer of securities (demat), introduction of rolling settlement, trading in derivatives and risk management and the introduction of screen-based trading system. Besides, Indian companies were allowed to raise funds from abroad through the issue of ADRs, GDRs and foreign currency convertibility bonds. Foreign institutional investors (FIIs) were allowed to invest in all types of securities, and their investments enjoyed full capital account convertibility.

A major area of concern for the Indian economy was the balance of payments scenario. This was an important concern for the economy in the pre-liberalization phase as well. In the post-liberalization phase, the volume of foreign trade has increased, but, at the same time, the share of imports were always higher than the exports (see Table 2.5). This has contributed to the unfavourable balance of trade, as imports increased at 17.81 per cent per annum, while exports rose 16.6 per cent per annum during the period 1991–92 to 2000–01. As a result, there has been an almost six-fold increase in the balance of trade deficit during this period.⁶⁴

Table 2.5 Performance of India's Foreign Trade Sector: Trade Balance in the Post-reform Period (US \$ million)

Year	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01
Export	18,145	17,865	18,537	22,238	26,331	31,795	33,470	35,006	33,219	36,822	44,560
Import	24,073	19,411	21,882	23,306	38,654	36,675	39,132	41,484	42,389	49,671	50,537
Trade Balance	-5927	-1545	-3345	-1068	-2324	-4880	-5662	-6478	-9170	-12848	-5976

Source: Rudder Datt 'Economic Reforms in India: An Appraisal', in P.P. Arya and B.B. Tandon (eds), *Economic Reforms in India: From First Generation and Beyond*, New Delhi: Deep and Deep Publications, 2003, p. 69.

The situation has improved considerably since 2000 and India achieved a current account surplus in the years following 2001–02 (see Table 2.6). In fact, the rising surplus in the current account has been a distinguished feature of India's balance of payments in the current decade.⁶⁵

Table 2.6 India's Balance of Payments Summary (2001–04) (in US \$ million)

Year	2001-02	2002-03	2003-04
Export	44703	53774	66285
Import	56277	64464	80003
Trade Balance	-11574	-10690	-14083
Current Account Balance	34000	6345	10561

Source: *Economic Survey 2005–06*.

A surplus current account indicates positive capital inflow and accumulation of comfortable foreign reserves. Thus, the year 2003–04 witnessed an accumulation of reserves of \$13.74 billion.⁶⁶

The initiatives taken to boost trade and attract investment had a major impact on the shaping of India's foreign policy. Economic relations are becoming very crucial components of diplomacy. Major initiatives have been taken to strengthen India's economic position in the increasingly interdependent globalized economy. These attempts can be analysed at the bilateral, regional and multilateral levels. Economic diplomacy is being pursued at different levels to achieve the objectives of projecting India as a major economic power; promoting multilateral trade and economic negotiations; forging regional and bilateral trade agreements like free trade agreements; forging attracting greater foreign investment; facilitating exports and expanding Indian businesses abroad.

At the same time, the instruments of foreign economic diplomacy have also been modified. This implies the setting up of new specialized institutional bodies to facilitate smooth economic negotiations with other countries and international bodies like the WTO, on the one hand, and enhancing the role of the non-state actors like the Indian diaspora and economic pressure groups like chambers of commerce in determining the course of economic diplomacy with other countries, on the other.

Major Initiatives at Bilateral/Regional Level⁶⁷

Bilateral economic relations play a crucial role in bilateral relations between two countries in this age of globalization. This holds true for the emerging patterns of bilateral relations in the rest of the world as well. India has entered into free trade agreements and preferential trade agreements with countries like Thailand, Singapore, Malaysia, and Sri Lanka. Trade horizons are expanding for India with the emergence of China, Japan and Korea as important trading partners. Country-wise, Mauritius accounts for maximum FDI inflow to India (34.49 per cent), followed by USA (17.08 per cent) and Japan (7.33 per cent).⁶⁸

The USA is India's largest trading partner (country-wise) and accounts for 19.8 per cent of India's exports and around 6.55 per cent of its imports. However, it is also noteworthy that India accounts for only about one per cent of USA's total imports and exports.⁶⁹ China also deserves mention in this regard as India's third largest trading partner after the USA and the UAE. China (and Hong Kong) accounts for 8.4 per cent of India's trade. Sino-Indian bilateral economic relations have taken a great leap between 2000–01 and 2004–05, with China's share in India's trade rising from 1.9 per cent to 4.7 per cent for exports and from 3.0 per cent to 6.2 per cent for imports.⁷⁰

The recent developments in the India–Myanmar relation signalled a change in the orientation of the Indian foreign economic policy. Under ideological compul-

sions, no substantial progress in the Indo-Myanmar trade ties could be made since the installation of military junta rule in Myanmar under National Peace and Democratic Council. However, perceptions began to change after 2001. Since then, Myanmar has emerged as a strategically crucial economic partner for India. India is keen to import natural gas from Myanmar through Bangladesh, and also use Myanmar as a strategic corridor to the ASEAN region. At the same time, India has also offered to help Myanmar build constitutional institutions and democratic polity.

The progress in the Indo-Thailand relations are also indicative of the changing approach of the foreign economic initiatives towards facilitating bilateral cooperation. Though the India–Thailand Free Trade Agreement came into effect from 1 September 2004, an ‘early harvest scheme’ has been set up to provide fast-track elimination of tariffs on common items of export interest between the two countries. Similarly, the Indo-Singapore ‘comprehensive economic cooperation agreement’ has been a new initiative for closer economic cooperation.

Finally, one of the most important testimonies of the growing importance of economy in shaping bilateral relations is the recent trend in Indo-Pakistan relations. Though the relations between the two countries is dominated by factors like the Kashmir issue, cross-border terrorism and unsettled territorial disputes, economic diplomacy has gained prominence in easing tension in mutual interest. Attempts are being made to promote bilateral trade between the two countries through early activation of India–Pakistan joint commission and hold early meetings of the joint business council (JBC).

Table 2.7 provides a glimpse of India’s important trading partners between 2000 and 2004:

Table 2.7 India’s Major Trading Partners, 2000–2004 (Percentage share in total trade)

Country	2000–01	2001–02	2002–03	2003–04
USA	13	12.2	13.4	11.6
UK	5.7	5.0	4.6	4.4
Belgium	4.6	4.4	4.7	4.1
Germany	3.9	4.0	4.0	3.9
Japan	3.8	3.8	3.2	3.1
Switzerland	3.8	3.4	2.4	2.7
Hong Kong	3.7	3.2	3.1	3.4
UAE	3.4	3.6	3.8	5.1
China	2.5	3.1	4.2	5.0
Singapore	2.5	2.4	2.5	3.0
Malaysia	1.9	2.0	1.9	2.1
Total	48.6	47.2	47.9	48.2

Source: *Economic Survey, 2004–05*.

Recent Trends in Regional Foreign Economic Policy Initiatives

An important role has been accorded to regional level cooperation and agreements in India's foreign policy, over the recent years, and to a large part this can be explained by the economic factors. In the post-Cold War era, economic cooperation at the regional level has gained momentum. The success of ASEAN, European Union and NAFTA has inspired the formation and/or strengthening of other regional organizations like MERCOSUR in South America, ECOWAS in West Africa or BIMSTEC in South Asia, of which India is a founding member.

Regional level cooperations try to synergise the resources of the region for collective development. India too has taken the initiative to realize the objective of collective development of the South Asian region. In this regard, India has given priority to the successful activation of SAARC along the lines of ASEAN. India is also in favour of a South Asian free trade region. Shyam Saran, the foreign secretary of India, made this point clear in a speech delivered at the India International Centre (IIC) on 14 February 2005:

The challenge for our diplomacy lies in convincing our neighbours that India is an opportunity not a threat, that far from being besieged by India, they have a vast, productive hinterland that would give their economies far greater opportunities for growth than if they were to rely on their domestic markets alone. It is true that as the largest country in the region and its strongest economy, India has a greater responsibility to encourage the SAARC process. In the free markets that India has already established with Sri Lanka, Nepal and Bhutan, it has already accepted the principle of non-reciprocity. We are prepared to do more to throw open our markets to all our neighbours. We are prepared to invest our capital in rebuilding and upgrading cross-border infrastructure with each one of them. In a word, we are prepared to make our neighbours full stakeholders in India's economic destiny and, through such cooperation, in creating a truly vibrant and globally competitive South Asian Economic Community.

Another important feature of India's foreign economic diplomacy at the regional level is its 'look East policy'. Started by the Narasimha Rao government in the early 1990s and further promoted by the subsequent governments, it aims to explore the economic interests and greater cooperation in the Southeast Asian region. It was the result of this initiative that India became a summit-level partner of SAARC in 2002 and signed a landmark pact on 'Peace, progress and shared prosperity' in November 2004 during the third ASEAN-India summit held at Laos.⁷¹ In 2003-04, India's export to the ASEAN region showed a growth of 26.1 per cent. Imports from that region also grew by 44.3 per cent. In fact, ASEAN + 3 (China, Japan and South Korea) has emerged as India's dominant trading partners, accounting for 19.9 per cent of its total merchandise trade in 2003-04.⁷²

Another region of increasing concern for India is the European Union (EU), with the collective economic strength of about 25 countries. The EU is India's

largest regional trading partner accounting for 21 per cent of India's global trade. Yet, India's share in EU's global imports is around one per cent and India ranks 20th among EU's trading partners.⁷³ The EU has also sought a strategic partnership with India. A meeting held in New Delhi in February 2005, identified specific points in the joint action plan for such a strategic partnership.

The approach of India's foreign economic policy is to diversify the scope of economic relations with countries and regions hitherto unexplored. For this purpose, the country has expanded trade relations with Africa and Latin American regions as well. These areas did not figure prominently in India's external economic relations priorities in the pre-liberalization period. Even during 2002–03, sub-Saharan Africa (constituting of more than 50 countries) accounted for merely 4.19 per cent of India's total trade.⁷⁴ India's trade with Africa is largely confined to 10 important countries.⁷⁵ Therefore, in order to boost economic relations with Africa, the 'Focus: Africa' programme was launched in March 2002. It includes special emphasis on enhancing economic relations with select countries (presently 24). The Indian Technical and Economic Cooperation (ITEC) and the Special Commonwealth Assistance for Africa Plan (SCAAP) also deserves mention in this regard. These two programmes cover 156 developing countries in Asia, Africa, Eastern Europe, Central Asia, the Gulf and the island countries of the Pacific and Caribbean regions. They seek to provide opportunities for sharing with these countries Indian know-how and technological expertise on various aspects of development.

India has been focussing on energy security concerns that have shaped its foreign policy approach in dealing with Iran, the Central Asian Republics, Myanmar, Indonesia, Pakistan and Bangladesh at different levels. At present, India imports 70 per cent of its oil requirements. With volatile oil prices and depleting global hydrocarbon reserves, India has adopted the policy to diversify the sources of energy. In this regard, it plans to expand exploration by acquiring oil and gas fields abroad,⁷⁶ build a network of pipelines for gas transportation and to let oil interests influence traditional diplomatic ties. This has also compelled India to explore possibilities of cooperation with Pakistan and Bangladesh for laying gas pipelines to transport natural gas from Iran and Myanmar respectively.

India's Foreign Economic Policy Approach at the WTO

Since its inception in 1995, the World Trade Organization (WTO) has emerged as the most important multilateral institutional arrangement for facilitating international trade. Though its predecessor, the General Agreement on Tariff and Trade (GATT) also played an important role in promoting free trade in the world, the WTO has emerged as a more effective forum due to its rule-bound institutional character and nearly universal membership. India has emerged as an important force to promote the interests of the developing countries at the WTO.

Though India was one of the founding members of GATT, it never played any important role in shaping the pattern of global trade due to the monopoly of the powerful Western countries. Even during the Uruguay Round of GATT negotiations that finally led to the formation of the WTO, the voice of the developing countries was largely ignored. As India's former foreign secretary J. N. Dixit, who was involved with the process of negotiations pointed out,

One has to acknowledge that though we participated in the negotiations actively and effectively and though we ultimately became a part of the final agreements signed at Marakkesh, we were not successful in fully safeguarding all our interests. Issues relating to intellectual property rights and export of goods and services were not resolved to our satisfaction and continue to pose problems for us even now.⁷⁷

This led to a general apprehension among the developing countries including India regarding the utility of the WTO in promoting their interests. However, in the recent past, the focus of India's foreign economic policy has been to utilize the WTO forum to promote its economic interests by tapping the greater market access opportunities provided by WTO.

As a developing country, India's core concern is to expand its market for tropical agricultural products in the developed countries. However, agriculture has emerged as a highly controversial issue for negotiations under WTO. It is because of the alleged excessive agricultural subsidies provided by the developed countries (especially the export subsidy of European Union, and other forms of assistance provided by the USA and Japan) to their farmers, that artificially depress their prices in the global market. Moreover, it is alleged that the developed countries flood the markets of developing countries with cheap agricultural products by using the market access conditions under the WTO. To promote the concerns of the developing countries, India took the initiative in forming the G-20 during the Cancun ministerial conference of WTO held in September 2003. G-20 is a group of developing countries including China, Brazil, South Africa and Indonesia that seeks to remove distortions in global trade that hinder the prospects of the developing countries. A crucial component of its agenda is fair trade in agriculture.

Other major areas of concern for India are the General Agreement on Trade in Services (GATS), issue of inclusion of labour laws and environment in trade negotiations, issue of non-tariff barriers, anti-dumping rules, patents, trade-related intellectual property rights (TRIPS), implementation issues, special and differential treatment, market access for non-agricultural products among others.

Finally, in order to promote the interest of the Indian economy in the external sphere, it became crucial to upgrade the diplomatic machinery to meet the emerging challenges in the globalized economy. In this regard, the Prime Minister's initiative to establish the trade and economic relations committee to serve as a new institutional mechanism for evolving policies on economic relations with other countries is noteworthy. The committee comprising, among others, the

Union cabinet ministers of key economic ministries and the deputy chairman of the Planning Commission as its members is headed by the Prime Minister. The committee's main task is to coordinate the preparatory work for the strategy on economic relations with the country's major economic partners, neighbours and regional economic groupings.

All these developments are indicative of the growing realization that economic aspects are acquiring prominence in India's foreign policy in the post-liberalization era. Clearly, the priority concerns for the day are to maximize the opportunities provided by globalization at the regional and global levels.

Dr Manmohan Singh, the Prime Minister of India, emphasized this point in a speech delivered at the Confederation of Indian Industries (CII) partnership summit on 12 January 2005:

...there is today a wide-ranging consensus on the necessity for India to be actively engaged with the world economy. Our government has already taken several steps towards this end. I have repeatedly reaffirmed our commitment to the successful functioning of the multilateral trading system and to broadening the agenda of the World Trade Organisation with an increasingly liberal flow of goods, services and labour. We are committed to lowering our tariffs at least to ASEAN levels. This is a policy priority for us.... I have stated my commitment to the idea of creating an Asian Economic Community, an arc of prosperity across Asia, in which there are no barriers to trade and investment flows and to the movement of people.

At present, India is the fourth largest economy in the world with the second largest population. This provides ample opportunities and challenges for the rapid development of its potentials. The free trade opportunities provide India the opportunity to utilize its massive pool of skilled manpower and resources to the maximum. The challenge for India's foreign economic policy lies in optimally utilizing its resources, capabilities and technical advances to create development prospects for the country and the South Asian region.

India faces a tough challenge in creating a peaceful environment of trust in South Asia. The apparent failure of SAARC and the proposed South Asian free trade agreement (SAFTA) is a matter of concern. India has, however, tried to bypass these hindrances by conceptualizing alternative regional arrangements like Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC). Its recent foreign economic policy is also oriented towards exploring greater market access in the ASEAN region, Africa and Latin America. Forging partnership for energy security is another major challenge for India. Also crucial is to safeguard the national interests at the WTO negotiations.

The global economic environment has changed drastically since Independence. So have India's foreign economic policy objectives. The objectives of the economy have undergone a sea change. Therefore, the country's foreign economic policy too has evolved from a policy framework designed to promote protectionism

and a planned economy into one that adapts to the requirements of a rapidly changing market economy. The level to which India can explore the growth potential provided by the liberalized global economy depends to a large extent on the manner in which it conducts its foreign economic policy in the years ahead.

NOTES

1. See Partha Chatterjee, 'Development Planning and the Indian State', in T. J. Byres (ed.), *The State, Development Planning and Liberalisation in India*, New Delhi: Oxford University Press, 1999, p. 85.
2. It was established by the Indian National Congress in 1938 with Jawaharlal Nehru as an important ideologue.
3. Proposed in 1944, it represented the capitalist position regarding post-Independence development strategy. The leading proponents were Purshottamdas Thakurdas, J. R. D. Tata, G. D. Birla, Shri Ram Kasturbhai Lalbhai, A. D. Shroff, Ardeshir Dalal and John Mathai.
4. Prabhat Patnayak, 'Some Indian Debates on Planning', in T. J. Byres (ed.), *The State, Development Planning and Liberalisation in India*, p. 157.
5. These concerns were reflected in the pattern of external economic relations with the UA, UK, USSR, and the East European Countries in the following years.
6. Jawaharlal Nehru, *India's Foreign Policy: Selected Speeches*, New Delhi: Government of India, Publication Division, 1961. Cited in R. Chakrabarti, *The Political Economy of India's Foreign Policy*, Calcutta: K. P. Bagchi and Co., 1982, p. 18.
7. *Ibid.*, p. 22.
8. J. N. Dixit, *India's Foreign Policy 1947–2003*, New Delhi: Picus Books, 2003.
9. The immediate economic problems that India faced after Independence were primarily concerned with the massive refugee influx, burgeoning food crisis, weak industrial infrastructure and massive unemployment.
10. S. Mansingh and C. H. Heimsath, *A Diplomatic History of Modern India*, Calcutta: Allied Publishers, 1971, p. 366.
11. P. N. Dhar, 'Achievements and Failures of the Indian Economy', as cited in A. Appadorai, *National Interests and India's Foreign Policy*, New Delhi: Kalinga Publishers 1992.
12. Mansingh and Heimsath, *A Diplomatic History of Modern India*.
13. For an insight into Nehru's conception of socialism, see B. Chandram (ed.), *India After Independence, 1947–2000*, New Delhi: Penguin Books, 2000.
14. Jawaharlal Nehru, *India's Foreign Policy: Selected Speeches*, New Delhi: Government of India, Publication Division, 1961, p. 35.
15. Mansingh and Heimsath, *A Diplomatic History of Modern India*, p. 366.
16. *Ibid.*, p. 63.
17. The text of the final communiqué of Asian African Conference issued in Bandung on 24 April 1955. See *Foreign Policy of India: Texts of Documents, 1947–1958*; Lok Sabha Secretariat, New Delhi, 1958.

18. The assistance from the East European countries became even more crucial during the second Plan period in the form of technological assistance for heavy industries, especially from Rumania and Czechoslovakia.
19. A. Appadorai, *National Interests and India's Foreign Policy*, New Delhi: Kalinga Publishers, 1992, p. 442.
20. Sukhmoy Chakravarty, *Development Planning: The Indian Experience*, New Delhi: Oxford University Press, 1987, p. 23.
21. Appadorai, *National Interests and India's Foreign Policy*, p. 116.
22. Prabhat Patnayak, 'Some Indian Debates on Planning', in T. J. Byres (ed.), *The State, Development Planning and Liberalisation in India*, p. 160.
23. Jayati Ghosh, 'Liberalization Debates', in T. J. Byres (ed.), *The State, Development Planning and Liberalisation in India*, p. 300.
24. Mansingh and Heimsath, *A Diplomatic History of Modern India*, p. 366.
25. Amiya Kumar Bagchi, *Private Investment in India, 1900–1939* Delhi: Cambridge University Press, 1972, as cited in A. Appadorai, *National Interests and India's Foreign Policy*, p. 160.
26. The combined share of the UK and the USA in India's export earnings was 42 per cent in 1950–51. See A. Nautiyal (ed.), *India and the New World Order*, New Delhi: South Asian Publishers, 1996, p. 234.
27. From year 1948–1949 to 1950–1951, India had to draw Rs 583 crores in foreign exchange from reserves to meet the balance-of-payment deficit. See Mansingh and Heimsath, *A Diplomatic History of Modern India*, p. 367.
28. Sudip Chowdhury, 'Debates on Industrialization', in T. J. Byres (ed.), *The State, Development Planning and Liberalisation in India*, p. 249.
29. Sudip Chowdhury, 'Debates on Industrialization', p. 281.
30. Deepak Nayyar, *Economic Liberalization in India: Analytics, Experience and Lessons*, Calcutta: Orient Longman, 1996.
31. Appadorai, *National Interests and India's Foreign Policy*, p. 449.
32. Isher Ahluwalia, *Contribution of Planning to Indian Industrialization*, in A. Nautiyal (ed.), *India and the New World Order*, p. 234.
33. Mansingh and Heimsath, *A Diplomatic History of Modern India*, p. 368.
34. Appadorai, *National Interests and India's Foreign Policy*, p. 114.
35. See *Constituent Assembly Debates*, Vol. 4, p. 2385, as cited in Mansingh and Heimsath, *A Diplomatic History of Modern India*.
36. For an elaboration of these two crucial points see Deepak Nayyar, *Economic Liberalization in India: Analytics, Experience and Lessons*.
37. See Deepak Nayyar, *Economic Liberalization in India: Analytics, Experience and Lessons*, p. 57.
38. Sukhmoy Chakraborty has touched on this issue in his pioneering work *Development Planning: The Indian Experience*.
39. According to Chakraborty, Indian planners operated on the assumption of low elasticity of export demand.

40. Chakraborty provides the example of the sluggish textile sector that provided enormous export opportunity, but was not optimally utilized. He explains this in terms of political motives behind not unevenly promoting the specific cotton-growing region of the country. Another reason was the ideological commitment to Gandhian values that sought to reserve cotton manufacturing for the cottage industries.
41. Jagdish Bhagwati, 'Indian Balance of Payment Policy and Exchange Auctions', *Oxford Economic Papers*, February, Vol. 14, 1962, p.56, as cited in Jayati Ghosh, 'Liberalization Debates' in T. J. Byres (ed.), *The State, Development Planning and Liberalisation in India*, p. 309.
42. Government of India, *Third Five-Year Plan*, New Delhi: Planning Commission, 1961, p. 137.
43. Appadorai, *National Interests and India's Foreign Policy*, p. 117.
44. *Ibid.*, pp. 444–53.
45. This assistance programme sought to provide long-term, low-interest loans, payable in rupees.
46. Mansingh and Heimsath, *A Diplomatic History of Modern India*, p. 380.
47. *Statesman*, 18 June 1959, Vol. 1024, No. 26752.
48. Mansingh and Heimsath, *A Diplomatic History of Modern India*, p. 384.
49. *Ibid.*
50. Deepak Nayyar, *Economic Liberalization in India: Analytics, Experience and Lessons*, p. 342.
51. The import license regime in independent India can be traced back to the Import and Export Control Act of 1947 and the Import Trade Control Order of 1955 that covered almost all import items. The licensing framework was supplemented by a tariff structure that provided additional protection from foreign competition. In 1966, trade liberalization measures were adopted that changed the import licensing policies to ease the import of raw materials for 59 industries. However, they were subjected to restrictions on source and licensing provisions.
52. Two famous Multinational companies that actually had to leave India for not submitting to government's dictates were IBM and Coca Cola in 1977 under the Janata government.
53. Bimal Jalan 'Balance of Payments, 1956 to 1991', in Bimal Jalan (ed.) *The Indian Economy: Problems and Prospects*, New Delhi: Penguin, 1993, p. 164.
54. *Ibid.*, p. 166.
55. *Ibid.*, p. 165.
56. *Ibid.*, p. 167.
57. See the Eighth Five-Year Plan Document.
58. Bimal Jalan (ed.), *The Indian Economy: Problems and Prospects*, p. 183.
59. For lucid discussions on factors that lead to the adoption of liberalization policy in India, refer to V. Joshi and I. M. D. Little, *India's Economic Reforms 1991–2001*, New Delhi: Oxford University Press, 1998; Deepak Nayyar, *Economic Liberalization in India: Analytics, Experience and Lessons*; and Jayati Ghosh, 'Liberalization Debates'.

60. Some important policy changes like those concerning public sector disinvestment, tax reforms, and banking sector reforms have been not touched upon as they do not directly effect external economic policy.
61. *Economic Survey 2004–05*, p. 160.
62. *World Investment Report 2004*.
63. *Economic Survey 2004–05*, p. 133.
64. Parmijit Nanda and P. S. Raikhy, 'Performance of India's Foreign Trade sector in the Nineties: Implications for Second Generation Reforms', in P. P. Arya and B. B. Tandon (eds), *Economic Reforms in India: From First Generation and Beyond*, New Delhi: Deep and Deep Publications, 2003.
65. *Economic Survey 2004–05*, p. 109.
66. Ibid.
67. Only select bilateral relations have been discussed.
68. Ibid., p. 161.
69. Government of India, *India 2005*, New Delhi: Ministry of Information and Broadcasting, Research, Reference and Training Division, Publications Division, 2005, p. 140.
70. Ibid., p. 125.
71. Previously, India had become a sectoral dialogue partner of ASEAN in 1992, full dialogue partner in 1995 and a member of Asian Regional Forum in 1996.
72. *Economic Survey 2004–05*, p. 125.
73. Government of India, *India 2005*, p. 145.
74. Ibid.
75. These countries include South Africa, Nigeria, Mauritius, Ivory Coast, Tanzania, Senegal, Kenya, Ethiopia, Benin and Ghana.
76. In this respect, the exploration activities of ONGC are noteworthy. The ONGC Videsh Limited has acquired 25 per cent interest in the Great Nile Oil Project (GNOP) in Sudan, besides acquiring one exploration block in Cote d' Ivorie. The ONGC Videsh Limited is actively present in 10 countries, namely, Russia, Sudan, Vietnam, Iran, Libya, Syria, Myanmar, Iraq, Australia and Cote d' Ivorie.
77. J. N. Dixit, *India's Foreign Policy 1947–2003*, p. 316.

3

INDIA'S ECONOMIC DIPLOMACY AND THE PRINT MEDIA: WTO'S ABORTED CANCUN CONFERENCE (2003)

Partha Pratim Basu

The 1990s have ushered in a tectonic shift in the relative balance between world economic and military power—or geopolitics and geoeconomics—propelled by the unravelling of the bipolar security regime on the one hand, and the unfolding process of market-driven globalization, on the other. As a result, spectacular economic success has become as important a determinant of the international stature of states as their size, population or military prowess. International economic relations have become a much more critical plank of the foreign policies of states than they used to be, and the major, or potentially major powers are seriously aiming to synchronize their global economic capabilities with political influence and military might.

Although it is economically strong, India, which is the fourth largest in the world when measured on the indicator of purchasing power parity (PPP), has yet to become as important in terms of trade and investment flows as the other major global players. Part of the explanation for this lies in its myopic policy-making and the inadequacy of its economic diplomacy, i.e., failure to clearly and coherently determine international economic objectives and interests or to fashion well-honed bargaining strategies and alliances to deal with economic giants like the United States, the European Union or China.¹ However, India's role in the World Trade Organization (WTO) remains by and large an exception to these observations as is evident from the overall continuity of the policy postures adopted by the National Democratic Alliance (NDA) and United Progressive Alliance (UPA) governments, and the endurance—to date—of the alliances it has successfully struck with countries like Brazil and China.

What was so interesting about the Cancun ministerial meeting of 2003? At the risk of simplification, one can argue that farm trade has been the main sticking point in most trade negotiations among the 147 member states of the WTO. The wealthy West provides subsidies to their farmers, as do most of the developing

nations. However, the rich countries insist that the developing nations open up markets and cut back subsidies faster than they do. Against this backdrop, the Cancun ministerial was distinctive in two ways: first, during this meeting, the delegations of the developing countries led by India, China and Brazil persisted in their collective contention that trade reform had to be even-handed and also perceived to be so in order to be politically viable, and thwarted the adoption of a resolution jointly piloted by the United States and the European Union. Second, the concessions the industrialized countries offered to their poorer brethren by way of promising to reduce farm subsidies as well as putting a cap on them at the Geneva meeting of the WTO in July 2004 (which came to be known as the 'July package') could very well be related to the developments at Cancun a year earlier. In other words, the Cancun conference represented a landmark in the epic struggle between the North and the South at the WTO; moreover, the issues that precipitated the confrontation there continue to remain part of the ongoing concerns of and debates within this premier world body.

The rationale for studying the role of the media in relation to diplomacy can be traced to the Wilsonian premise of 'open diplomacy',² i.e., diplomacy shall always proceed frankly and in public view. Whether exposing diplomacy to the glare of media attention and scrutiny has been beneficial or not is a debatable point but that cannot overrule the fact that the media has, over time, become an integral and irreversible feature of the business of diplomacy. Again, the spirit of President Wilson's allusion to 'open diplomacy' primarily related to media-public interface—with the media illuminating public regarding the distant world of foreign policy and diplomatic exchanges. The spectacular advances in communication and information technologies, resulting in high-velocity message flows, have turned the media not only into a vital information resource for policy-makers but also a catalyst for action.³ Moreover, through news analyses and editorial observations, it can occasionally furnish critical policy inputs and suggestions. Favourable coverage of the international moves made by the government helps bolster its position in terms of enhanced domestic support, which in turn prompts policy-makers to sell their perceptions to the media and influence the latter's views.

A final word about our selection of the print media for the purpose of our analysis. While television, especially since the advent of cable TV, has undoubtedly emerged as the number one purveyor of on-the-spot news from all corners of the globe, it presents raw news and fleeting images with little scope for in-depth analysis.⁴ Keeping in view the wider implications of media coverage vis-à-vis foreign policy—the media's 'participatory' role in terms of attempting policy critiques and providing policy inputs—we have chosen to explore the role of the print media. Three national English language dailies have been selected in consideration of their long and rich traditions, wide circulation and ideological inclinations: *Times of India*, *The Statesman* and *The Hindu*.⁵

CANCUN CONFERENCE: THE BACKGROUND

During the marathon eight-year Uruguay Round of trade negotiations, the developing countries agreed to make significant commitments in areas that were new to the GATT/WTO system, for example, intellectual property and services. In return, the industrialized countries undertook to open up their markets to exports from developing countries in areas such as agriculture and textiles. But by the Seattle ministerial conference of the WTO (1999), the developing countries found to their dismay that while the considerable market access concessions that they had agreed to make would be in place by 1 January 2000, the most important concessions they had received in return were either yet to be delivered or negotiated. In agriculture especially, many industrialized countries had simply replaced their existing quotas with tariff rates which amounted only to a marginal decrease in the degree of protection. In other words, non-tariff barriers may have been dismantled, but the questions of reduction of tariff barriers, domestic support measures and export subsidies were still to be negotiated. Moreover, the substantial assistance promised by the developed countries to meet the huge costs, financial and otherwise, that the countries of the South had to incur while carrying out the new obligations were also not forthcoming. Under the circumstances, the developing countries found little justification for a new round of trade talks and the inclusion of new areas such as competition and investment policies in the agenda—as desired by the rich countries—until the agreements reached in the past were fully implemented.⁶

They further insisted that the next WTO round must focus on the major concerns of the developing world, which in turn brought into the open several areas of divergence of interests between the North and the South. Apart from the issue of reforms in agriculture, the developing countries pointed out that post-Uruguay Round services negotiations had focussed on sectors of interest to industrialized countries (e.g., financial services and telecommunications) and wanted talks to shift to sectors where they had a comparative advantage, such as tourism, construction and shipping. Second, while the rich countries exhorted the developing countries to lower tariffs on manufactured items, especially in sectors which were of greater export interest to them such as footwear, leather goods, food products or textiles, the latter sought more flexibility to impose import restrictions when these served development goals. Again, they remained fiercely opposed to the linking of labour and environmental regulations to trade rules or to initiate discussions on other non-trade issues such as competition policy and investment.⁷

Finally, the developing countries called for instilling greater openness and transparency in WTO procedures. They complained that even though they constituted the majority of WTO's membership, they had been practically excluded from leadership positions. They felt particularly resentful of the so-called 'greenroom' meetings, which arrived at a quick consensus through backroom

consultations among the key countries, but thereby excluded the smaller states from the decision-making arena.⁸

During the Doha ministerial meet in 2001—which inaugurated the ‘Doha Development Round’—members committed themselves to comprehensive negotiations aimed at increasing market access, and reducing (and eventually phasing out) exports subsidies and other trade-distorting domestic support policies. While the Doha Declaration acknowledged the rights of the members to take environmental protection measures, labour standards were taken off the agenda and the discussions on new issues were deferred to the next meeting—that too on the condition of securing ‘explicit consensus’ of the members.⁹ India, in spite of being branded as ‘obstructionist’ and ‘alienated’ by the representatives of the developed world, managed to hold its ground as a vocal champion of the underdogs’ cause at Doha.

Meanwhile, the developed countries showed only tepid interest in giving effect to the Doha agenda and even before the formal opening of the Cancun meeting in September 2003 the battle lines had been sharply drawn: on one side, the coalition of the rich led by the United States and the European Union (EU) aimed at expanding market access and opening a dialogue on the so-called ‘Singapore issues’ (i.e., to develop a multilateral framework for cross-border investment, focus on a competition policy which, by implication, had a built-in bias against smaller countries, evolve a system of uniform custom clearance for trade facilitation, and institute transparency in government procurement) without conceding the agricultural reforms demanded by the developing bloc; on the other were two coalitions headed by India, Brazil, China, Malaysia, South Africa that were determined not to allow any talks on the Singapore issues until the contentious issue of agricultural subsidies was resolved to their satisfaction.

The USA and the EU spared no pains to break the solidarity of the developing countries, but without much success. The draft declaration was rejected by the latter as the handiwork of the rich and powerful that failed to reflect the concerns of others and was brazenly evasive even on the issues that had been agreed on at Doha. It was then submitted to the ‘greenroom process’, and some progress, reportedly, was made through negotiations with the representatives of the developing world such as India and Brazil. However, the talks collapsed when the African and Caribbean countries refused to discuss the Singapore issues, and the curtains came down rather abruptly on the Cancun conference.

PRESS COVERAGE

The Indian press’ coverage of the Cancun meeting has been traced here at three levels: observations on the eve of the meeting, perceptions when the conference was in progress and evaluation of its outcome. During the run-up to the event, the

press quite plainly brought out the great divide between the positions adopted by the industrialized and the developing countries. It was noted that while the members of the WTO agreed during the Doha talks initiated in 2001 to liberalize farm trade, cut tariffs on industrial goods, protect intellectual property rights, and extend the trade body's remit on trade facilitation, foreign investment, competition policy and government procurement and both the United States and the European Union said they would wrap up the Doha Round by 2005, a lot of ground remained to be covered which made their commitment sound hollow.¹⁰ It was against this backdrop that two opposing coalitions emerged under the leadership of India and the United States.

India's position, quite expectedly, received detailed attention. *The Times of India* highlighted the core conflict: while India wanted the developed world to scrap farm subsidies in order to protect the livelihood of 650 million Indians dependent on agriculture, the USA and the EU were in favour of continuation of the bulk of the subsidies while allowing little market access to farm produce from the developing countries.¹¹ The paper said this was the reason why the leader of the Indian delegation, Arun Jaitley, launched an offensive against the USA and the EU, holding them responsible for depressed farm prices that were hurting the livelihood of the poor farmers of the South. Jaitley asserted that the 'West must play fair on farm products' and that reforms in agriculture must start in the USA and the EU.¹²

Elaborating on New Delhi's stand on agriculture *The Statesman* reported that India was keen to push for a Uruguay Round-formula for tariff reduction, exemption from tariff cuts in the case of certain sensitive products, and the inclusion of livelihood concerns in the discussions. With respect to non-agricultural market access, India sought a formula that would provide adequate protection to domestic products through tariff binding at appropriate levels. Further, with regard to the 'Singapore issues', *The Statesman* said that, of the four, India was strongly opposed to any agreement on trade and investment, but its position on trade facilitation and transparency in government procurement was more flexible. Negotiators were also directed to consider an agreement on competition policy provided it was restricted to hardcore cartels and based on a per review mechanism. However, they were not to accept any binding agreement on competition policy, and more importantly, negotiation on these issues should commence only on the basis of explicit consensus on the modalities among all members of the WTO, and each issue had to be considered separately.¹³

The Hindu approvingly quoted a World Bank report¹⁴ that called for reducing protection in agriculture to maximize the gains from globalization and correcting the discrepancy in the tariff imposed by the developed countries on manufactured products (their average tariff on manufactures were lower but they charged more from the developing countries, compared with their industrialized counterparts) by way of reinforcing the Indian position.

The papers also highlighted India's strategy of not only entering into a coalition with the leading countries of the developing world such as Brazil and China to counter the 'pro-rich' stance of the USA and the EU but also making common cause with the least developed countries (LDCs) on the Singapore issues—particularly regarding the desirability of having investment and competition rules in the WTO.¹⁵ It was reported that Jaitley hosted a dinner that was attended by countries as diverse in economic might as China, Brazil, Venezuela, Jamaica, Botswana and Bangladesh.

It is interesting to note that while the press captured the US–EU coalition's objections to the collective stance of the developing world especially as represented by India, the differences within the former camp—initially at least—also was not lost sight of. A report in *The Times of India*,¹⁶ 'India Digs in as Mexican Marathon Begins', pointed out that the industrialized countries felt that the poor countries may be right to demand cuts in the tariffs imposed by the rich countries and lifting of their quotas but they should reciprocate as well; in fact, they doubted if seeking exemptions from 'WTO discipline' was going to benefit the developing countries, for 'few countries could emulate Korea's self-disciplined use of discriminatory tariff and export subsidies'. India was taken to task for double-standards: 'Jaitley accused the developed countries of negotiating with a sword and a shield, but the description fits India too ... India has brought more anti-dumping actions than any other country in the past seven years. Shouldn't India drop its shield?'. Given its present economic stature, India was also lambasted for demanding special treatment at the WTO at par with other developing countries and seeking more leeway than the rich members to subsidize its home industries.

Simultaneously, however, the divergence of interests between the EU and the USA was also duly highlighted. Thus, the same report mentioned that the United States offered to embrace free trade in all manufactured and consumer goods by 2015 and cut agricultural tariff by 76 per cent over five years, but also threatened that if other countries (presumably from the EU) don't join in cutting tariffs, it would go ahead and raise them. The EU's common agricultural policy, on the other hand, was dubbed 'a standing insult to economic intelligence' which propped up prices for its own farmers keeping even the most expensive ones in business: 'prices are so high that its farmers want to produce more than its consumers want to buy ... [and the] surplus production is offloaded in the world market with the help of 2.5 billion in annual export subsidy'. Thus, the EU trade commissioner had the uphill task of defending 'one of the most illiberal and illogical farm policies'.

In this connection, President Bush's attempts 'to assuage India on the WTO front' were also taken into account. This was part of a strategy to dissuade it from acting as a stumbling block at Cancun (which many trade analysts in the West felt it did at Doha). Apart from the 'new ascendancy' in Indo–US relations, India, it showed, was considered a key player in the current WTO negotiations, wielding

high influence (somewhat disproportionate to its own trading power) as the spearhead and voice of the poor nations. Partial convergence of US and Indian interests was also taken note of: While the USA was opposed to 'two sets of protection level for the developed and the developing countries as India has been arguing', it was expected to try and convince the EU regarding 'trade-distorting subsidies' according to *The Times of India*.¹⁷ Similarly, as to the Singapore issues, India was especially opposed to those of investment and competition, and the USA was likely to go with India on these counts because opening discussion on them was 'the brain-child of the EU' which, according to *The Hindu*, meant that India would be 'in direct confrontation with the EU (emphasis added)'.¹⁸ *The Statesman*, however, appeared to be more sceptical as it observed that while the initial assessment was that trade talks would focus on agriculture on which the US and the EU had opposing views, the joint paper on agriculture submitted by the trade giants sought to deflect attention from the subsidy issue and focus on tariff cuts making submission of a separate paper by India and other developing countries inevitable.¹⁹

Once the meeting commenced, the press chose to highlight India's leadership role as was evident from headlines in *The Times of India* such as 'Jaitley Bats for the South'²⁰ and observations that 'spearheading the developing nations' charge Jaitley made a forceful plea for correcting distortions in the agricultural/development dimension to take the centre stage'.²¹ The arguments he forwarded to safeguard the interests of the South were also pinpointed: 'On the Singapore issues, many developing countries, Jaitley said, do not have the capacity to implement obligations arising out of commitments that such multilateral rules would entail' and doubts were expressed regarding the benefits of a multilateral framework on such issues. On the other hand, he repeatedly pointed out that the 21-country coalition was home to nearly 50 per cent of the world's population; 63 per cent of the world's farmers resided in these countries which accounted for more than 23 per cent of agricultural production, and thus sought to use the large population of the developing countries to their advantage by underlining the fact that any deal pushed by the developed countries would affect a sizeable chunk of mankind.²² That the 15 nation 'rich bloc', despite reservations, agreed to take up the draft proposals brought by the G-21 (coalition of the Southern states) was also hailed by *The Times of India* as a 'major victory' on their part.²³ Another evidence of the solidarity of the developing world was produced—*The Statesman* noted while quoting Jaitley—when a new coalition of 22 developing countries under the banner of the Strategic Product and Special Safeguard Mechanism submitted proposals similar to those proposed by G-21.²⁴

It was further noted that India and China had decided to coordinate their positions on issues of concern to the developing countries: 'They are a part of the developing countries' coalition ... [and] also together in the Group of 15 formed to oppose the Singapore issues' and *The Times of India* quoted Jaitley approvingly that this coalition-building ushered in a new era of cooperation between the two:

'together both could shape WTO negotiations and leave an impact on the functioning of the multilateral agenda'.²⁵

Moreover, official reports that South African President Mbeki had written to them Indian Prime Minister, Vajpayee, and China's Vice President Hu Jintao seeking their support, *The Statesman* noted, attested to the fact that even away from Cancun several states were making an effort to ensure that the coalition stayed intact.²⁶

Quite predictably, a report in *The Hindu* titled 'Gloves off at Cancun' observed, the developed countries went all out to breach the unity of the poor by condemning the latter's 'double standards' and insisting that farm subsidies would not be withdrawn by them with reciprocal gestures from the developing world.²⁷ Yet the last word in this connection seemed to come from *The Statesman*: 'US pressure fails to divide G22 at WTO'.²⁸

After the conference collapsed following the standoff between the rich and the poor blocs, *The Statesman* reported that 'India blocked the Cancun agenda'²⁹ and *The Times of India* reported that the 'disastrous draft ignored [the] developing world's interests'.³⁰ Arun Jaitley, it was reported, who 'hogged international lime-light as the powerful spokesperson of the developing world', threatened to walk out unless three issues were addressed: 'remove the proposal to reduce tariff on a few farm products, keep investment rules and competition policy out of negotiations and remove the provision of expansion of tariff rate quota'. The responsibility for the failure was laid squarely on the advanced economies, on their insistence that the WTO should start negotiations in 'new areas' which hammered the proverbial last nail in the coffin. The pretence of the 'development dimension' of the Doha agenda, it was argued, had been discarded altogether, which corroborated the apprehension that this was mere rhetoric; the WTO system's built-in lack of transparency—which allowed 'the USA and the EU to incorporate in the text whatever they wanted'—was confirmed too.³¹

Jaitley, according to the press, had the full support of India's political establishment as well as the business and industrial classes. New Delhi, *The Times of India* commented, instructed its negotiating team to 'stand firm on agriculture' because, with elections to the Lok Sabha and many state assemblies slated for the following year, the Vajpayee government could not risk anything that would be seen as a compromise of the interests of the 650 million Indians dependent on agriculture. At the minimum, it said, the government looked for some sort of a 'victory' in agriculture so that it could be in a position to politically defend any concessions it might have to make in some other areas, and the elements of such a victory were that: i) India did not yield to pressure for lowering tariff and other barriers protecting its farmers; and ii) the developed countries were made to slash farm subsidies detrimental to its farm sector.³²

Both *The Times of India* and *The Statesman* captured in detail the reaction of the Confederation of Indian Industries (CII) and the Federation of Indian Chambers

of Commerce and Industries (FICCI), both of which 'expressed complete disappointment with the draft': while the CII held the proposals regarding agriculture 'unacceptable, insensitive and unbelievable', for FICCI, the draft was just another 'attempt at sidelining the interests of the developing areas'.³³

Interestingly enough, Cancun's failure was portrayed as a 'victory' for India: 'India emerged a winner from the ruins of the collapsed WTO talks', observed *The Times of India*.³⁴ The 'success story' was recounted by the paper using largely the words of Jaitley who remained the 'vanguard of India's campaign at the WTO', and several points emerged in bold relief. New Delhi's most remarkable achievement was 'that we brought the concerns of developing countries centre stage' and 'didn't yield on any issue' in the teeth of 'relentless pressure, behind the scene arm-twisting and brinkmanship'. Again, this was possible because the strong alliances forged by the Southern states not only stuck together but in fact 'swelled over time' and consequently what was a rearguard action led by a few (at Doha) evolved into a great show of Third World unity at Cancun. It was emphasized, however, that while we 'dominated the two-pronged agenda' (agriculture and the Singapore issues), 'our stand was not negative ... we proactively engaged in negotiations'. On the other hand, since India opposed the launch of a new round of WTO talks in Doha, 'there was little to grieve over the failure of the Cancun talks to kickstart the stalled round'. But India did not return empty handed either: 'there could have been three outcomes: fair, bad and no declaration. We would have liked a fair deal. But no deal's better than a bad deal', for any sign of weakness would only have 'further skewed the lopsided terms of global trade'. Jaitley, nonetheless, was cautious to point out that he did not believe that the trade talks had come to an end though the calendar of the Doha round was unlikely to be maintained.³⁵

The Statesman, on the other hand, took up the cudgels for Jaitley, who was 'identified as [a] villain by many Western negotiators' and asserted that he 'should take this as a compliment' for the manner in which he had put together an alliance of major developing countries, held it together and 'called the US-EU bluff', and served them a powerful notice that from now on the onus rested on them to remove the biggest blot on world trade (i.e., farm subsidies). It also forcefully refuted the charge of 'double standards' clamped on India by the Western combine. While it was true, the paper maintained, that India did not suffer as much from farm subsidies as sub-Saharan Africa, it highlighted the issue on a tactical—rather than moral—ground. It was not wrong, it felt, 'to use a smokescreen in any negotiation as long as there is genuine fire'. And after all, the 'cruel absurdity of French and American farmers being paid to make food mountains denying African farmers any market is one of the few black-and-white moral issues in world trade'.³⁶

Commenting on the long-term, overall significance of the outcome of the Cancun meeting, the press argued that at one level the meeting exposed the WTO's crisis of legitimacy and a loss of confidence in its agenda since, instead of furthering the cause of 'development', the body came to be perceived as the

protector and guardian of the 'mercantilist interests of the advanced countries'.³⁷ However, the Cancun fiasco also promised a thorough transformation of trade politics since issue-based coalitions of developing countries 'led by economic powerhouses' like India, Brazil and China had lent it a new dynamic. 'Cancun Cements the Process of Democratic Assertion Initiated at Seattle', observed *The Times of India*, quoting trade analysts (16 September 2003).³⁸ Similarly, under the headline 'A New Voice Makes Itself Heard at Cancun' *The Statesman* observed that the 'meetings may have failed to make meaningful headway on farming reform for now, but they may have sown the seeds of real change'. For it, the WTO's 'biggest flaw to date' was the inability of the developing countries to coordinate their demands. However, the emergence of a distinct and substantive counterweight to the USA and the EU at Cancun could eventually prove to be the making of the WTO'.³⁹ *The Hindu* also took note of this change in the consciousness and outlook of the developing countries: 'A decade ago such proposals would have been accepted at GATT. But the developing countries, now aware of the new obligation they have been asked to take on over the past decade will no longer agree at the WTO to demands that provide little benefit to them'.⁴⁰

Yet, the papers also cautioned Indian policy-makers in particular, and the developing world in general, against celebrating this moment of 'triumph'. Thus, *The Hindu* reminded New Delhi that India went to Cancun to obtain 'a decent agreement in agriculture' and keep the Singapore issues 'confined to the ongoing study process'. At the end of the conference, the Singapore issues were 'dead in the Doha round' while an agreement on agriculture was 'yet to be negotiated'. Its only gain, therefore, was the formation of a coalition⁴¹ that needed to be nurtured and strengthened with care and diplomatic finesse. *The Statesman* drew attention to the possible impediments to this process: the 'success' at Cancun rested on the Indo-Brazil alliance, but it wondered whether this partnership between a 'food exporter' like Brazil and India, a protectionist regime with an 'impoverished farming community' could really stand the test of time.⁴² Finally, *The Times of India* was more forthright in arguing that while the Doha agenda had been dealt a total blow at Cancun—it 'may not be dead but surely in coma'—the poor countries' 'political victory' could very well 'turn out to be their economic debacle'. After all, it continued, global trade, for all its inequities, remained 'the only real long-term hope for the world's poor'. While many in the West would be happy with the abolition of the WTO, 'a vulnerable Third World [had] a far greater stake in an internationally agreed mechanism for regulating global trade'. Moreover, it apprehended that the 'unity displayed by the developing world [would] come under increasing strain with the USA and the EU picking up individual countries for bilateral deals, not to mention regional trading blocs. It would be difficult to repeat the Cancun show in a one-to-one negotiation'. Hence the developing countries needed urgently to work out a joint long-term strategy and revive the failed Cancun process.⁴³

CONCLUSION

While analysing the press coverage of the Cancun ministerial meeting, one is struck by the volume of front-page attention it received because, conventionally, reports on economic issues—whatever their import—are usually relegated to the inside pages. This is mainly done as these reports have less appeal for the general reader. Two explanations could be contemplated: first, the focus on the conflict dimension of North–South relations—especially the way the media played it up using the ‘David vs Goliath’ and ‘greed vs equity’ imagery with India reportedly providing the leadership—imparted to it a somewhat ‘populist’ flavour and was expected to generate sufficient interest and excitement at the popular level as well. It may also have borne the stamp of the Vajpayee government’s media management strategy: The regime not only attached especial importance to the issue from the point of view of domestic electoral calculus but also grabbed the opportunity to refurbish India’s image as a global player of some consequence. And the contribution of Arun Jaitley, the suave and articulate commerce minister and the leader of the Indian delegation, at Cancun, could hardly be overlooked as a contributor to the success of this strategy.

As to the tenor of reports, the Indian policy, including its coalition-building strategy, was presented with barely concealed approval, with silver linings located in the collapse of the Cancun talks, again much in keeping with the sentiments officially expressed by New Delhi. Simultaneously, the criticism directed at the developing world in general and India, in particular, by the representatives of the industrialized countries failed to carry much conviction with the Indian press. Initially, a crack was located within the developed bloc—between the positions of the USA and the EU—and its consequences for the conference were sought to be anticipated, but this issue was not pursued afterwards. However, there was no satisfactory explanation of the abrupt end to the meeting following the rigid posture adopted by the LDCs even as the search for a way out of the impasse was very much underway through the ‘greenroom’ process in the presence of India and Brazil, and some progress had been made as had been stated by Jaitley himself. Some critics held that India’s failure, as the ‘champion’ of the cause of the South, to adequately fathom the exasperation and angst of the African and Caribbean nations and formulate a more inclusive strategy came in the way of a more satisfying end to the talks; some sensed an American hand behind the flop show at Cancun, but this question, somewhat curiously, was never seriously raised by the papers surveyed.

Did the papers suggest any policy inputs? *The Times of India* came closest to this when it argued editorially that India’s long-term economic interests—which lay in strengthening rather than destroying a multilateral trading system—should not be overshadowed by the sense of political triumph generated by Cancun. The other two papers confined their comments to the need for reinforcing the coalition of the

developing bloc, along with some forebodings regarding its endurance in future. The editorial positions of the papers could roughly be traced to their respective ideological leanings: when the WTO was inaugurated in the mid-1990s, both *The Statesman* and *The Times of India* welcomed this multilateral trading arrangement, but the former, more 'libertarian' in orientation, predictably appeared more enthusiastic. Hence for *The Statesman*, the attempt on the part of the developed world, the long-time self-styled champion of 'free trade', to subvert the same within the WTO framework seemed all too reprehensible: in addition to undermining India's national interests, it went against the grains of its philosophical moorings which probably explains why the sharpest reaction—and defence of Arun Jaitley's role at Cancun—came from this paper. *The Times of India*, with its more eclectic and centrist stance, even after hailing India's 'great moral victory' came back with the sober reminder that New Delhi should start working for resuscitating the WTO in right earnest. Lastly, *The Hindu* ended by stressing the need for bracing up the coalition of the developing countries which was the only guarantee of more democratic and equitable functioning of the WTO in future.

POSTSCRIPT

The disjunctions—deriving, as argued above, from divergent ideological nuances—in the three papers' perceptions of the outcome of the Cancun ministerial conference became more pronounced after the Hong Kong ministerial meet held in December 2005. On the eve of the event, *The Statesman* reports highlighted the Indian commerce minister Kamal Nath's resolve not to compromise on the question of agricultural subsidies and also to uphold the hard-earned solidarity among the developing countries. However, after the conference ended, its headlines stressed that the draft declaration evoked discontent among all the stakeholders, developed as well as developing. While from India's point of view, all its concerns seemed to have been addressed, the paper felt that there was barely any progress in real terms; in support of this stance it quoted the minister of commerce as saying that the text needed further improvements in order to adequately address the core concerns of the developing countries. It also quoted a Zambian minister ('We are not going to be party to disguise failure as success') to underscore the depth of the LDCs' frustration.⁴⁴

In one of its editorials *The Times of India*, in keeping with its pragmatist stance manifested earlier, urged all the WTO members (before the meeting began) to get beyond the impasse over the farm subsidies issue—which was, so to say, the primary concern of the Cairns group of farm and dairy product exporters—and steer the WTO talks to other areas. For the Indian policy-makers, its advice was two-fold: first, to seriously ponder if the country wanted to count itself among the big players in the world grain trade rather than remaining incessantly stuck with the question of endangering farmers' livelihoods through reduction of farm subsidies;

second, to agree to preserve the status quo in agriculture (thereby reducing the possibilities of further shocks) and thereupon engage in talks on industrial tariffs and services. No wonder that its reading of the outcome of the ministerial meet too was different as it chose to quote Kamal Nath as saying 'From going round and round about we now seem to be setting course to a development agenda' and the Brazilian foreign minister depicting the declaration as a 'fair compromise'. Indeed, a post-edit article showered praise on the 'constructive' role played by the G20—which was formed at Cancun 'to counter the US–EU alliance'—in advancing the negotiations while using its leverage to promote the interests of its membership. To elaborate, the group led by the Indian commerce minister and Brazilian foreign minister joined hands with 90 smaller developing countries (G-90) and successfully negotiated the duty-free, quota-free access for the products of 50 LDCs in developing countries' markets (which was hailed as a key achievement of this meet). Later, 'in an important act of leadership' Kamal Nath 'broke ranks with Brazil' and went on to support the 'reasonable EU demand' that the date for ending agricultural subsidies be set at 2013 instead of 2010 and thereby provided the 'necessary balance' to clinch the deal on export subsidies.⁴⁵

The Hindu, on the other hand, sounded decisively more hawkish. While the by-and-large positive *The Times of India* report captured the disappointment of the NGOs campaigning on behalf of the developing countries only in a footnote, *The Hindu* piece with the screaming headline 'Statement Betrays Poorer Countries; A Profoundly Disappointing Text; Akin to Rubbing Salt into a Wound' focussed entirely on the views of these anti-globalization agencies, but more than neutralized the effect of its major report on the final Hong Kong declaration on the following day with the commerce minister's statement ('Concerns Fully Addressed, says Kamal Nath; "Grand Coalition" Helped Clinch Deal at WTO'). Finally, a hard-hitting commentary took the Indian delegation severely to task roughly on the same grounds for which earned it accolades in *The Times of India*'s post-edit-article. It pointed out that the Indian negotiators not only implicitly acknowledged that the country's interests in agriculture were defensive (i.e., protecting domestic producers) and not aggressive (i.e., focussed on expanding exports) they along with other developing countries also committed to providing greater market access for agricultural commodities in return for 'minor concessions' from US and EU. The commentator also described the commitments made by the developing countries in the Hong Kong draft regarding liberalization of services as another 'setback' and castigated New Delhi for its reported role in 'mobilizing developing countries' support' behind this ill-advised move driven by a 'misreading of its interests'.⁴⁶

To sum up, *The Times of India*, from the vantage point of realpolitik, applauded the flexibility and maneuvering capacity exhibited by the Indian delegation—instead of putting all its eggs in one basket—in switching sides as and when necessary. *The Statesman*, however, betrayed a more cautious optimism though it stopped short of openly questioning New Delhi's moves. But *The Hindu* explicitly denounced the deal accepted by the Indians as running counter to their long-term

economic interests and also indirectly brought against them the charge of misleading the combine of developing countries. Thus, the incipient faultlines within the press regarding its evaluation of the Indian delegation's performance at the WTO's ministerial platform revealed in connection with the Cancun conference were further exposed at the end of the exercise at Hong Kong two years later.

NOTES

1. Percy S. Mistry, 'Rethinking India's International Economic Diplomacy', *Economic and Political Weekly*, 12 July 2003.
2. Ajai K. Rai, 'Diplomacy and the News Media: A Comment on the Indian Experience', *Strategic Analysis*, Vol. 27, No. 1, January–March 2003.
3. In the early 1990s, the 'CNN effect' became the popular synonym for 'media-driven' foreign policy in the United States.
4. Burt refers to a 'division of labour' within the media industry: the television reports the basic facts—the traditional who, what, when and where of journalism—and the why questions—analyses and interpretations—are taken care of by the print media.
5. See Partha Pratim Basu, *Press and Foreign Policy in India*, New Delhi: Lancers, 2003, pp. 29–30.
6. J. Michael Finger and Philip Schuler, 'Developing Countries and the Millennium Round' in Klaus Gunter Deutsch and Bernherd Speyer (eds), *The WTO Millennium Round: Freer Trade in the Twenty-first Century*, London and New York: Routledge, 2001.
7. Ibid.
8. Ibid.
9. Meeta K. Mehra et al., 'India at the Doha Ministerial Meeting', <http://www.teriin.org/online/ijrg/dec01/doha.pdf>. (accessed on 23 August 2005).
10. 'India Digs in as Mexican Marathon Begins', *Times of India*, 10 September 2003.
11. 'Bush Calls Atal', *Times of India*, 9 September 2003.
12. 'West Must Play Fair', *Times of India*, 10 September 2003.
13. 'India to Resist non-Trade Issues', *Statesman*, 9 September 2003.
14. *Hindu*, 9 September 2003.
15. 'West must play fair', *Times of India*, 10 September 2003; 'India Pulls Up', *The Statesman*, 10 September 2003.
16. 'India Digs in as Mexican Marathon Begins', *Times of India*, 10 September 2003.
17. 'Bush Calls Atal', *Times of India*, 9 September, 2003.
18. 'US Willing to Toe Line with India', *Hindu*, 9 September 2003.
19. 'West Must Play Fair', *Times of India*, 10 September 2003.
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21. 'Stormy Start to Cancun Negotiations', *Times of India*, 12 September 2003.
22. 'Major Victory for Poor Nations', *Statesman*, 12 September 2003.
23. 'Stormy Start to Cancun Negotiations', *Times of India*, 12 September 2003.
24. 'Major Victory for Poor Nations', *Statesman*, 12 September 2003.

25. 'India China Mutual Support Pact', *Times of India*, 12 September 2003.
26. 'Rich–Poor Clash', *Statesman*, 13 September 2003.
27. Dated 13th September, 2003.
28. Headline, 14 September 2003.
29. 'India Blocked the Cancun Agenda', *Statesman*, 15 September, 2003.
30. 'Disastrous Draft Ignored Developing World's Interests', *Times of India*, 15 September, 2003.
31. Ibid.
32. 'Delhi Happy if Cancun Can't', *Times of India*, 15 September 2003.
33. Ibid.
34. 'Cancun Failure a Victory for India', *Times of India*, 16 September 2003.
35. Ibid. See also 'Greed Versus Equity', *Times of India*, editorial, 16 September 2003.
36. *Statesman* editorial, 20 September 2003.
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44. See 'India not to be Hustled into any Deal—Nath', 13 December 2005 and 'Draft WTO Declaration Evokes Discontent', 18 December 2005.
45. See editorial 'Break the Impasse', 15 December 2005; 'Draft Sets Deadline for Export Aids', 19 December 2005; and 'Hailing Hong Kong, Completing Doha', 28 December 2005.
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4

SEAWARD SECURITY: MODERNIZING THE INDIAN NAVY

Jyotirmoy Banerjee

OUR NAVY IN HISTORY

The Navy has been traditionally treated as a stepchild by our defence establishment. This land-locked mindset, persisting since medieval times, is somewhat strange, since British rule over India owed much to its dominance at sea.¹ Indeed, much of European colonization of Asia, Africa and Latin America had begun from the sea. On land, of course, India has to guard against the 2,912 km border with Pakistan, the 740 km line of control (LOC) with it, and the 4,056 km of the line of actual control with China. But it also has to defend the 7,000-plus km of India's long peninsula jutting out into the Indian Ocean, plus some 1,280 islands and 2.2 million sq. km of exclusive economic zone, or EEZ. India's territorial waters extend to 12 nautical miles (nm), contiguous zone to 24 nm, continental shelf to 200 nm (but this could be increased to 350 nm), and 200 nm of EEZ. India's 2.2 million sq km of sea area is equivalent to about two-thirds of its total land area.

India's Bombay High offshore oil installations meet 14 per cent of the country's oil needs and account for about 38 per cent of the country's oil output. Add to this the fact that the bulk of our overseas trade is sea-borne—including oil—and the significance of naval role should be clear. But while the army and the air force have five commands each at their disposal, the Navy has to be satisfied with three. Its major bases are: Mumbai (HQ, Western Command, the Navy's 'sword arm'), Goa (HQ, Naval Air), Karwar (under construction in the late 1990s), Cochin (HQ, Southern Command), Visakhapatnam (HQ, Eastern Command and Submarine Command), Kolkata, Chennai, Port Blair (now under unified Andaman and Nicobar Islands Command), and Arakkonam (Naval Air). The Andaman and Nicobar has become the Far Eastern Naval Command, or FENC, but is a tri-service set-up commanded by a three-star officer who reports directly to the Chief of Integrated Service Command in New Delhi. A new Coast Guard station has

been set up on the Lakshadweep islands. Four more are envisaged in Jafarabad in Gujarat, Ratnagiri in Maharashtra, and one each in Kerala and Pondicherry.

After Independence, India depended on the UK for its maritime security till London decided to pull out of the east of Suez at the turn of the 1970s. The Cold War oriented our Navy, and most of the other defence services, towards the USSR from the 1960s. Problems posed by different technology, naval customs and a formidable language barrier had to be overcome in the transition from the British to the Russian.²

In the 1965 war, Pakistan surprised us with a daring naval attack on Dwarka, though it was of greater symbolic than strategic value. Six years later, the Indian Navy responded with improvised two huge raids with towed, short-range coastal Osa-class fast attack patrol boats firing SS-N-2 Styx missiles, and devastated Karachi-based oil tanks. India lost the frigate *Khukri*, and Pakistan's US-supplied submarine Ghazi was sunk at the Indian attack off Vizag while it was searching for the Indian aircraft carrier, *INS Vikrant*. The Pakistani destroyer *PNS Khaibar*, the minesweeper *Muhafiz* and several merchant ships were also sunk off Karachi harbour.

These skirmishes indicate a key factor: Both Pakistan and India would like to threaten each other's sea lanes of communication (SLOCs) in war, but neither can afford that threat since both sides depend heavily on their SLOCs for trade, including oil supply. As much as 97 per cent of Pakistan's trade moves by sea, and the corresponding figures for India and China are also over 90 per cent.

But besides war, the Navy has other enormous tasks. These include policing the 200-km exclusive economic zones (EEZs), protecting our high-value Bombay High offshore oil installations, our aircraft-carrier, joining UN-mandated missions abroad, coming to the aid of neighbouring states like Sri Lanka and the Maldives when they ask for it, and intercepting piracy, smuggling and terrorist transits in cooperative ventures with other navies. As India's *Ministry of Defence Annual Report 2000-2001* observes, Given the size, location, trade links and extensive EEZ, India's security environment extends from the Persian Gulf in the west to across the Strait of Malacca in the east and from the Central Asian Republics in the north to the equator in the south...³

THE PAKISTANI THREAT

Following its defeat both on land and sea by Indian forces in 1971, Pakistan began to beef up its navy. Pakistan cannot match India in numbers, be it in the navy, army or air force. So, its naval strategy is based on 'sea denial', as opposed to India's more ambitious strategy of 'sea control'. Islamabad started phasing out its mainly vintage British combatants and some US auxiliary ships like minesweepers. French Daphne submarines had already joined the Pakistani Navy in 1970. After the 1971 war with India, Islamabad started moving towards Beijing, India's other antagonist.

During the late 1970s and early 1980s, six US Gearing (FRAM I) destroyers arrived to form the bulk of Pakistan's surface fleet. A fourth Daphne arrived from Portugal in 1975 while two French Agosta-class submarines joined the fleet three years later. In the 1980s a County-class UK destroyer, renamed *Babur*, and two Leander-class frigates were also inducted. By the end of the 1980s, the Pakistani Navy also leased a total of eight Garcia and Brooke-class US frigates. The Brookes were guided-missile frigates. The US also supplied various anti-submarine warfare (ASW) and air-defence systems. China provided Soviet-designed Osa-class patrol boats for better coastal defence. Islamabad was no doubt influenced by the great success of the attacks by Indian Osas in 1971. In 2001, reports suggested that China was also supplying Pakistan with a warship and the know-how to build three others.

The US-supplied Harpoon missiles installed aboard the Gearing destroyers considerably enhanced Pakistani anti-ship capability, much to the consternation of the Naval Headquarters in New Delhi. While US military aid to Pakistan during the 1980s must of course be seen against the backdrop of Islamabad's alliance with Washington in opposing the Soviet military presence in neighbouring Afghanistan, the anti-ship Harpoons, could hardly be used to fight the Soviets in land-locked Afghanistan; they would obviously have been used against the Indian Navy in any future conflict rather than the Soviets. Islamabad also acquired Bofors wire-guided, electrically powered, and lightweight Tp45 torpedoes for use against quiet submarines in shallow waters.

When these combatants started ageing too, there was an international competition among arms suppliers. The French DCN won the contract in 1994 for delivery of three Agosta-90B submarines, renamed *Khalid*. The latter class was inducted in September 1999. These were able to launch anti-ship missiles. India did not have sea-borne missile-launching capability at the time. In early March 2001 Pakistan successfully test-fired two different Exocet (anti-ship missile) versions, the air-launched AM-39 and the sea-launched SM-39, the latter from the submerged *Khalid*. As *Dawn* (11 March 2001) reports, both reportedly scored successes, sinking a decommissioned destroyer.

The end of the Afghan war and Pakistan's involvement in nuclear arms development triggered the Pressler Amendment in the USA against it, which banned all arms supply and required pulling out the eight US frigates on lease. But other nations filled the vacuum. The UK supplied six Type-21 frigates, renamed the Tariq-class, which can carry Lynx helos. Their main mission is defensive and limited to a little beyond the narrow continental shelf. They have anti-surface warfare (ASuW) and ASW tasks; given Pakistan's dependence on maritime oil deliveries, the perceived threat from the Indian submarine force (mostly Kilos), and the utter devastation in the Karachi port area in 1971, this acquisition was understandable. France sold a Tripartite-class mine-hunter and the previously mentioned three Agosta-90B submarines. While the first submarine would be built at the

Cherbourg shipyards in France, the other two would be assembled at Karachi dockyards. Pakistan was to gradually acquire the know-how to build these boats, too. Paris ignored Indian protests over the sale.

The Agosta-90Bs, or Khalids, were significant since they were scheduled to have MESMA air-independent propulsion (AIP), replacing the diesel-electric propulsion system, which needs periodic surfacing of the vessel to periscope depth so as to recharge batteries. The AIP system allows the submarine to remain submerged three times longer than the diesel-electric system. The Agosta-90B has the fully integrated SUBTICS combat system and four bow 533-mm torpedo tubes. The Khalid would be carrying the SM-39 Exocet S939 submarine-launched missiles. These are sea-skimming missiles with their own inertial guidance, active radar homing, with a speed of 0.9 Mach and a range of 50 km. The submarine can also carry the Aerospatiale Matra missile. Pakistani sources claim that even their older Daphne-class submarines were quieter than the Soviet-supplied Indian Kilos and Foxtrots. India, rather belatedly, is catching up at the beginning of the 21st century and perhaps even surpassing Pakistani submarines with its French Scorpenes, supposedly a generation ahead of the Agosta-90B.

All Pakistani subs and some frigates were reportedly equipped with Harpoons by the turn of this century. The main targets for these Harpoon-armed combatants are India's carriers. Two Harpoons can finish off a 'small', 28,700-tonne full-load displacement carrier like the *Viraat*. India's latest carrier, the 44,500-tonne Gorshkov will probably need a few more to sink.

Further, the Vulcan Phalanx close-in weapons systems (CIWS), MK36 SRBOC (super rapid bloom, offboard, and countermeasures) decoy launchers and other electronic suits are being installed on combatants like the frigates. These are largely to compensate for Pakistan's poor air defence capability. Marines aboard the frigates can also fight off an air attack by carrying portable surface-to-air missiles (SAMs) like the Stinger.

The Brown Amendment modified the Pressler Amendment in the USA to re-open the arms flow to Islamabad, including more of the coveted Harpoon anti-ship missiles and the P-3C Orion maritime reconnaissance aircraft. At the turn of the century, some destroyers were scheduled to be fitted with the Harpoon Block IC missiles, which had a range of 124 km and greater capabilities than the older Exocet missiles, including the capacity for indirect attack, greater range, and reacquiring targets.

In addition, two new naval facilities were being built in the mid-1990s. Port Qasim at the Karachi dockyard was being modified to accommodate the new Agosta-90B submarines, while Ormara in Baluchistan would also be developed with Belgian and Turkish help to decongest the Karachi naval piers. The cost for the new base would be Rs 400 Crore. It is unknown entirely certain whether Pakistan would be able to support production of advanced vessels under license where other, more industrially developed Third World states have had great difficulties.

Gwadar on the Makran coast of Baluchistan was another potential naval facility, which might be developed not only to take the congestion at Karachi out but also to be relatively safe from an Indian attack. Islamabad will not have lightly forgotten the devastation of Karachi shipyards in the 1971 war with India.

In June 2003, US President George W. Bush granted Pakistan a five-year, \$3 billion package, half of which was meant to bolster that country's defence, though the coveted F-16s were excluded. Bush also overrode Islamabad's objections and finally approved a long-delayed Indo-Israeli deal for the transfer of the advanced Phalcon radar system, for which Tel Aviv had needed Washington's clearance as US technology was also involved.

To the Pakistani naval air arm, which had already been operating older Alouette IIIs for recce missions, the US Orions were a godsend. The elderly Alouettes had been given ASW capacity by providing depth-charges. The naval air was also strengthened with Sea King helos. These were armed with Exocet missiles. From 1993 to 1994 the Navy further stepped up its efforts at sea denial. Five Mirage-5 fighter-bombers, armed with two Exocets each, are based in Karachi. These are operated by the Pakistani Air Force but are under Naval Command and have an anti-shipping role. The Navy's Atlantique aircraft were also being fitted out with more modern gadgets.

The Pakistani Navy also has a small special operations unit based at PNS *Iqbal*, Karachi. It operates a few 110-tonne Italian-made midget submarines. There is also a para-military Maritime Security Agency, mostly equipped with older craft that patrol the EEZ. A small Coast Guard, with a few patrol boats, is also present, and reports to the Ministry of the Interior. Islamabad has not hidden its ambition to acquire submarine-launched ballistic missiles (SLBM). Its three latest Agostas are also nuclear-capable (*The Times of India*, 19 June 2001).

At the turn of the 21st century, the Indian and Pakistani naval balance sheet looked like the following, according to a Pakistani Navy source⁴ mentioned in the following chart:

	<i>Pakistani Navy</i>	<i>Indian Navy</i>
Personnel	24,000	45,000 ⁵
Aircraft carriers		2 ⁶
Destroyers/frigates	17	26
Submarines	6	15
Corvettes/missile boats	9	17
Minesweepers	3	18
Maritime patrol aircraft	5	24

The Times of India, on 20 April 2004, reported that the Indian Navy's long-term plan was to bolster force-levels 'from the present 140 warships to 198'. These fig-

ures seem to add all types of Navy ships, including tugs (Matanga, Ambika), diving support ships (Nireekshak), landing craft utilityss (LCUs), LSTs and many other types not listed on the Pakistani data sheet on major combatants.

THE CHINESE THREAT⁷

At the beginning of the 21st century, China's PLA Navy (PLAN) was about six times larger than the Indian Navy. Increasing and long-range Chinese naval aspirations and activities in the Indian Ocean region are a source of concern for New Delhi. The Chinese claim to the Spratlys and Paracel Islands are disputed by several Southeast Asian nations, which worry over rising Chinese naval activities in the South China Sea. Taiwan, it goes without saying, shares similar concern. The South China Sea and the Taiwan Straits are regions where China is most assertive, its interests clashing here with several littorals as well as the US China applies its laws in areas of South China Sea though these remain disputed areas. Beijing also uses Hong Kong as an intelligence-gathering facility.

India's joint naval exercises with Japan, Vietnam and Singapore, hence, may not be entirely confined to anti-piracy drills but may, at least potentially, have in view the greater potential danger of China's assertive naval activities in the future. So, from New Delhi's viewpoint, adequate safeguards must be developed to deter Beijing, and any potential Beijing-Islamabad axis, be it in the arena of nuclear-powered SLBM or submarine-launched cruise missile (SLCM) submarines, or force projection in distant regions.

Sea, air and land power often merge. Hence, air cover for naval fleets is needed as much as amphibious forces are to seize a beachhead, long-range recce aircraft to alert friendly fleets and shore facilities regarding enemy activity far ahead. Long-range maritime bombers like the Backfire TU-22M3, which India wants from Russia, can attack a distant naval enemy formation before it can start damaging our mainland. The US-led wars in Afghanistan and Iraq have shown what today naval forces, which are hardly purely naval is but rather frequently a mix of sea, air and land elements, can achieve. These have only whetted the appetite for a modern navy in many countries.

Chinese naval activities have been on the rise in recent years. This has caused headaches in our naval HQ. There are PLAN activities dedicated to Myanmarse ports and naval facilities in the Bay of Bengal. 'Cocoa' is likely a repugnant word in Indian naval circles; the Chinese station to monitor our missile tests from Chandipur-on-sea in the Ganjam district of Orissa is located on Myanmar's Cocoa Island. The 'friendly' Chinese naval visit in 2000 to Tanzania to play football probably unnerved New Delhi. Pakistan also did not exactly contribute to our euphoria when it conducted joint naval exercises with the Myanmarse navy in summer 2001. Of course, the Indian Navy has not been inactive either. It sent a flotilla to

the South China Sea littorals in 2000, thereby showcasing its blue-water navy ambitions, and not least for Beijing's benefit.

India also has to take into account China's potential strategic SLBM-submarine threat, however remote that threat may appear at present. India's 'minimum credible deterrence' doctrine pertaining to nuclear deterrence also includes sea-launched nuclear-tipped missiles as part of the country's nuclear triad. China's two or three 8,000-tonne Xia-class nuclear-powered SLBM-submarines, with six 533-mm bow torpedo tubes, are reportedly based at Hainan Island. They are, however, reportedly put to rare use.

The PLAN also launched its second-generation attack submarines in June 2004. This is dubbed 'Project 093' and is based on Russia's 1980s Viktor III-class submarine technology. PLAN, like its Indian counterpart, is also interested in Russia's very capable Akula-class. It already has four and is expected to acquire eight more of the Kilo 636 by 2007, armed with 288-km Club-S anti-ship missiles. As of mid-2003, India was the only other state to possess these. Five of PLAN's indigenous diesel-electric Song submarines are also being produced. The figure may hit 10 subsequently. The Songs are superior to the earlier Mings, which number around 20.

PLAN's Aegis-type, large phased array of 170 radar-equipped destroyers pose a formidable threat too. Forty-eight new vertical-launch anti-aircraft missile systems, either Russian or locally produced, will enable long-range air defence, including against attacking aircraft and missiles. In early 2002, PLAN had ordered two more of Russian-built Sovremenny-class destroyers equipped with supersonic anti-ship missiles like the Yakhont or a newer version of the 200-km Moskit, which was reportedly obtained along with the two destroyers.⁸ The Moskit is a large, supersonic missile with a distinctly anti-carrier role. In stealth frigates, too, the PLAN is moving ahead. 'Type 054', which is the French Lafayette-type stealth frigate, is being serially produced. The first one was expected to be launched in 2003. The frigate is superior to the existing Jiangwei-class.

All this is hardly cheerful news for the Indian Navy. The latter simply cannot gloss over their presence or upcoming induction. China's second-generation '09-4' boats, about 4–6 in number, are expected to deploy by 2010. Each submarine will carry 12 potentially MIRVed (multiple warheads) JL-2 SLBMs with a range of 8,000 km. China, however, faces severe engineering problems with these complicated missiles, but that is hardly much of a consolation for the Indian Navy. Besides the Xias, PLAN has Han-class, nuclear-powered attack submarines in addition to the Mings and Songs. As of early 2001, PLAN's major naval combatants numbered⁹ six destroyers and 10 frigates with anti-air missiles; around 50 destroyers and frigates with anti-ship missiles; six destroyers and 11 frigates with ASW helicopters; and seven destroyers and one frigate with anti-sub torpedo tubes.

However, China's naval ambitions and growing activities in India's neighbourhood did not stop the first ever Sino-Indian joint naval exercise scheduled for November 2003, like the exercises with Indonesia and Singapore. This was part of the Indian Navy's two-pronged strategy of cooperation as well as competition, which will be discussed later. A key mission of these exercises is better understanding of each other's operating procedures to enhance coordination, be it in missions like intercepting terrorists and smugglers, or search-and-rescue (SAR).

Finally, a white paper entitled 'China's National Defence in 2006', sixth of an annual series and released on 29 December 2006, indicates a significant shift from its long-standing land-mindedness. In the 21st century, Beijing seems to be again interested in spreading overseas influence by sea. Its secretive Central Military Commission aims at laying a 'solid foundation' by 2010 and making 'rapid progress' by 2020, and 'informationising' its entire military apparatus, i.e., application of high-tech communications systems and winning the high-tech war by 2050. The paper states that the Navy would enhance its marine combat and nuclear counter-strike capabilities. Worrysome for the Indian Navy is the emphasis on the importance of the Coco Island (Myanmar) and Gwadar (Baluch coast of Pakistan) for the PLAN.¹⁰ This worry seems to be shared by Tokyo, Seoul, Ho Chi Minh City and Washington.

THE INDIAN NAVY TODAY: ROLE, MISSION AND MODERNIZATION DRIVE

A sea change has taken place in our government and its policies with the change of world politics since the 1990s. On the backburner between 1985 and 1995, the Indian Navy is now conducting regular joint exercises with its US counterpart, towards which New Delhi had been outspokenly hostile in the 1970s, especially over the threatening gesture of its Hawaii-based Seventh Fleet in the 1971 Indo-Pakistani war, its SLBM-submarine patrols in the Indian Ocean and its growing base in Diego Garcia. A U-turn in Washington since Reagan's days also facilitated such eventual military partnership.

At the same time, India is trying to modernize its navy. In the pipeline are the burnt-out but now retrofitted Russian carrier *Gorshkov* (on the anvil for two decades due to its price) and its air complement of MiG-29Ks; advanced French submarine *Scorpene* and stealth frigates; and the induction of the Indo-Russian BrahMos anti-ship supersonic cruise missile (its range limited to 300 km to comply with the MTCR missile control regime), with an impact nine times greater than subsonic ones like the Russian *Moskit*, which China had inducted. India already possesses the Russian Club subsonic cruise with supersonic impact; and continues the negotiations for the *Dastan* heavy torpedo.

Cooperative Missions

Currently, the Indian Navy's missions include the key areas mentioned earlier, viz., territorial defence, policing the EEZ, and providing protection, with other navies, of maritime commerce from pirates—especially in the Malacca Straits region, which handles forty per cent of world sea-borne traffic. A *Jane's Defence Weekly* report dated 28 May 2001 stated that in the year 2000 alone, there were 108 pirate attacks in Southeast Asia. The waters around Indonesia accounted for 47; Africa, 41; and South America, 30. About half the attacks, however, go unreported. The International Maritime Bureau based in Kuala Lumpur monitors piratical activities. While the 114 total incidents reported in the first six months of 2008 is slightly less than the 126 reported in the corresponding period last year, acts of piracy in 2008 are rising quarter by quarter. India and the Gulf of Aden shared second place in mid-2008 after Nigeria, with five reported incidents each. The incidents in India were low-level attacks aimed at theft from the vessel.¹¹

Hence, naval cooperation between the Indian Navy and those of other states involve today the effort to curb terrorism, protecting the sea lines of communication and the EEZs, SAR missions, and others. Add to these the actual and potential threats by terrorists of various political hues, and one immediately realizes the India's gargantuan task of defending its maritime interests. Joint exercises with a large number of navies have become routine for our navy, as detailed later.

Strategic Role

While such cooperation in an ongoing process in the activity areas mentioned, India at the same time has to prepare for a low profile, yet palpable, Sino-Pakistani naval threat, both separately and jointly. India has to be prepared for Pakistan's strategy of 'sea denial'. Our navy was reportedly considering the option of SLBM-submarines; after all, the potential strategic threat from China, especially from its Xia-class and later-generation SLBM-submarines (the Xias, as noted, are mostly based in the Hainan Island) cannot be ignored even while exchanging pleasantries and shaking hands. Nuclear-powered and armed submarines seem to be on the anvil. Nuclear reactors enable far longer patrol time and keep the submarine quiet. Our navy already had hands-on experience in running the Soviet-leased nuclear-powered submarine named *INS Chakra*, leased on 5 February 1988 for four years and returned in 1991.

India's long, navigable coastline and large overseas trade by sea also demands the ability to project a blue-water force; hence the need for—undoubtedly controversial—aircraft carriers. Our sole carrier, *Viraat*, is fast approaching its predecessor *Vikrant's* fate. Rapid technological changes make induction of stealth technology, cruise missiles, hi-tech radar, missile-defence and satellite communication systems a must. A thorough overhaul is needed. In November–December 2003 the Public Accounts Committee pulled up the Indian government for delays

in inducting approved weapons; Prime Minister Vajpayee demanded that our Defence Research and Development Organization (DRDO) itself be revamped. The Indian Navy has to yet make bold strides despite such red tape.

INDIA'S AIRCRAFT CARRIERS

India is the only country of the seven in South Asia to boast of an aircraft carrier. It is also one of the few in the world to possess one. Its INS *Vikrant*, the very first one, was decommissioned on 31 January 1997, after 36 years and 11 months of service. India's current carrier, INS *Viraat*, like the *Vikrant*, was UK-supplied, and had seen action in the Falklands war over two decades ago as HMS *Hermes*. INS *Viraat* is expected to serve till around 2014.

The USSR never had a carrier force anywhere comparable to the US carrier battle groups (CVBGs). In the 1970s, however, Moscow did design the relatively small, 44,500-tonne Kiev-class carriers but, according to *The Moscow Times* (12 October, 2000), these were 'scrapped' the following decade. The largest US carriers like the Nimitz-class exceed 90,000-tonnes in displacement. The 1,200-crew Kievs making 32 knots were basically helicopter-carriers, and, unlike their US counterparts, did not have enough deck space or take-off catapults to operate combat aircraft, especially loaded with heavy ordnance. The Yak-38 'Forger' vertical-takeoff-and-landing (VTOL) aircraft they were meant to carry turned out to be ineffective. However, the Kievs carried significant missile capability like SS-N-12 anti-ship, SA-N-3 and SA-N-9 SAM missiles, and its ASW ordnance included RBU-6000 mortars.

But as far as catapults were concerned, even the 'real' Soviet aircraft carrier, *Admiral Kuznetsov*, did not have them. *The Moscow Times* (12 October 2000) called it a 'miracle' if the *Gorshkov*, renamed after the modernizer of the Soviet Navy, could operate combat aircraft on its deck. The *Gorshkov*, originally called *Baku*, was the fourth and last of the Kievs. It was launched in 1982 and served initially as a development platform for various command-and-control technologies. This work delayed its commissioning for a full five years.

Both India and China evinced interest in acquiring the Kievs in the 1990s since they were retired in 1992 due to a fund crunch in post-Soviet Russia. China apparently also eyed the larger *Varyag* carrier, which was being built in the Ukraine when the USSR collapsed. The result was that the *Varyag* remained in the doldrums, unfinished, chiefly due to lack of funds. Meanwhile, in 1994, the Kiev-class *Gorshkov*, rebuilt in 1987, caught fire and became just an empty shell. It was retired next year. In July 1995, an Indian team visited Moscow and held talks on acquiring the burnt-out carrier. The Russians offered for 'free' the empty shell, provided the Indians paid Moscow for its obviously needed retrofit. It was like offering the mere cover of a book for free but then extracting a price for the pages inside separately. Further, the Kiev-class's four steam turbine propulsion engines needed purified

water—impurities in water could cause clogging, rupture, leaks in the fine copper turbine pipes, and other problems—but the *Gorshkov's* on-board water-purification plant turned out to be faulty. The Indian side must have demanded a discount since *Gorshkov* was essentially a burnt-out shell, and the haggling over price lasted nearly a decade.

A \$1.5 billion deal was eventually struck. India was to pay \$650 million for the retrofit and another \$730 million for the carrier's air wing, including helos. The air component of the *Gorshkov* was to consist initially of 16 MiG-29K (naval MiG-29s) supersonic combat jets and eight Kamov Ka-27 and Ka-31 helos.¹¹ These helos could either carry out anti-submarine warfare (ASW) or airborne early warning (AEW) missions, depending on their types. Eventually, 60 MiG-29Ks would comprise the combat air wing of the *Gorshkov*.

India had insisted that the Russians extend the flight deck of the carrier and also install takeoff catapults. *The Times of India* reported on 28 June 2003 that the Indian Navy wanted a bow ski-jump takeoff ramp at a 14-degree angle for the MiG-29Ks. Whether with or without the catapults, the flight deck must have been extended to operate the MiGs. In a bid to get the highest price for their carrier, the Russians linked India's wish to acquire long-range TU-22M3 strategic bombers and nuclear-powered Akula submarines with the *Gorshkov* deal. While India financed the retrofit, which, along with other Indian naval orders, came as a shot in the arm of Russia's fund-starved Far Eastern Fleet, New Delhi also tried to negotiate by informing Moscow that India was also considering buying the Israeli Barak or the French Aster anti-missile systems in lieu of the Russian offer of their Kashthan system. Even three months before handing over the *Gorshkov* to India, Russia stated that the possibility of introduction of foreign anti-missile elements had been causing uncertainty over the deal. However, a deal of Rs 6,900 crore was finally struck. On 9 March 2004, India acquired the *Gorshkov* at the Severodvinsk shipyards from SEVMASH, Russia's machine-building plant.¹³

By early 2009 or so, according to Navy Chief Suresh Mehta (*The Times of India*, 8 January 2007, p. 8), India aims to deploy two carrier battle groups (CVBGs). They would be built around the 28,000-tonne INS *Viraat* and the 44,570-tonne INS *Vikramaditya*, the Indian name given to *Gorshkov*. In January 2007, the media reported that *Vikramaditya* was undergoing a refit in Russia (*The Times of India*, 8 January 2007). Each CVBG will include, among warships of various types, two to three guided-missile destroyers, two multi-purpose frigates, two submarines and a tanker. When *Viraat* retires, our navy expects to have as its replacement a 37,500-tonne 'indigenous' carrier being built at the Cochin Shipyard. According to Mehta, 'The project is on track'. The longer-term goal is to have three carriers, two deployed and a third undergoing refit at any given point of time.

The New Carrier Air Wing

The MiG-29K is the naval version of the MiG-29 combat jet, also known in the West as 'Fulcrum D'. The naval version is a single-seater, similar to the US F/A

Hornet, F-15, F-16 and the SU-27 'Flanker'. The MiG-29 is an all-weather, counter-air weapon. Its maximum speed is 2.3 Mach/1,520 mph; ceiling, 18,400 metres; payload, 4,000 kg; range, 1,100 km without refueling; armaments include Gsh-30L cannon and six air-to-air missiles (AAMs). The carrier *Vikrant* typically carried six aircraft and nine helos; for the *Viraat* the respective figures were 12 and seven. Initially, 14 aircraft will form the *Gorshkov's* air wing but ultimately the target is 60 aircraft. The Indian Navy proposes to counter Pakistan's US-supplied maritime recce Orions with these MiGs. The Sukhoi SU-MKI is meant for the air force, but has a naval version which may replace India's ageing Sea Harriers.

Naval Helicopters, Bombers, Reconnaissance Aircraft

The Ka-31 AEW (airborne early warning) helo has a modernized cabin, the Kabris system of global navigation and landing made by the Moscow-based Kronstadt firm at the Kumerstan production plant, with the pilot's equipment designed by Ramenskoye Instruments. The chopper is effective in sea and coastal patrol missions. Four Ka-31s entered service in 2003, and five more at the end of 2004. However, all nine were grounded after serious defects were detected.

The Navy is also interested in leasing four TU-22M3 long-range bombers, or 'Backfire-C'. It was introduced in 1984 in the Soviet arsenal. This TU was fitted with ramp inlets for higher dash performance and armed with a single 23-mm Gsh-23L two-barrel cannon in a tail barbette. It can carry an internal rotary launcher for six RKV-500N (AS-15 'Kickback') short-range attack missiles. A further four may be carried under the wings. In naval use, the strategic bomber uses free-fall weapons, including nuclear and high explosive (HE) bombs, and cruise missiles for anti-shipping attacks, besides carrying out electronic recce. Maximum speed: Mach 2 at 36,090 feet, its service ceiling being 59,055 feet. Ferry range: 6,476 nm. President Putin's early October 2000 visit to India brought in its wake the confirmation of the TU-22M3 and *Gorshkov* deals.

Besides, the Indian Navy has evinced interest in acquiring the US veteran P-3 Orion maritime patrol aircraft. Pakistan already has the P-3s, as noted. In mid-June 2003 there were reports that some progress had been made by India in acquiring them from the USA. A US team was scheduled to visit India in March 2004 to hold talks on the Orions. The Indian Navy currently it has 11 maritime recce aircraft, mostly Russian Il-38 and Bear-D TU-142s, and is looking to make new acquisitions with a long-delayed global tender. According to Navy Chief Madhvendra Singh in February 2004, the Indian Navy was 'scouting' the world market for aircraft of this type. India's Soviet-supplied Bear-D Tupolevs can already fly from the country's largest naval air station, INS *Rajali*, off the east coast at Arakkonam, which is located about 70 km from Chennai, to the Persian Gulf and back. Arakkonam has been in operation since 1992 and serves as India's long-range maritime recce station. Nevertheless, the navy feels it lacks in adequate and effective intelligence, surveillance and recce platforms. The Pakistani Orion-based

threat has to be tackled by India's naval MiG-29K combat aircraft. Since March 2003, however, the USA is supplying our navy with spare parts for its Sea King helos.

Air Defence Ships (ADS)

The day India acquired the Gorshkov from Russia, India's indigenously designed ADS, or small aircraft carrier, left the 'drawing board stage'¹⁴. The then defence minister George Fernandes was quoted as stating that India could start operating two of the ADS by 2011. Navy Chief Madhvendra Singh had stated much the same (*The Times of India*, 3 April 2003). Construction is expected to begin by the end of 2004 or early 2005 at Kochi. European firms are entering India's defence sector. In 2003, the French corporation MBDA received our navy's orders for air defence systems for the P-17 ships (Nilgiri or Leander-class, 2,962-tonne frigates), which are being constructed in Mumbai by Bharat Dynamics Ltd.

Stealth and Nuclear Submarines

Though a submarine is by itself a stealthy weapon, sonars from various platforms—under sea, maritime recce aircraft, land, or from surface ships and other submarines—can detect its propeller, vibrations and other underwater noises. When sonar 'pings' a submarine, it is operating in the 'active' mode. The advantage here is that when the 'ping' returns to the transmitting platform, often a submarine itself, the presence of the target submarine is confirmed. The downside is that the submarine 'pinged' can become aware via its own sonar that it has been pinged, thereby alerting it to the presence of the pinging sub. On the other hand, sonar may operate in the 'passive' mode when it is merely 'listening' to the noises generated by the propeller, vibrations, wake and other types of noise of a submarine. If these noises are cut down, minimized, then the hunter-killer submarine will have a hard time detecting a hostile submarine, unless the hunter switches its sonar to the 'active' mode. A stealth submarine is built to reduce a submarine's normal noises, or 'signature', to the barest minimum.

Scorpene

Having an ongoing deal with Islamabad on their Agosta-class submarines firmly in place since 1978, including the advanced Agosta-90 B, Paris merrily went about rectifying the 'imbalance' it helped create on the Indian subcontinent. The French consortium of the state-run DCN and Thales, which had supplied the Agostas to Pakistan, offered New Delhi their most advanced conventional submarine, the Scorpene, supposedly a generation ahead of Agostas. According to a rediff.com report on 16 February 2001, India, the submarine arm of which had been established late on 8 December 1967, had failed to build a nuclear-powered submarine

after spending two decades and Rs 2,000 crore in the attempt. In mid-2001 the French sent their most advanced stealth naval units to showcase in India. A deal was struck in June 2001 by a submarine-hungry India, since its mostly Soviet-made underwater vessels were already ageing beyond repair. The deal was expected to be cleared over two years later by India's Cabinet Committee on Security (CCS). The Mazagon Docks Ltd (MDL) in Mumbai would produce at least six of these stealth diesel-electric subs, which have the capability of fitting a small nuclear reactor in their hull as well. This last bit of capability seemed to fit India's ambition to command nuclear-powered—and eventually armed—submarines as well. In October 2000, India held talks with both France and Russia on indigenous production of the Scorpene and the Russian Amur. As of that year, i.e., at the turn of the millennium, no Indian submarines were equipped with missiles, unlike Pakistan's Agostas. Hence, to begin with, New Delhi rushed to buy Barak missiles from Israel for the *Viraat*.

The first of three Agostas had been inducted into the Pakistani Navy in 1999; in December 2003 Pakistan managed to produce its own *Agosta* at its Karachi shipyards. The Agostas have advanced command, control and communications (C³), torpedoes, anti-ship missiles, anti-submarine warfare (ASW), anti-surface, intelligence-gathering capability.

But the 1,670-tonne Scorpene boasts of the Tavitac NT, a new combat management system, fully automated, digital radar videos, threat evaluation and weapon assignment. Its Mesma air-independent propulsion system enables it to remain submerged for a longer period than its predecessors, which had to surface frequently in order to recharge their batteries. Its range is 6,400 nm at a speed of 8 knots. Among its armaments are six 21-inch bow torpedo tubes with a total of 24 wire-guided torpedoes. The Scorpene has a number of 21-inch weapons. It also has popup anti-ship missiles. Alternatively, it can carry 30 mines. The submarine has a complement of 32.

India has in place a 30-year perspective plan to indigenously produce state-of-the-art submarines, mostly at MDL. The latter is expected to produce 24 submarines in phases, and of two types. The other type will probably be the Russian submarines. A *Far Eastern Economic Review* report on 15 August 2002 had already noted that Asian states, including India, Pakistan, Southeast Asian states but especially Japan seemed to be falling head over heels to acquire stealth submarines in a hurry.

Akula, Amur, ATV Submarines

The Navy wishes to lease two nuclear-powered Akula submarines (Type 971), also known as 'Bars' in NATO parlance, from Russia for five years from 2004. The Indian Navy had already gathered experience in handling nuclear submarines, as noted earlier, during 1988–91 when operating a Soviet-leased Charlie-class submarine, dubbed the INS *Chakra*, equipped with SS-N-7 cruise missiles. The Soviet

collapse in 1991 did upset the Navy's plan for building 4–6 nuclear-powered submarines. No blueprint could be expected from Russia for these vessels since such tech transfer would violate the nonproliferation treaty (NPT). As Navy Chief Madhvendra Singh observed on February 2004, any navy today would like to have nuclear submarines. They are quiet, need little fuel, and can remain long submerged, features, which give them a distinct edge over more conventional submarines. Hence, said Singh, India would also like to acquire them, but he remained evasive on the steps India might be taking in that direction. At least two more Russia-supplied nuclear submarines for the Indian Navy are said to be in the pipeline (*The Times of India*, 21 January 2004).

The Akula II, built at Severodvinsk, is quieter and more advanced than its predecessors, e.g., it has better sonars, can do 35 knots submerged, dive up to 600 metres, and carry twelve 3,000 km-range Granat cruise missiles (SLCMs) which can be fired from its 10 533 mm torpedo tubes even against land targets.

The Navy is also interested in the Russian Amur-1650 submarines and funding two Project 09170 nuclear-powered submarines in Russia with a view to acquire them. The Amur-1650, produced since the 1980s, is a fourth-generation diesel-electric boat designed by Russia's oldest submarine designer, the Rubin Central Marine Design Bureau in St. Petersburg. It can be converted into air-independent propulsion and keep submerged thrice longer. While earlier Amurs of the Types 530 and 950 had four torpedo tubes, the 1650 has six; it is two to three times heavier than the earlier models, displacing 1,765 tonnes and is equipped with advanced cruise missiles, mines and torpedoes. As already noted, India's 30-year submarine-building plan was focused on opening, as of 2000, two separate assembly plants for the Scorpene (24 planned) and the Amur (*The Times of India*, 6 October 2000). The DRDO was engaged in developing the maritime, nuclear-capable Sagarika missile¹⁵ though it remains shrouded in mystery. A similar missile, the Dhanush, had failed an initial test.

It should be noted in addition that the Navy in 2000 was planning to indigenously produce five Advanced Technology Vessels or ATVs, a code name for nuclear submarines. *The Times of India* quoted Navy Chief Singh on 3 April 2003 to the effect that the strongest arm of India's nuclear triad should be under the sea, i.e., SLBM/SLCM-carrying submarines. However, Singh skirted all further questions related to that topic.

Moscow is also interested in selling more diesel submarines to India and has already sold Project 977 EKMs. Diesels are more useful than nuclear submarines in inland seas and coastal waters. The late 1998 Indo-Russian cooperation agreement on military technology during then Russian Defence Minister Primakov's visit to India mentioned the purchase of \$10 billion worth of Russian arms between 2000 and 2010, including diesel submarines.

Moscow has no reason to be unhappy with such a 'strategic partnership' with India, a phrase used with somewhat alarming frequency by its leaders, not least by

President Putin himself during his two visits to India in 2000 and 2001. In fact, Soviet Defence Minister Igor Sergeyev had hurried to India and assured that Indian military personnel would be trained in his country in March 1999. China and India are the two largest arms importers from Russia, which help keep its sluggish defence industrial wheels turn. *The Moscow Times* since the 1990s have been giving vivid and frequent descriptions of Russia's defence fund crunch and the pathetic condition of its Far Eastern Fleet and its personnel (26 March 1996 issue, online edition). Since the mid-1990s India bought an average of \$400–800 million arms from Moscow.

Stealth Frigates: La Lafayette (Project 17, or P-17)

France showcased her hi-tech navy in India on 22 May 2001 by sending *inter alia* reportedly the world's first stealth surface combatant, the 3,600-tonne La Lafayette frigate to Mumbai. Its equipment, including four 5,000 hp engines, is suspended from poles to minimize sonar-detectable vibration. The frigate has advanced automated information and combat-management systems. It is armed with eight Exocet missiles (MM 40 SSM), Crotale SAMs, one 100 mm gun, two 200 mm guns, and one 10-tonne heavy helo called Panther armed with anti-ship missiles. Besides, the Lafayette-class has 3D multi-function and 2D long-range radars. The frigate reportedly can take direct hits, yet remain combat-capable. Highly automated, it can speed at 25 knots, with a range of 9,000 km. It is 125 metres long, with a complement of 164. An Indo-French deal in June 2001 envisaged India building five of the Lafayettes with French know-how, probably at MDL. Paris insisted that while the vessels may be built in India, its weapons and sub-systems must be bought from France. The latter country also suffers from a defence budget crunch, so the deal comes, like with Russia's deals, as a godsend to Paris. The same holds true of the Indian Navy in general, neglected as it was for a whole decade between the mid-1980s and the mid-1990s, and for MDL.

Krivak (Project 1135.6)

Earlier, in November 1997, India signed a \$ 931.5 million agreement with Moscow for the supply of three 4,000-tonne Krivak III-class frigates, to be followed by indigenous production. In June 2003 it received two, the Talwar and Trishul (not to be confused with the latter's earlier Whitby-class namesake which served between 1960 and 1992). The third, Project 1135.6 named INS *Tabar*, was commissioned on 19 April 2004. Like its two predecessors, it was scheduled to visit foreign ports, about a dozen, en route to India. The Indian Navy wants three or four more of these. The Krivak-IIIs are dubbed Talwar-class in India. Another recent acquisition by the Indian Navy is the Nilgiri-class combatant, also called Project 17, or P 17. The government had approved their design and indigenous production in 1997.

The Talwar is also supposed to be stealthy. It has sound isolators to cut down vibrations and a protective heat shield to defend against heat-seeking missiles and thermal imagers. It is armed with over 200 km-range vertical-launch Club N and Club S anti-ship and ASW missiles. It has a wide array of weapons. The frigate can hit land, sea and air targets. Newer versions are expected to be armed with Yakhont and BrahMos missiles, the supersonic speed of which makes them difficult to intercept. A Talwar frigate can carry either a Ka-28 ASW helo or a Ka-31 AEW helo. The frigate has four gas turbines and can speed at 30 knots. These frigates are expected to tackle Pakistan's Agosta-90B submarines.

However, there was much delay in delivery, totalling about 18 months. The Russian-supplied surface-to-surface (SSM) Shtil missile was found to be faulty; of 12 test-flights only seven were successful. About 500 Indian naval personnel sent to St. Petersburg to take possession of the two initial frigates, but had returned empty-handed after languishing in sub-zero temperature for months. The Russians had assured the Indian Navy that the fault would be rectified later, but Indian Navy chief Singh refused to accept delivery of the frigates till the problems were corrected. The Talwars are to be inducted in 2005, said Singh. Subsequently, they would be fitted out with the BrahMos missile.

En route to India from builders Baltisky Zavod in St. Petersburg, the Talwar and Trishul (home port Mumbai) separately showcased themselves in the Americas, Europe and Africa by making port calls.

INS Delhi

Three modern Delhi-class destroyers, including the Mysore and Mumbai, were commissioned respectively in 1997, 1999 and 2001. The latest Delhi destroyer should not be confused with its older namesake. The latter had been decommissioned in 1978 after 30 years of service.

INS Shivalik

Meanwhile, on 18 April 2003, the indigenously built, supposedly stealth frigate began trials in Mumbai, according to BBC online. Its speed is 32 knots, has SSMs and SAMs, torpedo tubes, rocket launchers, and indigenously designed sonar. At \$140 million, it is expected to be commissioned in December 2005. Navy Chief Singh observed on the occasion of the trials that a developing country like India could not afford to buy warships abroad; hence, indigenous production was a necessity. The Navy had submitted its long-term plans like Vision-2025, 15-year shipbuilding and an aviation master plan to the Defence Ministry. The Navy had already obtained the government's approval for its 30-year submarine-building plan, including the Scorpenes and Russian submarines. According to the same report, the Navy was expected to soon induct Ka-31 early-warning helos, Israeli unmanned aerial vehicles (UAVs), Prabal and Kora-class missile corvettes, and

Brahmaputra-class frigates. It also has plans for mid-life upgradation of Ranbir-class destroyers and Godavari-class frigates (*The Times of India*, 3 April 2003).

INS *Jalashva*

In March 2007 the Navy is expected to acquire the USS *Trenton*,¹⁶ to be rechristened as INS *Jalashva* (Sanskrit for 'sea horse'). The two other amphibious warships already in service are the INS *Maghar* and INS *Gharial*. With its 17,000-tonne displacement, it will be one of the largest Indian Navy warships, after the two carriers, with the *Vikramaditya* (the *ex-Gorshkov*) taking the lead when it is finally commissioned in 2008. Admiral Suresh Mehta observed that such ships would enable transporting troops across the seas and helping land battles of the future. The seaward orientation in the configuration attempts of the Navy is unmistakable.¹⁷

Naval Missiles

The Russian-built submarine INS *Sindhushastra* arrived in Mumbai in October 2000 and soon joined the DGX-2000 war exercise in the Arabian Sea the following month. It added a new dimension in the subcontinental warfare with its Club supersonic cruise missiles. The Club is a shorter-range (300 km) version of the Granat, dubbed '*Tomahawks*' in the West due to its similarity to the US Tomahawk cruise. However, the missile technology control regime, or MTCR, bars the Granat from export since it exceeds MTCR-permissible limits of maximum 300 km and a 500-kg warhead.

The Club can hit both sea and land targets. This means it can help in land warfare as well, as UK and US cruise missiles had demonstrated in the campaigns in Afghanistan and Iraq at the beginning of the 21st century. A submarine can fire the Club while submerged. The Club can also be configured to carry a nuclear warhead. The DRDO plans to develop its strategic Brahmastra cruise on the basis of club technology. MDL was scheduled to build three Bangalore-class destroyers in 2002 armed with the Club. The latter missile uses fuel-efficient turbojet engine to approach target, then in the terminal phase its warhead detaches from the fuselage at over 30 km (16.2 nm) from target. A second rocket propels the warhead at Mach 3 speed towards the target, posing great difficulty for the latter to intercept it. The small Club is versatile. It can be launched from torpedo tubes or a warship's vertical launch cells. The three modern Russian Talwar-class frigates are also equipped with the Club.

The Delhi-class destroyers and newer missile corvettes like the Kora-class, one-helo-equipped INS *Karmuk* (the fourth and last), built in Garden Reach shipyards (GRSE) of Kolkata are also equipped with Russian-built Uran cruise missiles with a range of 250 km. GRSE is expected to deliver nine more corvettes and frigates over the coming decade.

The anti-ship, supersonic BrahMos is the product of yet another Indo-Russian joint venture. Jointly developed by India's Defence Research and Development Organization (DRDO) and Russia's Mashinostroyeniya, BrahMos zooms at supersonic 2.8 Mach with a strike range of 290 km. Production facilities were set up in Hyderabad in 1998. According to the ex-Navy Chief Singh in February 2004, at least one Indian combatant would be fitted out with the BrahMos by the end of 2005. User trials were expected at the end of 2004; a successful launch of the land version of the supersonic cruise missile was reported in February 2007 (*The Times of India*, Kolkata, 4 February 2007). This was reportedly the 12th successful test of the cruise missile ever since tests started in June 2001. BrahMos, named after the rivers Brahmaputra of India and Moskva of Russia, seems to be a versatile, multi-role cruise missile that can be launched from mobile and fixed platforms. Prime Minister Manmohan Singh even laid out the prospect of its exporting potential, e.g. to Chile, South Africa and Malaysia (*The Times of India*, 29 June 2007, p. 7). The Russian-supplied Talwar-class frigates are expected to be equipped with the BrahMos eventually. Two of the Israel-supplied Barak missile systems have already been installed as of February 2004. More are expected. The Navy has reportedly been holding talks in acquiring these 'heavy' torpedoes in (of all places) land-locked Uzbekistan.

The Indian Navy is investing in cruise missiles as weapons of the future.¹⁸ Developmental work of naval cruise and possibly SLBM missiles began late, in 1992, compared to missiles for the other two armed force services, which began about a decade earlier. The ability of naval cruise missiles to hit both sea and land targets, as demonstrated repeatedly in the US-led wars in West Asia in recent years, has been an eye-opener for all navies.

It is known that the Aeronautical Development Establishment (ADE) in Bangalore has been working on naval missiles since 1992. One of its aims is the capability to launch missiles from submerged submarines like the ATV, also under development, as noted earlier. This capability acquires urgency since China's YJ 8-2 anti-ship and land-attack cruise missile has already been at an advanced stage of development. There is also a land-attack version of the ADE missile. India, as already noted, handled the Soviet-supplied SS-N-7 aboard the nuclear-powered submarine Chakra. This radar-evading missile could fly just 30 metres above the surface, was small, relatively cheap to produce, and difficult to detect—the typical characteristics of a cruise missile.

Dhanush, on the other hand, is marked as an SLBM, the naval version of the Prithvi, and has a one-tonne payload, either conventional or nuclear. Its propulsion system is liquid fuelled. But the first test in 2000 failed due to its unstable sea platform (*The Statesman*, Kolkata, 2 August 2001, p. 8).

Meanwhile the Indian Navy's electronic warfare (EW) system for surveillance and combat has deteriorated, restricting its operations in the Indian Ocean. The government is reviewing extensive modernization requests. The Navy's Kashin-II

destroyers, a Brahmaputra-class, three Godavari-class, five Leander-class and two Petya-class frigates are suffering from EW shortcomings. The Russian-built EW systems have outlived their life-cycles. The Navy is in a hurry to replace them, initially with EW systems from Israel's Rafael Armament Development Authority Ltd. in Haifa. Seven such systems would cost the Navy \$107 million. The Navy wishes to spend \$500 million for longer-term modernization. DRDO is shifting R&D from tactical electronic support measure (ESM) to more strategic electronic intelligence (ELINT) systems. The latter tracks ships and aircraft passively. But there is criticism also of the DRDO's piecemeal approach rather than the more desirable integrated development.

The Navy's procurement problems have been well known. Delays in both domestically built weapons and foreign purchases have been adversely affecting the navy's ambition to turn into a blue-water force. The media reported in August 2001 that a high-power Defence Acquisition Council (DAC) was being set up to smoothen defence procurement, minimize infighting among the three armed services over allocation of resources, and clear all long-term defence deals. DAC will sit on top of the Defence Production and Defence Procurement Boards. Its members would include the top brass of the three armed services, besides the envisaged Chief of Defence Staff (CDS) meant for handling nuclear weapons, and civilian secretaries from various defence-related branches like Defence Production, Defence Finance and Defence Acquisition.

JOINT NAVAL EXERCISES

The Indian Navy with a large number of states, including those from neighbouring Southeast Asia, routinely holds a number of joint naval exercises. Between February 1993 and 2001, eight annual exercises took place between the Indian and the Singapore Navies. The one in 2001 was scheduled off Kochi on the Kerala coast. In 2003 there was a joint naval exercise scheduled with the Iranian Navy. The first ever Indo-Russian joint naval exercise was scheduled for two months later, in May, off both India's eastern and western coasts. The Indo-French 'Varuna-2003' exercise took place soon thereafter.

On 4 July that same year a big joint exercise dubbed 'Summerex' was planned with the US Navy involving our navy and the Coast Guard along with their helos and aircraft. Both Eastern and Western Commands were to participate off the Chennai coast. India's helos might have included the indigenous advanced light helicopter (ALH) built by HAL. It was still undergoing tests at Kochi before being inducted into the navy. INS *Rajali* at Arakkonam, India's largest naval air station, was to play an important role too. US Navy special operations forces, known as SEALs, were also planning to hold joint marine commando exercises with their Indian counterpart, the Marine Commando Force, or Marcos, off Goa and Mangalore earlier in March 2003. Such joint naval, and other inter-service, exer-

cises have become part of the routine in Indo-US defence relations, a far cry from the earlier decades when New Delhi openly opposed US naval and other military presence in the Indian Ocean. 'Summerex' was yet another in a series of joint Indo-US naval exercises. In late September 2002, the US Pacific Command fielded an ultra-modern, Aegis-equipped Ticonderoga-class destroyer and a Spruance destroyer, an SSN (nuclear) submarine and a maritime recce aircraft in an Indo-US naval exercise dubbed 'Malabar-4'. These exercises often involve sub-surface, surface and air operations. Joint exercises with the US Pacific Fleet, as well as other navies, have become routine.

Even more startling was the first ever-joint naval exercise with China scheduled for November 2003, preceded by Indian Premier Vajpayee's visit to Beijing beginning on 22 June. This was a three-day SAR manoeuvre but without combat simulation. India had proposed anti-piracy exercise near the pirate-infested Malacca Strait, as it had carried out with the US and the Indonesian Navies. But China had replied that such operations are carried out by its border guard units, not by its navy. Hence, an SAR exercise was chosen instead.

India and China have been exchanging port calls with one another, notwithstanding their silent rivalry. An Indian naval contingent was scheduled to visit Shanghai in November that year. This was in spite of India's worries about the Chinese presence in the Cocoa Islands of neighbouring Myanmar and growing naval activities in the Indian Ocean. Such worries notwithstanding, joint exercises are also being held with the Pakistani Navy. Talks with Islamabad started on 16 February 2004 on countermeasures against arms smuggling to India's Gujarat and Maharashtra coasts. India's Coast Guard is to play an important role here. It has a 15-year plan to acquire 146 vessels and 100 aircraft and helos to discharge its mission of guarding our long coastline against smugglers and poachers. A hotline dedicated to Indo-Pakistani maritime patrolling was also reportedly on the anvil.

The 'biggest ever' joint Indo-French naval exercise dubbed 'Varuna-2004' involving half-a-dozen warships was scheduled to be held off Goa between 6 and 15 April 2004. Joint naval exercises between Paris and New Delhi had started since 1998. France fields its nuclear-powered attack submarine. In the international fleet review in Mumbai held in February 2001 it had already sent one. Varuna-2004 involves wide-ranging naval activities, including anti-air, ASW, air combat drills and cross-deck-landings of aircraft. Indian and French officers take turns in commanding the vessels. A UK destroyer, HMS *Gloucester*, was scheduled to join the French contingent.

INDIA'S NAVAL OPERATIONS: AT HOME AND ABROAD

In mid-December 1961, the Indian Navy, then in its rudimentary shape barely a little over a decade following Independence, nevertheless successfully carried out its task of backing the army's land operations against the Portuguese colonizers in

Goa. It stood guard over the Bays of Marmagao and Aguada against any Portuguese attempt to send reinforcements. It also sank an enemy warship off Diu and neutralized the Portuguese-controlled airport and its control tower by bombardment. An anti-aircraft Portuguese frigate, the *Albuquerque*, was damaged and abandoned by its crew off Marmagao. Naval assault teams, under cover fire of 4.5-inch guns from friendly ships, ultimately took Anjadip and forced the enemy garrison there to surrender.¹⁹

Ten years later, again in December, came the Bangladesh war with Pakistan. The carrier *Vikrant* and its escorts blocked Pakistani sea-borne supply routes to then East Pakistan. Chittagong, Cox's Bazar and other port facilities were cut off, thereby leaving over 90,000 Pakistani troops to face major Indian land and air assaults with rapidly depleting resources. *Vikrant's* Seahawk and Alize ('Chetak') squadrons wrought havoc on East Pakistan's vital installations. The Indian Navy's Eastern Fleet was soon in total control of the sea and surrounding air space. The Pakistani force had no other option but to surrender. The war had lasted less than two weeks: 3–16 December 1971.

On 29 July 1987 India and Sri Lanka reached an agreement involving our navy's peacekeeping role in Colombo's uphill struggle against the Tamil Tigers, or LTTE. Ethnic strife was rampant, especially in the Jaffna region of the island republic. The Indian Navy launched 'Operation Pawan' and played a multi-purpose role in this. It monitored movement of vessels carrying refugees and that of fishing boats. Its role of transporting and maintenance of the Indian Peace-Keeping Force, or IPKF, was crucial. The 'milk run' from south Indian ports to Sri Lanka involved transporting 200,000 men in both directions, 100,000 tonnes of stores and 8,000 vehicles. Our merchant fleet also chipped in to help. In October the Eastern Naval Command, backed by our Coast Guard, put a cordon sanitaire in place. Ships and aircraft constantly patrolled the 300-mile long line of control. A blockade of all supplies to the militants was implemented. Smaller vessels like landing and coastal craft also played an important role. The navy's ability to sustain such a large body of troops for a long time attracted special attention in military circles.

More recently, in 2001, the new Indian Marine Special Force and Army commandos denied use of shallow lagoons to the LTTE insurgents. Further, they carried out clandestine attacks on the latter's hideouts and training camps. Today's standard operating naval procedure in a Sri Lanka-type situation involves combat landing on beaches, aerial surveillance, and support to the troops by helos and aircraft. Pilots of the ageing Alizes, which have seen service since 1961 (No. 310 Cobra Squadron), nevertheless proved effective.²⁰

Among other Indian Navy operations away from Indian shores was 'Operation Cactus' in 1988. When mercenaries overwhelmed Abdul Gayoom's armed force in the Maldives, the President of the island republic turned to India for help. Within hours the navy flew aerial recce missions over the island, while the army and the air force deployed troops to put down the armed coup there. The mercenaries then

abducted a merchant vessel, *Progress Light*, took hostages, including the Maldives Transport Minister and his wife, and set sail for Colombo. Indian naval combatants intercepted the abducted ship. But since hostages were involved, the situation required more than use of brutal force. The Maldives government's attempts to negotiate failed. Thereupon two Indian Navy warships fired warning shots and went for what looked like graduated use of force. The rebels finally surrendered on 6 November. The Indian Navy had successfully fought terrorism at sea and was given 'tumultuous welcome' at Male.

Between 26 June and 13 July 2003 the Indian navy, upon receiving a request from Mozambique's president J. A. Chissano in May that year, sent the guided missile cruiser Ranjit and an offshore patrol boat, Sukanya, to Maputo to safeguard the 53-head-of-state summit of the African Union there. The Navy also imparted training to 100 native naval personnel. There are several other episodes involving our navy's peacekeeping missions under UN auspices.

Since 1995 the navy holds the biennial event called 'Milan' with the aim of increasing maritime cooperation among the neighbouring littorals of the Bay of Bengal. In mid-February 2003 Milan-2003 was held at Port Blair, for the first time after the latter acquired its unified Andaman and Nicobar Command. Participating navies included units from Australia, Indonesia, Malaysia, Singapore, Sri Lanka and Thailand. Seminars, sports, professional exercises and other elements engaged the attention of all these navies as well as our coast guard. The Indian Navy's theme for the occasion was: 'building bridges across the seas'.

Besides scaling Mt. Everest way back in 1965, Saser Kangri I and IV (7,672 metres) in the autumn of 2003 as part of its 'naval mountaineering', and flying its ensign in Antarctica in 1981, the Indian Navy was reportedly helping Mauritius in mid-2003 to guard its EEZ. This is billed as being of strategic importance, not least because this operation opens up another dimension of our navy's activity. There are states like Mauritius, which have large EEZs but inadequate means of guarding them. If India starts helping them guard their territorial waters, this can only mean an increase influence over these states in the future.

CONCLUSION

The Indian Navy, the fifth largest in the world, has to maintain its own in the face of potentially hostile neighbours, and the danger of the two acting in collusion against India's maritime interests at times of crisis. As noted at the outset, our navy was given the lowest priority among the three armed services. For a decade since the mid-1980s it faced utter neglect. Fortunately, the government has been paying greater attention to its needs, especially to its modernization. In February 2000, Finance Minister Yashwant Sinha had announced a major increase in defence expenditure: a huge 28.2 per cent increase over the last financial year.²¹ In 2003–2004 the navy's share went up to 18 per cent of the total defence budget,

amounting to about \$357 billion. Percentage-wise, this was a giant leap for the Navy, which had hitherto been allotted not more than 11–14 per cent of the defence budget. In early 2004, Finance Minister Jaswant Singh declared Rs 25,000 crores as a non-refundable grant for defence outlay, a significant share of which no doubt went to the Navy.

India's long coastline, its central location in South Asia, and far larger maritime assets than those of other South Asian littorals automatically bestow upon the country a significant naval role in the Indian Ocean and beyond. This also includes limiting Islamabad's role in other littorals. This also means living up to India's stature as the outstanding South Asian state. Out of the seven states of the region, India easily stands out in size, population, economic, cultural and military prowess. In case a war breaks out on land, for instance, over Kashmir, India's naval superiority, if the latter can be established beyond dispute, can hurt Pakistan badly by intercepting its sea-borne trade, including oil imports, and its naval forces.

India's controversial decision to maintain aircraft carriers, ideally three (one for retrofit, and one each for the Eastern and Western Naval Commands), and long-range recce and bomber aircraft have various justifications. Firstly, these assets can intercept hostile forces far away from the Indian coastline. A potential Pakistani or Chinese naval threat cannot be ignored, notwithstanding periodic surface bonhomie. The Chinese, besides supplying Islamabad with naval combatants and technology, and cooperating on nuclear and missile technology, have been helping build Pakistan's naval base at Gwadar, which would provide the Chinese with access to the Persian Gulf.

Second, by the same token, long-range naval forces, including their air wing, will safeguard India's trade, especially oil from West Asia, which are of vital importance to the country's economic well-being. Thirdly, modernization has become a must. According to *Jane's Defence Weekly* online on 11 March 1995, nine of the navy's 36 major ships were due to retire by 2000, including six of 18 submarines. The navy's declining share of the defence budget, according to *Jane's*, was preventing it from replacing these combatants as of the mid-1990s. Today, the modern naval assets will also help keep the peace in the South Asian region, as proven by past experience. Fourthly, a powerful Indian Navy would be a factor of deterrence for Pakistan, given the latter's vital sea-borne trade. India has a 5:1 advantage over the Pakistani Navy in terms of combat vessels, air assets and manpower. The Indian Navy seems to consider the Pakistani Navy rather as limited in sea-denial capacity, and is more concerned about the growing Chinese influence in the Indian Ocean. It seeks to counter it partly by increasing its own presence in eastern South China Sea.

India is concentrating on developing the much-delayed state-of-the-art naval base at Karwar in Karnataka. It originally was to have been completed by 1995, but became functional as late as 2005. Dubbed 'Operation Seabird', the new naval base will come under the navy's, Western Command its 'sword arm'. With the

naval base moving towards Phase 2, Karwar will gain in strategic importance and also help decongest existing bases at Mumbai, Cochin, and even Vizag.

Project Seabird will be allotted 8,000 acres of land along the west coast. It will be designed to handle a large number of warships and aircraft. Besides, it will have a dockyard for repair, retrofit and modernization of surface combatants and submarines. The defence ministry is roping in international firms like Rolls Royce, to lend a hand in developing this hi-tech facility. According to the original estimate in 1995, when the project had been approved by the government, it would have cost Rs 1,294.41 crores (*The Times of India*, 24 June 2004, p. 6).

India's blue-water ambitions are obvious. Its size, position in the Indian Ocean with two large water bodies of the Arabian Sea and the Bay of Bengal on either side, along with their critical importance for national and international trade, the composition of its naval force, which includes carriers, long-range reconnaissance aircraft and bombers, and the stated ambition to acquire SLBM-submarines, are among the pointers in that direction. Important SLOCs criss-cross the Indian Ocean. Long-haul maritime cargo from the Persian Gulf, Africa and Europe transits it, especially oil. The Southeast Asian chokepoints of Sunda, Lombok and the 960 km-long Malacca Straits had half of the world's merchant fleet capacity and a third of the world's ships passing through them as early as 1993. The shipping through the Malacca Strait easily exceeds those transiting through the Suez and the Panama Canals combined. India lies between the Straits of Hormuz and Malacca. Both these choke points can become volatile. While there are alternative routes to Malacca, there are no such alternative sea routes for the Persian Gulf oil except via overland pipelines which, however, would be vulnerable to insurgencies, terrorism and war. So, any crisis in the Hormuz region would impact negatively on India and numerous other states. India's geographical location dominates the SLOCs from the Persian Gulf before they round off south of Dundra Head in Sri Lanka. This SLOC also runs close to India's Andaman and Nicobar Islands before entering the Malacca Strait. Merchant traffic thus transits through areas close to India's milieu of maritime interest. So, like Hormuz, any problem at or near Malacca affects India's interests as well.²²

Training with nuclear submarines revealed the navy's ambition for long-range, blue-water operations. By 2010 India is expected to become a strategic force centred on two carrier battle groups, or CVBGs, nuclear-powered submarines, or SSNs, and strategic/maritime strike aircraft—all of which will play a dominant role in the Indian Ocean region. As an analysis from the Virtual Information Center in the USA puts it, the Indian Navy will become primarily an ocean-going navy by the end of this decade, with few ships of less than 1,200-tonne displacement. Thus, in a nutshell, India's 'sea-control' strategy in the Indian Ocean region is completely attuned to its geographical location and concomitant political and economic factors.²³ It is time that the government keenly monitors the modernization of our navy and attaches the importance to it that it rightly deserves.

NOTES

1. India has had a rich maritime tradition. The spread of Hinduism and Buddhism overseas, e.g., Indonesia and Japan, was possible partly due to this. Same holds true for our trade with ancient Rome and other ancient civilizations. Several centuries before Christ, the Maurya and Andhra dynasties devoted themselves to becoming the lords of the eastern seas. Sailendra's maritime empire lasted a full five centuries. More recently, Calicut and the Marathas fought at sea against the hordes of Europeans pouring into our subcontinent. But it was the British Navy that defeated all others and helped establish the Raj for two centuries.
2. For a vivid description of the teething troubles that our navy faced, see A.K. Chatterjee, *Indian Navy's Submarine Arm*, New Delhi: Birla Institute of Scientific Research, 1982.
3. Government of India, *Ministry of Defence Annual Report 2000–2001*, Delhi: Ministry of Information, 2001.
4. pakistanidefence.com, accessed 14 July 2001.
5. *The Military Balance*, 1996–97, London, reported 55,000, including 5,000 naval and air personnel, and 1,000 Marines
6. Although the *Viraat* has been retired, it was replaced with the *Gorshkov*.
7. Between 1405 and 1433, the eunuch Admiral Cheng Ho's seven voyages across the Indian Ocean to the Red Sea, the Persian Gulf and Africa were undertaken not merely for trade but also for expansionist purposes. They landed in Calicut, Cochin and Ceylon, and declared these territories as China's vassals. The expeditions involved a force of 15,000 troops, a number hardly needed for trade alone. However, following the capture of the Ming emperor by Mongols, the Chinese decided to concentrate on teaching them a lesson. They, therefore, concentrated on land expansion and abandoned their overseas imperial ventures.
8. NBCi, 2000.
9. ucdavis.edu, accessed on 26 March 2001.
10. Stephen Trimble, 'China Releases New White Paper on National Defence Strategy', *Janes Defence Weekly*; 2 January 2007, and Deep K. Dutta-Ray, 'Looking Seaward', *Times of India*, 18 January 2007, p. 16.
11. *Times of India*, 28 June 2003, p. 7, however, reports different figures: 24 MiG-29Ks and 6 Ka helos.
12. There is a humorous side to the *Gorshkov* story. After it had burnt out in 1994, a US firm approached the former superpower with the offer to buy the *Gorshkov* and turn it into a floating casino off southern Florida. See themoscowtimes.com, 20 September 1995; *Strategic Digest*, New Delhi, Vol. 34, No. 3, March 2004, pp. 458-9.
13. indiainfo.com, accessed on 9 March 2004.
14. The USS *Trenton*, named after the state capital of New Jersey and commissioned in 1971, ran the motto 'No Greater Gator'.
15. *Strategic Digest*, New Delhi, Vol. 36, No. 12, December 2006, p. 1611.
16. However, there seems to be two controversies surrounding the 300-km *Sagarika* missile. First, does it exist at all? Former Admiral Bhagwat of the Indian Navy reportedly

denied outright the existence of the project in the late 1990s. The other one is equally baffling. If there were a *Sagarika*, is it an SLBM or an SLCM, a ballistic or a cruise missile? The US Air Force, according to one commentator, considers the *Sagarika* an SLBM with 290 km range, expected to become operational in the current decade. It reportedly benefited from Russian assistance in 1995, but this is denied by Moscow. See Rahul Roy-Choudhury, 'Equipping the Navy for War on Land', bharat-rakshak.com

17. armedforces.nic.in/jnavy; Vishal Thapar, *Hindustan Times*, 4 July 2003.
18. armedforces.mil.in/jnavy
19. bbc.co.uk 29 February 2000.
20. Vijay Sakhuja, 'Indian Ocean and the Safety of Sea Lines of Communication', *Strategic Analysis*, IDSA, New Delhi, August 2001, Vol. 25, No. 5, pp. 689–702; Satish Kumar, 'Reassessing Pakistan as Long Term Security Threat', *Strategic Digest*, IDSA, New Delhi, Vol. 33, No. 3, March 2003, pp. 229–42.
21. vic-info.org, 10 November 2003.

5

INDIA'S NUCLEAR POLICY

Rajesh Kumar Mishra

For almost five decades, the Cold War—steeped world, which witnessed a race for development and deployment of nuclear weapons faced a grand dilemma—whether or not to use nuclear weapons in a severe military crisis. Had there been no review by major nuclear weapon states on the doctrines simply based on ‘mutual assured destruction’, there would have been no need for alternatives like limited, flexible or proportionate deterrent capabilities. The process of review in diversifying the role of nuclear weapons led to changes in the size and nature of nuclear arsenals worldwide. Though the phase of bipolar rivalry between the Warsaw Pact and North Atlantic Treaty Organization (NATO) has ended, stocks of their nuclear arsenals still exist, though reduced. The efforts of P-5 states (USA, Russia, China, France and Britain) are now being channelled to develop cutting-edge technologies. The emphasis is on enhancing the credibility of individual deterrent capabilities. The continuing rationality for possession of nuclear weapons is still premised on the unpredictability of threat vulnerabilities. Threat perceptions and force projections still remain as significant dimensions to validate the existence of deterrence. The complexity in conceptualizing nuclear deterrence arises due to the changing nature of security perceptions of states in the context of their own force capabilities.

‘Why do states want nuclear weapons?’— this remains a contested question among analysts and policy-makers throughout the world. The political decision by states to develop and improve the sophistication of nuclear weapons makes the disarmament issue even more complex with the changing security dynamics in the international system. The concepts of international security are now being redefined with the end of Cold War, and, hence, the associated role of the institutions. Issues like globalization, economic development and technological innovations are being woven or integrated into discourses on security challenges, including those of nuclear disarmament and non-proliferation.

With the objective to prevent the spread of nuclear weapons beyond P-5 states, the parties to the nuclear non-proliferation treaty (NPT) agreed to an indefinite extension of the treaty at the 1995 NPT Review Conference. The treaty was opened for signature on 1 July 1968 and came into force from March 1970. However, in the run-up to the NPT 2005 Review Conference, the regime was facing challenges to its own survival.¹ Although the treaty has been in existence for more than three decades, there are apparent concerns about the failure of the nuclear weapon states (NWS) under the NPT to make exemplary progress on disarmament.² Today, the credibility of the treaty itself has been called into question as it is evident from recent disclosures that A.Q. Khan's proliferation network had clandestinely facilitated the nuclear programmes of NPT member states like Libya, North Korea and Iran. According to the United Nations General Secretary's high-level panel report, 'We are approaching a point at which the erosion of the nonproliferation regime could become irreversible.'³ The Director General of the International Atomic Energy Agency (IAEA) also admits that 'it's absolutely essential that we amend the treaty'.⁴ While the concerns for controlling proliferation are growing, the demand of equitable cooperation in the peaceful use of nuclear power is also expanding across the globe. The nuclear energy demands in the world are projecting high hopes for the future.⁵

In the quest for new mechanisms and institutions for international nuclear order that pertain to both security and development related issues, Prime Minister Manmohan Singh and President George W. Bush declared in the joint statement of 18 July 2005 'their resolve to transform the relationship' between the two countries and 'establish a global partnership'.⁶ The new initiative is intended to create more space for India's participation in the new emerging international nuclear and security order. In the joint statement, the US President acknowledged 'India's strong commitment to preventing WMD proliferation' and stated that 'as a responsible state with advanced nuclear technology, India should acquire the same benefits and advantages as other such states'.⁷ For its part, India claims that 'in the four decades since NPT, our record contrasts favourably with NPT members, even of the weapon-state category, some of whom encouraged and abetted proliferation for political or commercial reasons. Our export control performance during this same period also contrasts favourably with those of many developed nations who could not stop their companies from supporting clandestine WMD programmes'. Now, the Indian foreign policy is motivated by 'national aspirations' while expressing 'confidence as an emerging global player'.⁸

As a country with an exceptional non-proliferation record, even without being a member of the NPT, India maintains a policy of non-transfer of enrichment and reprocessing technologies. Even as it maintains its commitment to work on global nuclear disarmament and a more equitable world order, India believes:

The end of the Cold War had provided the opportunity to reduce the salience of nuclear weapons but we saw instead that most of the world acquiesced in the manoeuvres to

perpetuate forever the right of a handful of nations to retain their arsenals.... The search for unilateral advantage has led to measures that undermine the principle of irreversibility of committed reductions. There is no move towards collective renouncing of 'first-use'. Instead, there are prospects of advocacy of pre-emptive use and a move towards developing new types of arsenals justified by new rationales.⁹

In fact, the Indian nuclear policy embraces the defence and disarmament aspects of nuclear security in a broader global perspective. The regional and international security imperatives provide impetus to India's national security formulation. Strategically, India finds itself placed

...at the centre of an arc of terrorism between North Africa and South-east Asia, its close proximity to a key source of nuclear proliferation and the continuing acts of terrorism from across her western borders ... [in close proximity with] China, [who is] pursuing a policy of rapid military modernisation.¹⁰

China itself says that its 'military improvements are part of the country's overall modernization and economic expansion'. The effort will continue apace, it adds, seeking to 'lay a solid foundation' by 2010, make 'major progress' by 2020 and 'reach the strategic goal of building informationized armed forces and being capable of winning informationized wars by the mid-21st century'.¹¹ The mutually contested security perceptions of the US and China, along with the modernization efforts by Russia, France and Britain, significantly influence India's own threat perceptions for future. There is also a debated viewpoint prevalent in India that if it becomes the third largest global economy in next 20 years, then its global status itself so will bestow upon India global responsibilities and make it vulnerable to global threats. Therefore, its military power and nuclear weapons power must be of global orientation.¹²

Both in practice and theory, nuclear weapons have been a central element of international security discourse. Possession of nuclear weapons by a state beyond the P-5 club (the US, Britain, France, China and Russia) is commonly described in Western academic and strategic communities interchangeably as the 'spread' or 'proliferation' of nuclear weapons and they call states that have acquired them 'new nuclear weapon states'. In the course of the last five decades, a complex theology has evolved about the extent to which nuclear deterrence preserves or endangers world peace and security. Despite lacking universal acceptance at policy-making levels, 'the debate over nuclear proliferation'¹³ in the Western world remains interesting because of the immense intellectual input. However, there appear two significant limitations in the prevailing debate. First, the lack of universal appeal is apparent in the inherent criticisms brought forth by each rival theorist group against the other over mutually contested assumptions and applications of each theory. Second, academic formulations on proliferation, which may have policy applications as well, do not adequately proffer a comprehensive nuclear disarmament approach against the existing discriminating non-

proliferation regimes. By and large while discussing 'deterrence' in the context of the 'new nuclear weapons states', most of the academic works legitimize the nuclear weapons of P-5 states and remain deeply suspicious of the rationality of the others. Cohen and Frankel sum it up succinctly: 'There is little in the literature to tell us how a country should plan to use its nuclear weapons to deter its adversaries while denying the possession of these weapons'.¹⁴ In the prevailing complex dynamics of academic discourse, the existence of nuclear weapons in different parts of the world is a reality today and therefore requires the appropriate attention in the security calculus of all countries, those with or without nuclear weapons.

In India's neighbourhood, the strategic triangle comprising India, Pakistan and China defines the contours of security stability of the South Asian region. The term 'stability' is generally related to its synonyms—like solidity, substantiality, strength and firmness.¹⁵ The nuclear dimension of this triangular strategic stability syndrome has its proportionate bearing on the India's nuclear policy too. By conducting nuclear tests in 1998, 'India altered its status from a nuclear capable state to a declared nuclear weapon state'.¹⁶ Subsequently, the salient features of country's nuclear policy have been reflected in its doctrinal formulations. The proposed doctrine is still to attain a final shape. Dynamism of the doctrine means scope for amendments with the changing needs of time and threat perceptions. The Indian threat perceptions in terms of the security challenges can be examined through three significant but closely inter-linked factors. First, vulnerabilities against Pakistan remain the immediate concern for India. Second, China stands against India as the long-term strategic challenge. The third factor arises from the Indian disarmament perspectives, especially how the country views the prevailing global non-proliferation regime as discriminatory and unpredictable for a world free from nuclear weapons.

For India, the country faces a unique security challenge from the two neighbouring countries—Pakistan and China—who possess considerable nuclear strength. No corner of the world is as unique as southern Asia in terms of the dynamics of international insecurity. The outstanding bilateral disputes between India and China have further given rise to a China–Pakistan collaboration against India. The regional adversaries separately and jointly pose a challenge to Indian peace and security.

THE PAKISTAN FACTOR

Pakistan's Prime Minister Shaukat Aziz has said that 'Pakistan's strategy of credible minimum deterrence' guarantees 'peace in the region' and Pakistan's active nuclear weapon programme is moving 'from strength to strength'.¹⁷ Pakistan is considered to have as many as 50 nuclear weapons and enough highly enriched uranium (HEU) stock for 50 more, including the additional capacity to produce five to ten bombs a year.¹⁸ According to a relatively more recent estimate, Pakistan

is said to possess 55–90 weapons of highly enriched uranium and 20–60 plutonium bombs.¹⁹ No definitive information at official levels is available on such speculative assessments. The possible delivery systems for weapons are aircraft and missiles.

When talking about his nuclear capability of this country, President Pervez Musharraf said: 'Our strategy on defensive deterrence, both in conventional and unconventional fields, is in place, in strength, and is growing from strength to strength every year.'²⁰ Commenting on the possibility of any apprehensions that Pakistan might have on account of the growing proximity between the US and India, Musharraf stated at a high-profile meeting with Lahore's media: 'There is no need to worry about it. We are quite capable of defending ourselves, and will improve it if we need to'.²¹ Musharraf has gone on record to say that the weapons are in a 'disassembled state'.²² Few other terms have also been used to project the deployment status of Pakistan's nuclear weapons, such as 'operationally deployed'²³ or 'in the component form'.²⁴ While the term component form has not been spelt out, it seems that 'the situation in Pakistan may be murky and may in fact best be described as partial deployment'.²⁵

Pakistan has not announced any comprehensive nuclear doctrine. However, two basic elements that emerge from statements made by the country's leaders are 'a rejection of the NFU [No-First Use] policy, and the role of nuclear weapons as minimum credible deterrent'.²⁶ Realizing the gap between military strength in conventional terms, there is a view prevalent in Pakistan that an NFU posture could provide India the leverage in a conventional attack. By seeking a 'no-aggression pact', Pakistan seems to preclude even an Indian reprisal for Pakistan's misadventures like the one in Kargil in 1999 and support to cross-border terrorism against India. Some experts reckon that another factor complicates the security environment for India: Pakistan's 'chief patrons, principally the US and China, are bound to try and right the inherent imbalance in power by assisting it in ways inimical to Indian interests'.²⁷

Pakistan's ambassador to the United Nations argued: 'We have to rely on our own means to deter Indian aggression. We have that means and we will not neutralize it by any doctrine of no first use'.²⁸ Pakistan's doctrinal policy is kept deliberately ambiguous.²⁹ In terms of ability to ensure survivability, Pakistan wants to have a sufficient number and variety of assets to create 'reasonable doubt'.³⁰

Relevant to the current discussion is Pakistan's bottom line for the use of nuclear weapons. This has been spelt out by General Khalid Kidwai, head of the strategic planning division (SPD) under the national command authority, to a delegation of Italian scientists. He said: 'Nuclear weapons are aimed solely at India. In case that deterrence fails, they will be used if:

- India attacks Pakistan and conquers a large part of its territory (space threshold);
- India destroys a large part either of its land or air force (military threshold);

- India resorts to economic strangling of Pakistan (economic strangling); or
- India pushes Pakistan into political destabilization or creates a large-scale internal subversion in Pakistan (domestic destabilization).³¹

In other words, without defining any limits, Pakistan intends to use its nuclear weapons to counter even a primarily conventional conflict situation if it feels threatened with military, political or economic defeat. However, there is a feeling in Pakistan that a nuclear response cannot be involved to deal with the local contingencies and nuclear threshold should be maintained at high level.³² A former foreign minister of Pakistan has said that the destruction of even a single city would be an unacceptable risk for another country that contemplates a pre-emptive strike.³³ In an interview to CNN on 1 June 2002, Pervez Musharraf tried to allay the growing international fear of nuclear war in the subcontinent by saying: 'I would even go to the extent of saying one shouldn't even be discussing these things [nuclear war], because any sane individual cannot even think of going into this unconventional war, whatever the pressure'.³⁴

While chairing the meeting of the National Command Authority (NCA) in October 2001, Pervez Musharraf reaffirmed the Pakistani strategic assets as the cornerstone of country's national security and said that there would be no compromise on the nuclear programme.³⁵ The statement was made in the light of increasing international concern about improving security and installing new safeguards for Pakistan's nuclear weapons after the 9/11 terrorist attacks in America. Musharraf assured the world that the country's strategic capability was fully safeguarded.³⁶ Such assertions need further examination, especially when Pakistan is considered as a potential source for terrorists to gain access to nuclear technology and materials.³⁷ A.Q. Khan's televised statement in February 2004, when he confessed to his involvement in the international nuclear black market, drew unprecedented media attention.

However, 'A.Q. Khan got off lightly, sending disturbing messages about US and Pakistani attitudes toward proliferation'.³⁸ It also raised the most troubling question of 'how and to what extent Pakistan's free-market approach to proliferation has allowed terrorist groups like Al Qaeda to acquire nuclear materials and technology[?]'.³⁹ The mounting speculation thus terrorists are trying to gain access to the nuclear establishments of Pakistan cannot be ignored. Khalid Sheikh Mohammed and Ramzi bin Al Shibha, who were caught in Pakistan, had earlier revealed in a secret interview to Al Jazeera television that Al Qaeda had planned to strike American nuclear plants, but dropped the idea as it feared it could go out of control.⁴⁰ Moreover, Pakistani scientists Sultan Bashiruddin Mahmood and Abdul Majid, who were arrested on 23 October 2001, had disclosed during the interrogation that they had held extensive meetings in August 2001 with Osama bin Laden, one of his top lieutenants, Ayman Al Zawahiri, and two other Al Qaeda officials in the Afghan capital of Kabul.⁴¹

American officials believe that Abdullah Al Muhajir, alias Jose Padila (who had alleged links with Al Qaeda and was arrested on 8 May 2002 in Chicago's interna-

tional airport) was intending to return to Pakistan with reconnaissance information before proceeding for attacks in the USA with dirty bombs.⁴² Intelligence sources were quoted as saying that during his earlier stay in Pakistan, Al Muhajir had at least two meetings with Al Qaeda operatives in Karachi.⁴³ It is also believed that there were plans to provide diverted radioactive material to Al Qaeda recruits and have them trained by Pakistani nuclear scientists to build dirty bombs.⁴⁴ The US authorities were tipped off about Al Muhajir by Abu Zubaida.⁴⁵ A few weeks before Muhajir's arrest, a news report had mentioned that Abu Zubaida, a key lieutenant of Osama bin Laden who was arrested in Pakistan on 8 March 2002, had provided interrogators with alarming information pertaining to Al Qaeda's ability to build a radiological device and smuggle it into the United States.⁴⁶ The threat of nuclear terrorism has different dimensions that stem from

...the theft and detonation of an intact nuclear weapon; the theft or purchase of fissile material leading to the fabrication and detonation of a crude nuclear weapon (an improvised nuclear device); attacks against and sabotage of nuclear facilities to result in radioactive emissions; and the acquisition of radioactive materials to the fabrication and detonation of radiological dispersion device (dirty bomb).⁴⁷

Therefore, the threats from Pakistan are multifaceted (including both deliberate and inadvertent) and they require appropriate Indian strategies to tackle the potential vulnerabilities in Pakistan. For India, nuclear confidence-building with Pakistan, would considerably deal with issues like accidental use of nuclear weapons and the possibility of anti-India fanatic groups gaining access to Pakistan's weapon material or technology that can be used against India.

THE CHINA FACTOR

China maintains that the size of its nuclear arsenal is 'small' or 'limited', but there have been different estimates available in analyses by Western experts. These speculative estimates suggest the total number of warheads in China's arsenal in between 350 and 600.⁴⁸ Ever since China acquired a range of missile capabilities, including inter continental ballistic missiles (ICBMs), its deterrence has been based on quantitative ambiguity over the size of its strategic forces. China continues to deploy missiles capable of targeting India and virtually all of the US and the Asia-Pacific theatre.⁴⁹ China has already deployed solid-fuel mobile DF-21 missiles capable of hitting targets in India. The range of the Chinese short-range ballistic missiles (SRBMs) covers significant parts of Indian territory, from the northwest to the northeast regions. At the same time, the rate of increase in the production of SRBMs raises the vulnerability of missile proliferation from China to other countries, mainly Pakistan, as had been witnessed in the past. Despite a phenomenal rise in trade with India and a flurry of visits by senior Chinese leaders to India,

China has yet to give up its strategic nexus with Pakistan.⁵⁰ India can hardly afford to ignore these realities concerning its own security vulnerabilities.

India had to face Chinese aggression in 1962 and, since then, both view each other with mutual mistrust. Pakistan has taken advantage of the prevailing situation by hitching its interests to China against India. As a matter of strategic alliance, Pakistan considers China as 'all-weather' friend in South Asia and the two countries are united in their rivalry against India. For example, Beijing provided Pakistan generous shipments of arms in the run-up to the 1965 and 1971 wars with India. After Pakistan's defeat in 1971, China deferred for 20 years payment on a 1970 loan of \$200 million and wrote off another \$110 million in earlier loans to support the modernization of Pakistan's military.⁵¹

Many experts in India and outside view the Chinese policy of creating mystery and fear for competitors and adversaries at international forums as a challenge to future Sino-Indian relations. Beijing desires to remain the sole unchallenged power in the Asian region. China sees India as a potential power that could threaten its hegemony in the region.

Despite international condemnation, China has relentlessly supported and assisted the Pakistani nuclear and missile programmes. On 6 August 2001, the *Washington Times* reported that 'a US spy satellite detected the latest shipment as it arrived by truck at the mountainous China-Pakistani border on May 1'. Quoting US intelligence agencies, the report said the China National Machinery and Equipment Import and Export Corp. (CMEC) supplied the missile components for Pakistan's Shaheen-1 and Shaheen-2 missile programmes. It was one of 12 missile component transfers sent by ships and trucks detected by US intelligence agencies since the beginning of the year.⁵²

Despite its protestations of innocence, the fact remains that China has consistently provided Pakistan with wide-ranging assistance to enable Pakistan to develop nuclear weapons and a wide variety of missiles, ranging from short-range M-11s to medium-range M-9s and intermediate range M-18s.⁵³ China had signed a contract with Pakistan in 1988 under which Beijing committed to supply 34 complete M-11 missiles by 1994.⁵⁴ Another news report mentioned that China provided ballistic missiles and launchers, upto 30 M-11/DF-11 missiles to Pakistan's Sargodha Air Force base near Lahore in 1992 and M-11 transporter-erector-launcher in 1991.⁵⁵ Also, Pakistan has acquired blue prints and equipment to build a factory on turnkey basis for M-11 missiles in addition to the M-11 missile assembly kits from the Chinese Ministry of Aerospace Industry. China has linked the M-11 transfers to Pakistan with the US sale of F-16s to Taiwan.⁵⁶ To oppose the US policies, Beijing has drawn a reciprocal route to proliferate regionally and internationally. India's peace and security is, thus, also indirectly challenged by the contending postures of China and the US.

China has been helping Pakistan for a long time to help it emerge as a nuclear weapon state. Back in 1983, US intelligence agencies had reported that China had transferred a complete nuclear weapon design of 25 KT nuclear bomb to

Pakistan⁵⁷ and it has also been extensively aiding the Pakistani nuclear weapons programme. In 1986, it was revealed that China sold tritium (which is used to achieve fusion in a nuclear device) to Pakistan, and that Chinese scientists had assisted Pakistan with the production of weapons-grade fissile material (uranium) at Khan laboratory, Kahuta.⁵⁸ Apart from the controversial Chinese sale of 5,000 ring magnets, China has also been supplying Pakistan with the facilities for reactors, reprocessing, heavy water and technological aid.⁵⁹ Though unconfirmed, it was reported in February 2001 that China's Seventh Research and Design Institute had supplied 50 ceramic capacitors to New Labs against the payment through a bank account maintained by an official at the Pakistani embassy.⁶⁰

The omissions in the past indicate that China remains fairly uncontrolled even though it is an NPT signatory state. China has long been providing Pakistan with nuclear technology, conventional weaponry and missile systems to keep Pakistan's ambitions high against Indian defence preparedness. Through logical deduction of events and facts, India might interpret China's continued technology transfers to Pakistan as a product of Beijing's intent to provoke conflict between India and Pakistan and that Beijing seeks to increase the capabilities of Pakistan in the hope that Pakistan could pose a greater threat to India.

Apart from the China–Pakistan nexus against India, the larger neighbour also poses a security challenge to India. It is believed that since the 1970s, China has targeted India with nuclear-tipped missiles and about 66 warheads are targeted against the Indian territory.⁶¹ India is facing a 'two front nuclear war criterion'⁶² in the regional security dynamics. Concerns have also been expressed that China could easily strike Indian military facilities and nuclear weapon production sites with 20 or so nuclear-armed ballistic missiles (mainly CSS-2s and CSS-5s, with a few CSS-3s) and have over 100 nuclear-armed missiles in reserve.⁶³ Further, the deployment of CSS-5 missiles (range 1,700 km), which is reported to have started since early 1990s,⁶⁴ is intended to hit targets in the adjoining regions of China. It can also make India wary of such developments in the bordering country. Chinese support to build Gwadar port in Pakistan and Beijing's collaboration with the military regime in Myanmar for naval expansion into the Indian Ocean region close to India's maritime boundaries have had alarming effects in India.⁶⁵ Doubts have also been raised as to whether China is attempting to encircle India strategically.⁶⁶ In fact, China has a long history of creating regional troublemakers; this became evident first with its overtures to Pakistan. Now, the international community is facing a serious threat from North Korea after it claimed to have conducted a nuclear test on 9 October 2006.

INDIA AS A NUCLEAR-WEAPON STATE

India's nuclear programme is indigenous and progressive. In 1974, India carried out a peaceful nuclear explosion in Pokhran, Rajasthan. As a responsible nation, it

has never passed on this technology to another country. The country can indeed boast a comprehensive capability for the design and construction of nuclear power plants and the complete fuel cycle, as well as some pioneering research and development in such areas as the thorium fuel cycle and use of carbide fuel in fast reactors.⁶⁷ India was compelled by national security considerations to establish and adopt a policy of keeping its nuclear option open. The major shift in the philosophy behind the declaration after Pokhran II (1998) which signalled nuclear weapons capability from the Pokhran I (1974) test was the clear manifestation of neighbourhood threat perceptions and the associated global nuclear security complexities. As one commentator pointed out: 'Several democratically elected Indian governments had taken the decision to keep the nuclear option open, not in abeyance'.⁶⁸ However, the need for a shift in philosophy became evident when Indian government found out in 1988 that Pakistan possessed three nuclear devices.⁶⁹ Since then, New Delhi's resolve to go into a nuclear weaponization programme would have been strengthened. But the step might have been necessary to prevent potential nuclear blackmail that might emerge out of the hostile China–Pakistan nexus against India.

As a nuclear weapon state, India appears to have set a pragmatic course of action that includes three basic components—the construction of minimum deterrent with an NFU policy, participation in a possible Fissile Material Cut-off Treaty (FMCT) and the pursuit of arms control rather than disarmament.⁷⁰ On 4 January 2003, while approving the establishment of the Nuclear Command Authority (NCA) and 'alternate chains of command for retaliatory nuclear strikes in all eventualities', the Cabinet Committee on security headed by the Prime Minister summarized the nuclear doctrine as:

- (i) building and maintaining a credible minimum deterrent;
- (ii) a posture of NFU and nuclear weapons to be used only in retaliation against a nuclear attack on Indian territory or on Indian forces anywhere;
- (iii) nuclear retaliation to be massive and designed to inflict unacceptable damage;
- (iv) authorization of retaliatory attack rests with the political leadership through NCA;
- (v) non-use of nuclear weapon against non-nuclear weapon states;
- (vi) in the event of a major attack against India, or Indian forces anywhere, by biological or chemical weapons, India will retain the option of retaliating with nuclear weapons;
- (vii) a continuance of strict control on export of nuclear and missile related materials and technologies, participation in the Fissile Material Cut-off Treaty negotiations, and continued observance of the moratorium on nuclear tests; and
- (viii) continued commitment to the goal of a nuclear weapon-free world through global, verifiable and non-discriminatory nuclear disarmament.⁷¹

According to official pronouncements, the NCA comprises a political council and an executive council. The political council is chaired by the Prime Minister and is the single body that can authorize the use of nuclear weapons. The executive council is chaired by the national security adviser to provide inputs for decision-making by the NCA and to execute the directives given to it by the political council. A Strategic Forces Command (SFC) headed by an Indian Air Force officer has also been established as the custodian and manager of the nuclear assets.

Ever since the nuclear tests of May 1998, India has a robust nuclear capability. Unlike Pakistan, it is inconceivable that the nuclear button control in India would rest in a non-civilian hand given its vibrant democratic institutions and polity. In this light, the decision to declare the establishment of the NCA might have been intended to reassure the international community about India's civil political command over the country's nuclear arsenal. By setting up an NCA under civilian control to institutionalize the command structure in the public domain, the Indian government might be pitching for a better public relations game compared with Pakistan's military-dominated NCA, which was established in February 2000.

As early as in 1994, New Delhi had proposed that India and Pakistan should jointly undertake to state that neither would be the first to use their nuclear capability against each other.⁷² Even after conducting the nuclear tests, India expressed its readiness '...to discuss a 'no-first-use' agreement with that country, as also with other countries bilaterally, or in a collective forum'.⁷³ However Musharraf thought otherwise. While being interviewed on NBC television in Washington on 23 January 2002, General Musharraf was asked to explain Pakistan's reluctance to follow India in adopting a policy of no-first-use of nuclear weapons. He replied:

When you talk of no-first-use, Pakistan has been offering denuclearisation of South Asia ... so we are going far, far beyond them. It is not an issue of no-first-use, but far beyond that.... We want to denuclearise South Asia. We want to sign a No War Pact with them. Isn't that better? I think the world community should insist on that. Pakistan is offering a much bigger deal.⁷⁴

India rejected Pakistan's suggestion for a mutual rollback of their nuclear programmes on the ground that its programme was not Pakistan-specific.⁷⁵

The rationale for Pakistan's nuclear weapons programme continuously harped on is that Pakistan has always been quantitatively and technologically weaker than India in military terms. India's counter-argument is that in terms of the ratio between defence responsibilities and the size of the armed forces, especially in terms of territorial defence from external aggression, this argument is not valid.⁷⁶

As early as in 1974, Pakistan submitted a resolution at the 29th session of the UN General Assembly, which sought to endorse the concept of a nuclear weapon-free zone in South Asia.⁷⁷ At that point of time, Pakistan was already running a

nuclear weapons programme. It is worth remembering that the then President, Zulfikar Ali Bhutto, had called a meeting of Pakistani scientists in Multan in January 1972 and had expressed his willingness to acquire nuclear weapons for Pakistan. But in the wake of India's May 1974 tests, it tried to gain an image of a veiled peacemaker.

India itself had proposed a resolution at the same 29th session of the General Assembly in which it recognized that, 'in appropriate regions and by agreement among the states concerned, the creation of nuclear-weapon-free zones could promote the cause of general and complete disarmament under effective international control'.⁷⁸ India also considered in that proposal that 'the initiative for the creation of a nuclear-weapon-free zone in the appropriate region of Asia should come from the States of the region concerned, taking into account its special features and geographical extent'.⁷⁹ In reality, South Asia could not be treated in isolation for the purpose of creating a nuclear weapon-free zone, as it is only a sub-region and an integral part of the Asia-Pacific region. Hence, it argued, it was necessary to take into account the security of the entire region.

Unlike Pakistan, India's adherence to an NFU policy and its strategic assets are not country specific. Therefore, any effort towards creating a minimum credible nuclear triad, including qualitative improvement in missile systems or other technological advancements, seems related to India's national security perspectives beyond, though inclusive of, Pakistan. The Indian perspective is both global and regional in nature. India believes that:

As long as nuclear weapons exist, the threat of use of nuclear weapons, accidentally or inadvertently, will remain. Only global and complete nuclear disarmament, within a time-bound framework, can totally eliminate the danger of a nuclear war. This was the cornerstone of India's Action Plan for the elimination of nuclear weapons unveiled by late Prime Minister Rajiv Gandhi in 1988 at the Special Session of the General Assembly ... While pursuing the goal of nuclear disarmament, it is desirable to take immediate steps for reducing nuclear danger. These could include measures to de-alert and de-target nuclear weapons, legally binding commitments on no-first use of nuclear weapons and non-use of nuclear weapons against Non-nuclear Weapon States.⁸⁰

By adhering to the posture of no-first-use (NFU) India has taken a pre-eminent moral position over other nuclear weapon states in the world except China which also holds a similar deterrence doctrine. While creating and maintaining a credible minimum nuclear deterrence, India's stand of NFU also proves the defensive posture of its nuclear weapons development programme.

Pakistan does not appear to believe in the deterrence value of India's NFU. Instead, it threatens India with a pre-emptive first strike. Pakistan's nuclear strategy includes operationally deployed state of nuclear weapons even during peacetime. By making frequent calls to bring the nuclear threshold down, Pakistan undermines the Indian NFU by provoking conventional arms conflict as in Kargil

(1999) and fomenting a proxy war against India. The international community, instead of condemning Pakistan for its irrational behaviour in threatening to nuke India, sees South Asia as a potential flash point. In fact, such an assumption indirectly endorses (and is born out of) Pakistan's nuclear blackmailing. In reality, it is the Pakistani military that has crossed the Line of Control (LOC) in the past to provoke Indian forces. Since Pakistan does not adhere to the no-first-use principle and keeps making frequent calls to lower the nuclear threshold in the apprehension that India will take reprisal measures to stop Pakistan-sponsored terrorism in Indian territory, the Indian military strategists need to take into account all the worst-case scenarios in escalation control planning.

Pakistan insists on Kashmir as the 'core' issue of stability/instability between India and Pakistan. India maintains that scourge of 'terrorism' in South Asia has ramifications for both the regional and international security systems. In between the two exclusive views, a pertinent question remains unanswered: Who is to guarantee that if the issues related to Kashmir are resolved, Pakistan's military-Inter Services Intelligence (ISI) sponsored terrorist activities in other parts of India would end forever? In such a complex security environment, bilateral confidence-building measures alone would keep the escalation within manageable limits.

INDIA—PAKISTAN NUCLEAR CONFIDENCE-BUILDING

India has repeatedly insisted on developing confidence with Pakistan. As mandated by the foreign secretaries of the two countries, the expert-level dialogues do continue as 'consultations on security concepts and nuclear doctrines to develop measures for confidence building', with their desire to 'keep working towards further elaboration and implementation of nuclear CBMs within the framework of the Lahore MoU'.⁸¹

A new dimension has been added since 1998 when both countries became nuclear powers. And now it is absolutely essential that we have [the] best of relations. And the Manmohan Singh government has already made it clear that we look forward to continuing the process, we will take it forward and it will be multi-faceted. And the differences we have will be ironed out through negotiations, friendly talks and cooperation.⁸¹

At the end of the meeting of the foreign ministers of the two countries in New Delhi on 5 and 6 September 2004 to review status of the composite dialogue, the duo agreed to take further the 'expert level meetings on conventional and nuclear CBMs, inter alia, to discuss the draft agreement on advance notification of missile tests'.⁸³

In fact, a remarkable step towards nuclear CBM was taken in 1988 when India and Pakistan had signed an agreement on the prohibition of attack against nuclear

installations and facilities. Under this agreement, both the countries agreed to 'refrain from undertaking, encouraging or participating in, directly or indirectly, any action aimed at causing the destruction of, or damage to, any nuclear installation or facility in the other country'.⁸⁴ The term 'nuclear installation or facility' includes nuclear power and research reactors, fuel fabrication, uranium enrichment, isotopes separation and reprocessing facilities as well as any other installations with fresh or irradiated nuclear fuel and materials in any form and establishments storing significant quantities of radioactive materials. The two countries also agreed to inform on 1 January of each calendar year of the latitude and longitude of its nuclear installations and facilities and whenever there was any change. This practice continues since 1 January 1991 and did not stop even during the crisis of 2002. However, 'each side has questioned the completeness of the other's list'.⁸⁵

Subsequently, there was a leap forward in nuclear CBM during the Indian Prime Minister's visit to Lahore in 1999.⁸⁶ The memorandum of understanding (MoU) signed by the foreign secretaries of the two countries at Lahore in 1999 stated 'The two sides shall engage in bilateral consultations on security concepts, and nuclear doctrines, with a view to developing measures for confidence building in the nuclear and conventional fields, aimed at avoidance of conflict.' The two countries agreed to provide each other with advance notification in respect of ballistic missile flight tests, and envisaged to conclude a bilateral agreement in this regard.

In Lahore, India and Pakistan also committed that they would continue to abide by their respective unilateral moratorium on conducting further nuclear test explosions. With a view to reaching bilateral agreements based on mutual deliberations and technical consultations, the two countries included in the Lahore MoU many significant issues such as national measures to reduce the risks of accidental or unauthorized use of nuclear weapons, notification in the event of any accidental, unauthorized or unexplained incident, prevention of incidents at sea in order to ensure safety of naval vessels and aircraft belonging to the two sides, review of the existing communication links (e.g., between the respective Directors General of Military Operations), and periodical review of existing confidence-building measures. The two sides also pledged to engage in bilateral consultations on security, disarmament and non-proliferation issues within the context of negotiations on these issues in multilateral fora. The expert-level talks on 19–20 June 2004 that were led by Dr Sheel Kant Sharma and his Pakistani counterpart, Tariq Osman Hyder, culminated in a 'joint statement'⁸⁷ on nuclear CBM with some repetition of important issues listed under the Lahore MoU. The joint statement recognized that 'the nuclear capabilities of each other, which are based on their national security imperatives, constitute a factor of stability.' This probably implies that the two countries have moved somehow beyond the earlier differing ambits of threat perceptions for holding nuclear weapons in the respective states. In April 2006, the two sides signed the Agreement on Pre-Notification of Flight Testing of

Ballistic Missiles and expressed satisfaction over the operationalization of the hotline between the two foreign secretaries. The two sides held detailed discussions during the expert-level dialogue in April 2006 over the draft text of an agreement whose main objective is to reduce the risk from accidents relating to nuclear weapons.⁸⁸

INDIA AND THE GLOBAL NUCLEAR DISARMAMENT

Unfortunately, the major powers seem to have adopted an extremely indifferent attitude towards nuclear disarmament. Instead, they are actively engaged in redefining the continuing relevance of the role of nuclear weapons for future security strategies. The major powers either completely ignored or, at best, gave superficial concessions. The commitment of the NPT-defined nuclear weapon states towards nuclear disarmament has not been reflected in actual practice because of the preservation of nuclear deterrence in perpetuity, resulting further in perpetuating the legacy of division within the NPT constituting two groups of the nuclear haves and have-nots. Worse, the NPT-defined nuclear weapon states are continuing to qualitatively develop their nuclear weapon arsenals to dominate the possible escalation ladder.

On a range of issues that relate to different facets of this subject, despite being outside the NPT framework, India holds strongly that: 'A number of recent developments including the Next Steps in Strategic Partnership (NSSP), the July 18 Agreement with the United States, the September vote in the IAEA and the recent deliberations of the Nuclear Supplier Group (NSG) have contributed to that. While connecting the common threads, it is our case that India's approach to nuclear non-proliferation has been a consistent one, a principled one and one grounded as much in our national security interests as in our commitment to a rule-based international system... At a policy level, this was an important component of a larger commitment to disarmament enunciated most notably by Prime Minister Rajiv Gandhi's 1988 Action Plan.'⁸⁹

After getting Independence in 1947, India has consistently pursued the objective of global disarmament based on three primary principles of universality, non-discrimination and effective compliance.⁹⁰ India is against the nuclear non-proliferation treaty (NPT) and comprehensive test ban treaty (CTBT) arrangements. It perceives the present global nuclear regime as discriminatory, inequitable and non-transparent. The provisions of the treaty allow a certain group of countries to possess nuclear weapons, but deny the option to others. The inequity is perpetuated through the division of the world between nuclear 'haves' and 'have-nots'. The treaty lacks transparency as it makes the disarmament appeal to the 'nuclear haves', but fails to set a time frame to achieve that objective. As far as the P-5 are concerned, they uphold the philosophy of maintaining 'strategic stability' only to hold on to their arsenals while preventing others from doing the same.

The end of the Cold War and the subsequent acceptance that a nuclear war could not be won and must not be fought have had little bearing on the 'no-changers'—the believers in the value of political strength behind nuclear assets.

The then Indian ambassador at Geneva articulated the country's stand on CTBT at the Conference on Disarmament by examining three intricate issues—'One, during the CTBT negotiations it became clear that none of the five nuclear weapon states had any intention of ever giving up these weapons, notwithstanding their duplicitous affirmations in the context of the nuclear non-proliferation treaty review conference. Two, nuclear weapons are not ever going to be used as they are civilian targeted and against the Geneva conventions on humanitarian law, which protects non-combatants. Then why keep them? Because they are par excellence weapons of coercion. If any nuclear weapon state does not approve of your foreign policy, these weapons are very persuasive agents. The threat of use of force is forbidden by the United Nations charter, but this is precisely what these weapons do. Three, nuclear weapons are cheaper than the technologically high-level armaments developed not only by the US but also China'.⁹¹

The NPT, as it was adopted in 1968, was flawed and discriminatory, seeking to create a permanent division between the nuclear 'haves' and 'have-nots'. India believes that the indefinite and unconditional extension of the NPT in May 1995 has only served to further legitimize nuclear arsenals of the NPT states possessing nuclear weapons into perpetuity. The attitudes of maintaining the monopoly of nuclear weapons were evident even before the NPT came into existence. The 1961 UN General Assembly Resolution that sought to ban the use of nuclear and thermonuclear weapons was passed by 55 votes to 20, with 26 abstentions, and the US, the UK and France voted against it.⁹²

India firmly believes that 'only global and complete nuclear disarmament, within a time-bound framework, can totally eliminate the danger of a nuclear war'. This was the cornerstone of India's action plan for the elimination of nuclear weapons unveiled by late Prime Minister Rajiv Gandhi in 1988 at the third special session of the General Assembly devoted to disarmament and continues to be India's abiding objective even today'.⁹³ In 1996, India, along with the members of the Group of 21 countries, submitted a proposal to the Conference on Disarmament (CD) that called for phased elimination of nuclear weapons (1996–2020). The call for the elimination of nuclear weapons was reiterated once again by the then Prime Minister in his address to the UN General Assembly in 1998.

Concerns about nuclear proliferation mounted and drew the attention of the international community after A.Q. Khan's confession that he had helped supply technology and materials to other countries like Libya, Iran and North Korea. However, nothing has been done as yet to evolve universally acceptable mechanisms to monitor nuclear proliferation. India summed up its position on the issue thus:

There is a growing concern over the threat of proliferation of nuclear weapons, related materials and technology, particularly their possible acquisition by non-State actors. India shares these concerns. We believe States have the responsibility for taking measures to prevent proliferation of weapons of mass destruction and related materials and technology to both non-State actors and other States. Aware of its responsibilities arising from possession of nuclear weapons, India has put in place legislative and administrative measures, including export controls, for this purpose. Our record in preventing proliferation is impeccable.⁹⁴

The attitude of the nuclear powers and their justification for retaining their arsenals reflect the same Cold War underpinnings of mutual distrust and international permutations of national self-interest. The advocates of nuclear disarmament and arms control in the West have prescribed a limit under the Strategic Arms Reduction Treaty (START), negotiations to reduce the number and deployment of strategic nuclear weapons. However, the limit itself is silent on the questions like—against Whom? Why? How long? And does it have anything at hand to immediately show that P-5 states are really interested in complete elimination of nuclear weapons? Prescription of any self-defining limit to nuclear weapons for security reasons and at the same time showing apprehension over the nuclear deterrence policy of India, is seen by New Delhi as the ambiguity of global nuclear regime. Closer to the Indian security dynamics, the Chinese positioning and response to the international nuclear non-proliferation efforts always remains the subject of examination for this country.

Instead of refraining from further nuclear armament, China—an important component of global policy-making on nuclear weapons—has been justifying retention or modernization of its nuclear forces. Although it has signed the NPT and consented to the CTBT, it has conducted nuclear tests even after the conclusion of the NPT Review Conference in 1995 with scant regard to world opinion. Despite espousing 'no use' and a 'no first use' (against Non-Nuclear Weapon States [NNWS]) policies, China probably relies more on the position of 'limited deterrence' (to have enough capabilities to deter conventional, theatre and strategic nuclear war, and control and suppress escalation during a nuclear war). Till now, China has not participated in arms control negotiations like START though it has been maintaining an ambiguous position on comprehensive nuclear disarmament issues. China's prime intention seems to be to wait for the US and Russia to cut their arsenals through legally bound treaties to a level that matches its own holdings. China with its modernized nuclear holdings may have the intention to dominate Asian affairs and influence security issues in the Pacific region vis-à-vis America.

It is most likely that China will increase the size of its nuclear arsenal in response to American missile defence and change in the US nuclear policy. New Delhi cannot remain unaware of Chinese reaction to the Bush administration's determination to go ahead with the Theatre Missile Defence and National Missile

Defence programmes. Expressing its vehement opposition to American perceptions on missile defence and ABM Treaty, the Chinese white paper on National Defence 2000 indicates 'a new round of arms race'. China has already expressed its concerns diplomatically for the US missile defence plan as a potential driver of the arms race. In response to the changing strategic planning of the US department of defence, American experts are also of the view that in the direction of implementation of 'limited deterrence', one could expect China to continue with the development of more accurate mobile ICBMs, sub-strategic nuclear missile capability, larger submarine-launched ballistic missiles and improving technologies to penetrate warheads in the event of deployment of US BMD.⁹⁵ The continuing quantitative and qualitative expansion of China's strategic forces may further require India to review its security concerns.

With the emergence of new challenges to nuclear proliferation, India, as a responsible nuclear weapon state with complete nuclear fuel cycle capabilities, has taken several initiatives in recent years to reassure the international community that it has adopted necessary steps to secure nuclear materials and technology through comprehensive export control legislation and harmonization, and adherence to the Missile Technology Control Regime (MTCR) and Nuclear Suppliers Group (NSG) guidelines. India not only submitted the instrument of ratification on 31 March 2005 on the UN 'Convention on Nuclear Safety', to address the international concerns expressed in the UN resolution 1540 of 28 April 2004, but also adopted an overarching WMD domestic legislation in June 2004 known as 'The Weapons of Mass Destruction and Their Delivery Systems (Prohibition of Unlawful Activities) Act'. India also signed the International Convention for the Suppression of Acts of Nuclear Terrorism, 2005 on 24 July 2006 at the UN Headquarters in New York. In addition, it has taken a conscious decision to harmonize its legal arrangements with international export regulations in order to prevent the involvement of non-state actors in WMD proliferation.

CONCLUSION

The theoretical construct of international security environment, including India and Pakistan as states with nuclear weapons, is primarily based on the exclusivist assumption on the behaviour of 'the state' in times of crisis and peace. The international security discourse is riddled with the Cold War experience. The scope of existing theoretical constructs seems to imply a restriction on India's stake in global disarmament proceedings. The prevailing international security discourse by the Westerners on the rationale for the possession of nuclear weapons for P-5 seems hesitant to integrate universal application of any change in the global security balance. While the policy projections of P-5 reflect the inclusion of only own security concerns in the international security environment, the new nuclear weapon states face a diplomatic challenge of conceptual contestation. The differ-

ence of perceptions is largely related to strategic stability and security at both the regional and international levels. American withdrawal from the ABM treaty and review of Washington's nuclear posture, including the National Missile Defence deployment programme, as well as the Chinese desire to modernize its weaponry have together contributed to the broadening of the concept of India's national security.

India believes that the discriminatory nuclear regimes can do no good, but would adversely affect any new post-Cold War international initiatives on non-proliferation and global nuclear disarmament. Suspicions are bound to cloud the reorientation of upcoming foreign policies both at regional and international levels. Already burdened with a host of regional and international compulsions, India cannot remain unaffected by this new trend. The nuclear policy of India, thus, looks to address both the past and present security configurations in the context of the larger international security environment. Overall, it is the reflection of an Indian understanding of the world security dynamics. India as a reluctant nuclear weapon state still maintains unequivocal commitment to a world free from nuclear weapons.

Major international actors like the US, Japan and the EU, including strategically challenging China, in due course of time have also realized that India's nuclear policy is defence-oriented and not destabilizing in nature. The US and Japan have lifted many of the sanctions that India faced because of the May 1998 tests. Even as the two countries agreed to expand dialogue on missile defence, the US and India agreed in January 2004 to expand cooperation in three specific areas—civilian nuclear activities, civilian space programmes and high-technology trade. This effort of bilateral engagement is known as 'Next Steps in Strategic Partnership (NSSP)'. To explore as well as to ensure progress in partnership, the two countries have also set up a joint implementation group.

Certain quarters in Pakistan have voiced an unfounded apprehension that the Indo-US nuclear deal of 18 July 2005 has 'raised serious questions for regional stability'.⁹⁶ In reality, nuclear cooperation between India and the US is restricted to civil nuclear energy development. To emphasize more on the energy requirements of the country, India has agreed to voluntarily place a majority of its nuclear power reactors under an elaborate international safeguards arrangement. Acknowledging the fact that nuclear weapons remain significant to strategic stability between the two countries and that they have to behave in a responsible manner, India has been trying to evolve mechanisms to ensure nuclear security in the region through various nuclear confidence-building measures with Pakistan. Nuclear CBMs are being discussed and debated with increasing gusto in both countries. Efforts are on to work out effective and authentic mechanisms between the two countries to avoid misinterpretation during the crisis period and establish long-term peace in the region.

In addition, India is equally conscious of China's strong emergence with consistent economic growth, military modernization as well as Beijing's rising stature in international diplomacy. Beijing is at present 'seeking peaceful relations with its neighbours in order to consolidate itself politically and economically'.⁹⁷

As far as China's views on India is concerned, even if China earlier used to regard India as a regional player and hyphenate India and Pakistan, 'this attitude changed in 2005 when Prime Minister Wen Jiabao visited India in the wake of the US announcing its goal to help India become a major world power. The Chinese premier started referring to India's global role'.⁹⁸ The joint declaration issued in New Delhi on 21 November 2006, during the visit of China's President Hu Jintao to New Delhi, reaffirmed that

... both sides agree that the relationship between India and China, the two biggest developing countries in the world, is of global and strategic significance... With the growing participation and role of the two countries in all key issues in today's globalising world, their partnership is vital for international efforts to deal with global challenges and threats.⁹⁹

Notwithstanding the apprehensions regarding China's negative assessments of the Indo-US nuclear deal, the joint declaration of the Indian Prime Minister and Chinese President stated that: 'Considering that for both India and China, expansion of civilian nuclear energy programme is an essential and important component of their national energy plans to ensure energy security, the two sides agree to promote cooperation in the field of nuclear energy, consistent with their respective international commitments'.¹⁰⁰ In fact, India has already established a robust economic growth pattern that is sustainable. At the same time, with populations of over one billion each, both countries now need to give primacy to their economic prosperity. Both seem to have realized that they need to ignore the sensitive issues that can derail development of bilateral relations for better economic partnership in the era of globalization and technological advancement.

EDITORS' NOTE

Since the writing of this essay, several developments that have taken place in global politics in general and in the South Asian region in particular might have hampered the process of threat reduction and confidence-building between India and Pakistan. The 123 Agreement, apparently a commercial contract by which the US will provide nuclear fuel for the civilian reactors in India operating under the India-specific IAEA safeguards has been cleared after obtaining the NSG waiver. France and Russia also have similar ties with India. Formal acceptance of a division between India's civilian and military nuclear facilities means a de facto recognition of India as a nuclear weapon state irrespective of her 'reluctant nuclear power'

posture. Pakistan looks for greater ties with China for supply of nuclear fuel and technology along similar lines.

The 26/11 terror attacks in Mumbai by terrorists allegedly from Pakistan, and the consequent worsening of India-Pakistan relations, has generated mutual mistrust and suspicion once again. Pakistan's strategy of brandishing nuclear weapons in times of crises may go against meaningful threat-reduction measures. Under these circumstances, confidence-building is relegated to the back-stage, though deterrence might still hold, and prevent a major conflict in the region.

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6

THE MAOIST MOVEMENT IN NEPAL

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The ultra-leftist politics, which had burst forth in the 1960s and continued till the middle of the 1970s in India, Nepal and then Bangladesh acquired a new dimension with the rise of the Maoists in Nepal in the late 1990s. This has not only disturbed the otherwise quiescent political scenario in the region but is also likely to aggravate the existing regional geostrategic equations if and when Nepal falls to Maoist rebels. Before analyzing the roots of the Maoist movement in Nepal, let me present a clear picture of the geostrategic location of Nepal and then try to bring into relief the fallout of this movement in South Asia.

Placed as she is between the two giant Asian neighbours, India and the People's Republic of China, the Himalayan Kingdom of Nepal occupies a very sensitive position insofar as the power-political equilibrium in South Asia is concerned. After the Chinese occupation of Tibet, Nepal suddenly became a very sensitive factor in the strategic calculus of the mandarins in New Delhi's South Bloc as this tiny country conforms to the colonial British strategic concept of a 'buffer state' between India and China.

As a result of the contiguous international borders with India, Nepal has always been of vital importance to the extremists of diverse hues in the transborder Terai region. Even a casual cartographic look at the region is enough to see why. On the one side, beyond the Naxalbari tract of India, once the cradle of the neo-Maoist movement, lustily hailed by China as the 'Spring Thunder', is the river Mechi, across which lies Nepal. On the other, across the Mahananda river from the Phansidewa tract of India, which also shot into limelight during the Naxalbari peasant uprising, is Bangladesh. The geo-political location of the Naxalbari, Kharibari and Phansidewa belt could hardly be overlooked. Up in the northeast of West Bengal, Naxalbari is situated in the slender 'neck', which is India's only vital land corridor that connects Sikkim, Bhutan and the country's northeast region, connecting Assam, Tripura, Nagaland, Manipur, Mizoram, Arunachal and

Meghalaya with the rest of the country. It has two international borders which are quite porous. In the west is Nepal, which is at a distance of only 4 miles, and in the east is Bangladesh at a distance of 15 miles. China is also not very far from this region on the northern side, as China's Tibet is only 60 miles away. It is the international borders between India and Nepal, on the one hand, and between India and Bangladesh, on the other, that have always been of great strategic importance to the ultra-leftists of these three neighbouring countries.

In the early 1990s the political development in Nepal underwent drastic metamorphosis. The country witnessed a surging people's movement for democracy, which brought about a dramatic change from absolute Monarchy established by King Mahendra to a constitutional monarchy and a parliamentary democratic political process based on a multiparty system under the new Constitution of 1991. Unfortunately, however, within a short period of the restoration of democracy, the 'revolution of the rising expectation' of the Nepali people was allowed to disappear because of the volatile character of the role structures of Nepal's major political players. Right from the beginning Nepal's political process was vitiated by endemic changes in governments, political uncertainties, inter- and intra-part squabbles arising largely out of personality clashes and greed for political power in total disregard of deteriorating social and economic conditions. The governments were falling like ninepins. It is rather interesting to note that between 1991, when parliamentary democracy started functioning under a 'Crowned Republic', and February 2005, when the Sher Bahadur Deuba ministry was dislodged by King Gyanendra through a dramatic palace coup, as many as 13 incumbents held the prime ministerial musical chair at Kathmandu. It is in this perspective that the origins of the communist movement, and for that matter, the Maoist revolutionary movement in Nepal should be analysed.

HOW IT ALL BEGAN: A RETROSPECTION

In fact, the etiology of the left and left extremist politics in Nepal could be actually traced back to the critical demographic and socioeconomic conditions in the 1950s and the 1960s. The population in Nepal was estimated to have grown to around 11 million in the 1960s with a density of 190 per sq mile. The whole Nepalese population can be roughly divided into three distinct segments: the Parbityan (people residing in the hill areas), Modeshi (people living in the plains), and the Newars (the segment of population concentrated in the Kathmandu valley).

Traditionally, the ethno-linguistic barriers among the three groups largely inhibited the growth of a unified Nepalese society. In other words, the diversity in ethnic and linguistic patterns has proved to be a serious obstacle to the emotional integration of the Nepalese people.

The Agrarian Scenario

Like all underdeveloped countries, Nepal has also been confronted with the inescapable problem of population explosion. Nepal's drive for economic prosperity is the fact that the land resources of the country are strictly limited. While as high as 90 per cent of Nepal's population depends on farming for subsistence, only three-seventh of the total arable land had been brought under cultivation by the late 1960s. The critical agrarian situation of Nepal in the 1960s could be best explained by the fact that about 80 million people were dependent on about 36 million acres of land under cultivation. Most of this cultivable land, however, was under the possession of only 450 affluent families of Nepal till 1964. What made the situation even more complicated was the heavy rural indebtedness of the cultivators, who were just surviving at the mercy of the landlords. Although agriculture traditionally plays a key role in Nepal's economy as it constitutes about 70 per cent of that country's gross national product, the actual tiller, as Wolf Ladejinsky has pointed out, has been living on 'the ragged edge of penury'. The Sahukar (village moneylenders-cum-intermediaries) exploited the peasants by taking advantage of their abject poverty. While lending money to the peasants at an exorbitantly high rate of interest, the Sahukars forcibly realized many times more than the principal. In course of time, the Sahukars, who had been forfeiting the mortgagor peasants' tenancy rights, appeared on the scene as the new landowners.¹

It was in this situation that Nepal's land reform legislation was enacted in the form of the Land Act of 1964, which laid down the following action plan:

1. Abolition of the zamindari system;
2. Imposition of ceiling on land ownership;
3. Imposition of ceiling on tenancy holding;
4. Security of the tenancy rights;
5. Abolition of subtenancy, and
6. The stoppage of loan repayments to the private lenders.

In 1965, the government launched an all-out drive to implement the provisions of the Land Act of 1964. Despite this, the land reform measures did not produce the desired results. It has been suggested in an empirical study of rural radicalism that the peasantry most susceptible to radical movements lives in an area where the tenancy law is irregular, where the old rural elite has been weakened, and has had its traditional value system modified by political education and articulation, literacy, entry into the market, proximity to towns, and accessibility to communications. These peasants are usually sharecroppers, agricultural labourers or dwarf cultivators (i.e. they hold land smaller than one acre) and are found in certain crop areas such as rice fields and plantations that are labour-intensive, or one-crop areas susceptible to market fluctuations rather than areas with multiple crops. This analysis suggests that insofar as Nepal's western and terai regions are concerned,

these areas provided the most fertile breeding ground for any future left extremist movement in the 1960s that synchronized with the adventurist activities of the Maoist extremist elements within the Communist Party of India (Marxist) at the Naxalbari, Kharibari and Phansidewa police stations of the Darjeeling district of West Bengal, close to Nepal's eastern district of Jhapa.²

Communism in Nepal: The Gestation Period.

Like the undivided Communist Party of India (CPI), the Communist Party of Nepal (CPN) had an extra-territorial origin. Although some isolated Nepalese intellectuals had been drawn towards Communism and a few of them had been active among the peasantry and landless labourers since the 1930s, the CPN was founded only in 1949. In the late 1940s, some Nepalese Communists trained in India were reported to have been very active in certain parts of eastern Nepal in organizing insurrectionary operations among the workers and peasants under the spell of the 'left-adventurist' programme of action of the Ranadive leadership of the CPI inspired by the radical thesis of A.A. Zhdanov. Later, burning in the conviction that some foreign imperialist powers were 'conspiring with the Ranas to convert their country into a military base', the hardcore Nepalese Communists met at Kolkata on 15 September 1949 and formally announced the birth of the Communist Party of Nepal. Among the prominent Nepalese Communist leaders present at that meeting were N.G. Vaidya, Narayan Vilash, Nar Bahadur, Durga Devi and Pushpalal.

Internal dissensions had always plagued the Communist Party of Nepal right from its formation in 1949. Throughout the 1950s, the party vacillated on the single issue of overthrowing the Nepalese monarchy. In December 1960, the Nepalese Parliament was dissolved and all political parties were declared illegal by a royal decree. At the same time, King Mahendra assumed all governmental powers. Two years later, the king promulgated a new constitution which reaffirmed his extensive powers. It also provided for a four-tier system of representative bodies, starting at the lowest level with the village panchayat, proceeding to intermediate levels of district and zonal panchayats, and topping the structures with the national Panchayat, which was empowered by the Constitution to debate bills approved by the king.

As a result of this ban on political activities, a number of the more extremist and anti-monarchical Communist leaders were forced into exile in northern India, from where they tried to operate clandestinely in collusion with their Indian counterparts. This militant group of Nepalese Communists broke off from the Communist Party of Nepal in 1962 and held its own party congress.

It may be pointed out that unlike the Indian Communist movement, the Communist movement in Nepal was rather deeply affected by the shock waves of the Sino-Soviet ideological rift, synchronizing with the 'peaceful transition to

socialism' thesis expounded at the 20th Party Congress of the Communist Party of the Soviet Union (CPSU) in 1956. It is an undeniable fact of the history of the international Communist movement that the net result of the Sino-Soviet ideological dispute was the splintering of the Communist movements all over the world, caused by long-standing factional feuds which precipitated the formal organizational splits.

The split in the Nepalese Communist movement in 1962 between the pro-Soviet majority and a rather determined pro-Chinese minority was preceded by a pitched ideological battle. A group of pro-Chinese Communists, mainly led by the intellectuals in the CPN, had been waging a serious ideological struggle in support of the Chinese strategy and tactics of revolution. Immediately before the formal split in 1962, this group circulated a pamphlet entitled 'The Present Situation and the Communist Party of Nepal' (*Vartaman Paristhiti tatha Nepal Communist Party*), written in the Nepali language.

It is interesting to note that different factions within the CPN (later it was reported that as many as 19 Communist groups had been active in Nepal since the 1990s) were operating in close collaboration with the Indian left extremist elements of diverse ideological orientations and loyalties. Ever since the split in the Indian Communist movement in 1964, the extremist elements within the Communist Party of India (Marxist), the new political outfit, had been persistently trying to force the Maoist strategy and tactics of revolution on their party's leadership. Following the split, the highly activised cells of the CPI(M) in the northern districts of West Bengal, particularly in the Darjeeling district, were entirely captured by the militant elements espousing Maoism. Many of their leaders operating in the Terai region (locally called *morang*) were rather well-known for their political convictions, which had little difference from Mao's philosophy of an armed peasant revolution. The most important figures were Charu Mazumder, Jangal Santhal, Kanu Sanyal, Khokan Mazumder (alias Abdul Hamid) and Kamakshya Banerjee, who had started infiltrating the cells and mass organizations in the Darjeeling district unit of their party from the beginning of 1965.

It has already been emphasized that because of her contiguous international border with India, Nepal had always been in the ken of the ultra-leftist elements on either side of the border for its sensitive geostrategic location. It transpired later that the Naxalbari neo-Maoists frequently used eastern Nepal as a convenient sanctuary.³

It is an interesting fact of history of the Indian Communist movement that, in 1951, the CPI abruptly suspended the armed peasant struggle that the Maoists within the CPI in Andhra Pradesh had been leading in Telengana since the late 1940s because the Indian Maoists did not have as firm a contiguous rear as the Chinese People's Liberation Army (PLA) was said to have had in the contiguous Soviet territory after the PLA had completed the 25,000-li (12,500 km) long March. The once highly secret inner-party document of the CPI entitled 'Tactical

Line', which had been allegedly prepared by the Kremlin ideologues and circulated among the central committee members of the CPI at the Third Party Congress held at Madurai in December 1953, clearly reflected the party's despair. It declared that 'in India, partisan warfare, as the experience of China has shown, is one of the most powerful weapons.... At the same time, it must be realized that there are other specific factors of the Indian situation which are such that this weapon alone cannot lead to victory.... Despite the advantages enjoyed by the revolutionary forces (in China), they were repeatedly encircled by the enemy. Time and again, they had to break away from this encirclement and threat of annihilation and migrate to new areas to rebuild again. It was only when they made their way into Manchuria and found the rear of the Soviet Union that the threat of encirclement and the threat of annihilation came to an end, and they were able to launch the great offensive which finally led to the liberation of China. It was thus the support given by the existence of a mighty and firm Soviet rear that was of decisive importance.... And above all, the geographical position of India is such that we cannot expect to have a friendly neighbouring State which can serve as a firm and powerful rear'.⁴

Thus, compared with Telengana, Naxalbari in the Darjeeling district and Jhapa in eastern Nepal presented better strategic advantages required for protracted guerrilla operations because of the convenient rear base at China's Tibet which could be used by the Indian ultra-leftists and their Nepalese counterparts. Although there is no hard evidence to suggest that these elements could at all have used Tibet as a sanctuary, it is certain that immediately after the Naxalbari peasant uprisings, many extremists, including Kanu Sanyal and Jangal Santhal, slipped into the Jhapa district of Nepal, which adjoins the Naxalbari tract of Siliguri subdivision. These fugitive extremists were often given shelter at Jhapa by the Nepalese Maoist leader, Gopal Parshai.

It is now no secret that the ultra-leftist elements in Nepal had been in close touch with the Indian Maoist groups in Siliguri ever since the India–China border war of 1962 and they had been jointly engaged in all sorts of subversive activities along the international border between India and Nepal. Following the Chinese mobilization in the northeast, the intelligence network of the Government of India became very active in the Terai region because it was apprehended that large-scale ultra-leftist violence would be unleashed in the northeastern region. The shifting of the CPI(M) headquarters from New Delhi to Kolkata in 1964 strengthened the suspicion of the Indian government. Immediately after the all-India swoop by the police on the entire leadership of the CPI(M) in the last week of December 1964, G.L. Nanda, the then Union home minister, declared in an AIR broadcast to the nation that the Communists had been preparing for an 'armed revolution' and guerrilla warfare 'to synchronise with a fresh Chinese attack, destroying the democratic government in India through a kind of pincer movement which was hoped for, but could not materialize in 1962'.⁵

Later, in a statement in parliament, Nanda charged the Communists with supporting China over Tibet and the India–China border war, disloyalty to the country during the war, dissemination of pro-Chinese and anti-national documents, splitting the CPI at Beijing’s call and preparation for subversion and violence. It was also alleged in 1964 that during the India–China border war in 1962, the ultra-leftists in the CPI had planned to form a so-called ‘People’s Republic’ covering West Bengal, East Pakistan (now Bangladesh), Nagaland, Mizo Hills, NEFA, and, if possible, the Himalayan states of Nepal, Bhutan and Sikkim, with headquarters in Kolkata, with the Chinese Liberation Army operating from Tibet.

The Chinese Connections

Two events of importance in the international Communist movement spurred the rapid growth of thinking along the Maoist line among the Communists in India and Nepal. First was the vigorous reassertion of the Maoist strategy of the ‘people’s war’ by Lin Biao, a former CPC ideologue and defence minister, in September 1965 in a lengthy thesis entitled ‘Long Live The Victory of the People’s War’, which upheld the Maoist model of revolution for the Third World. The second and the more sensational event was the Great Proletarian Cultural Revolution, which erupted in 1966.

Commending Mao’s strategy of people’s war as ‘the common asset of the revolutionary peoples of the whole world’, Lin Biao asserted that it had the ‘characteristics of our epoch’ and that ‘it has been proved by the long practice of the Chinese revolution to be in accord with the objective laws of such wars and to be invincible. It has not only been valid for China, it is a great contribution to the revolutionary struggles of the oppressed nations and peoples throughout the world’.

Lin’s strategy was aimed at linking all the peoples’ wars in the Third World into a global front against the United States, reinforcing each other and ‘merging into a world-wide tide’. He concluded with a frontal attack on the Soviet ‘revisionist’ ideological positions, highlighting the general line of ‘peaceful transition to socialism’.⁶ It is pertinent to note in this context that Lin Biao’s thesis left a blistering impact on the Maoists in the subcontinent because it reaffirmed the conviction of the Maoists in the revolutionary strategy of Mao Zedong.

The Great Proletarian Cultural Revolution in China in 1966, which closely followed the publication of the Lin Biao’s article on the invincibility of the people’s war, greatly inspired the Maoists in India and Nepal to consolidate their positions. The sharpening of the Mao–Lin ideological conflict acted as a potent factor in forcing the Maoists in this region to come out openly in favour of Mao Zedong in order to challenge the ‘neo-revisionist’ leaders of their Communist parties. They contended that Mao had been persistently fighting for inner-party ideological purity—a claim they had been voicing for quite a long time. They explained the

appearance of the Red Guards as a manifestation of the need to prevent China's younger generation from going the way of the Soviet 'Social Imperialists'.

It is worth mentioning in this context that under the impact of the GPCR in China in 1966, the leadership of the Communist Party of India was unofficially divided into two distinct groups—the Beijing Group and the 'the Sanghai group'. The Beijing Group was led by B.T. Ranadive, Harekrishna Konar, Promod Dasgupta. Backed to the hilt by the Maoists within the party, moved ideologically much closer to the pro-Mao group in China. Other prominent CPI(M) leaders like A.K. Gopalan, E.M.S. Namboodiripad, Jyoti Basu and so on belonged to the Sanghai group, which sympathized with Liu and his anti-Mao followers. However, a similar trend was not noticed in the Nepalese Communist movement because the Maoists in Nepal, although always in minority, had broken off from the CPN as early as 1962. By 1966, they had been able to consolidate their position outside the party without formally organizing a party of their own, based on the Maoist strategy of revolution. The Indian Maoists, on the other hand, had still been operating within the CPI(M) and persistently waging an inner-party ideological crusade. They had to wait till 1969, when, under the express CPC directive to 'demarcate themselves from the neo-revisionist leader of the CPI(M)', they broke away from the CPI(M) and founded India's third Communist party, the Communist Party of India (Marxist-Leninist).

It may be remembered that the Naxalbari Peasant Uprising, which had erupted in the Spring of 1967, petered out in the face of heavy police action. After this, Naxalbari, which came to be reckoned as a symbolism for a definite ideology, caught the city-bred Maoists like a contagion and the Kolkata megalopolis became the main theatre of operation for the Naxalites during the period between 1967 and 1971 before the India–Pakistan war over Bangladesh was on. At this stage, the India-Nepal and India–Bangladesh borders were largely quiet excepting a few acts of subversion, including murders and kidnappings, committed by the Naxalites. The Jhapa district in eastern Nepal, in particular, where the Nepali Maoists had reportedly liberated areas with the help of the local poor and landless peasants, was largely free from any tensions. The ferment began at a later stage when the region was used by the Indian Maoists as a sanctuary.

Ever since the Yahya regime launched the campaign of genocide on the people of East Pakistan from the night of 25 March 1971, reports of a sporadic armed struggle for the liberation of Bangladesh started pouring in. This opened the flood-gates of cooperation among the Maoists of India, Bangladesh and Nepal. The fact that they had been operating in unison from the early days of the military crack-down in the former East Pakistan was confirmed when the Kolkata police seized a document during the course of their raids on the Naxalite hideouts in the city which contained a congratulatory message from Mohammad Toha of the Communist Party of East Pakistan (Marxist-Leninist) to Charu Mazumdar, chief of the CPI (M-L).

At one stage it was apprehended that a prolonged war of liberation in Bangladesh would give rise to serious political convulsions with far-reaching consequences in the subcontinent and that the trans-national extremist movement would fully exploit the situation by fomenting subversion and anarchy in the region. Convinced by the Chinese propaganda offensive that India 'was being used as a military base as a part of the worldwide conspiracy of the American imperialism and the Soviet social imperialism to attack China', the Maoists resolved to wage a protracted people's war by mobilizing the disgruntled elements in collaboration with the fundamentalist and pro-Pakistani forces in Bangladesh. The situation, however, could only be saved when the Indian security forces went into operation against the Pakistan army in close cooperation with the Mukti Bahini (Liberation Army) of Bangladesh.

Even after the liberation of Bangladesh in 1972, it was reported that extremist leaders from a wide area encompassing India, Bangladesh and Nepal had formed a joint committee of action and intensified Maoist propaganda. The Indian Maoists who, under the guidance of Kanu Sanyal, had built up a sanctuary in the easternmost Terai district of Jhapa in Nepal along the Naxalbari border, were working in close collaboration with the Nepali Maoists under the leadership of Mohan Chandra Adhikari, then a politburo member of the pro-Beijing faction of the outlawed Communist Party of Nepal. In the wake of the liberation of Bangladesh, they were reported to have collected modern weapons and dumped them at different places in eastern Nepal. Given the difficult topography of the remote villages with dense forests and riverine areas stretching to the Jhapa and Bhadrapur areas of eastern Nepal, it was almost an uphill task for those in charge of law and order to follow and contain the elusive extremist elements that had been operating for a long time across the international border of the two neighbouring states. With the easy flow of arms from Bangladesh and eastern Nepal's potential as a sanctuary and operational base, there could be little surprise that the resurgence of large-scale ultra-left activities took place in that trans-border region where the 'Spring Thunder' had set off the first sparks in 1967.

The Resurrection

Mirroring the split in the Indian Communist Movement, the Nepalese Communist Party also witnessed a schism in 1994, when the Samjukt Jan Morcha of Baburam Bhattarai broke off from the parent party.

Initially, however, that schism did not have any ideological bearing. Although Baburam's Jan Morcha faction had managed to bag nine seats in the 1991 parliamentary elections, it did not have any formal electoral alliance with the Nepalese leftist forces including the CPN under Manmohan Adhikari. Thus, when the leftist forces under Manmohan Adhikari formed the government after the resignation of the G.P. Koirala ministry in 1994, no leader of the Jan Morcha was inducted into the new government. This provoked Bhattarai to launch an ideological tirade

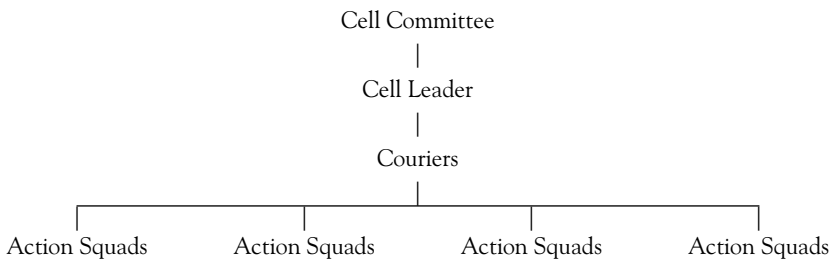
against the Nepalese leftist elements who, according to Bhattarai, were capitulationists and had totally digressed from the Marxist-Leninist tenets by embracing peaceful parliamentarism. In 1996, when the new left extremist outfit, the Communist Party of Nepal (Maoist) was formed, Bhattarai's Jan Morcha immediately threw in its lot with the new party which spewed its resolve to bring about a Maoist style revolution in Nepal by resorting to a 'people's war'.

ORGANIZATION OF THE CPN (MAOIST)

A look into the organizational structure of the CPN (Maoist) should be made before analyzing the strategy and tactics of the projected 'New Democratic Revolution' of the party and its operational activities in Nepal for the last nine years.

Pushpakamal Dahal (nicknamed Prachanda) is the chairman of the CPN (Maoist) and the supreme commander of the People's Liberation Army, Baburam Bhattarai, the party's ace ideologue, represents the political face of the CPN (Maoist) as the convenor of the United Revolutionary People's Council (URPC), and Krishna Bahadur Rana is the joint convenor of the URPC. The party has thus two distinct fronts: the political organization with a politburo, a central committee, regional bureaus, sub-regional bureaus, district committees, local committees and cell committees—the nucleus of the party organization. Since the CPN (Maoist) is essentially an underground organization, the cell committees are of absolute importance for the party's operational success. Like the CPI (M-L) in the early 1970s, an operational cell is usually composed of a cell leader and a small but unspecified number of cell activists operating directly as a unit. The leader issues directives and assigns duties to the cell's action squads. Usually, he is in contact the members of the action squads through faceless couriers. The organization chart of the cell committee of the CPN (Maoist) is fairly uncomplicated, as shown below:

Table 6.1 Organization Chart of the Cell Committee of the Communist Party of Nepal (Maoist)



The size of an operational cell usually depends upon its assigned tasks, but it is kept as small as practicable in order to avoid undesirable exposure and capture by the security forces. The cell is kept compartmentalized to protect the chain of the underground organizations and to reduce to the minimum the vulnerability of the cell members. This also restricts the information that any member of the action squad has about the identity, background and the current residence of any other cell member. He knows his fellow activists by their aliases and the means by which they can be contacted and reached. This structure is built on the terrorist underground 'fail safe' principle: if one element in the cell fails, the shockwaves should be minimal for the chain of the party organization. The cell committee is highly centralized with directives flowing from the party high command throughout the party organization; this tends to increase the efficiency and the incidence of successful operations. On the other hand, the organization of the CPI (M-L) in the late 1960s and the early 1970s was rather decentralized and dysfunctional, with units in various parts of the country operating autonomously. It was found during 1970–71 that the action squads of the party had gone out of control and the party leadership had no alternative but to hail every violent stray action as a spontaneous outburst, thereby taking the Maoist revolution in India to its higher stage. The doom of the Indian Maoist outfits was signalled in the 1970s because of unusual centralization of authority at the top and complete *carte blanche* for expression and action at the bottom.

On the military front, the People's Liberation Army spearheads the revolutionary guerrilla warfare of the CPN (Maoist). The PLA has a central military commission, regional military commissions and the district military commissions. The chief of the PLA's guerrilla operations at present is Ram Bahadur Thapa, alias Badal.

IDEOLOGICAL BASES OF THE CPN (MAOIST)

In an article entitled 'A Brief Introduction to the Policies of the CPN (Maoist)', published on 12 January 2004, the party's chairman Prachanda observed that the guiding principle of the Communist Party of Nepal (Maoist) would be Marxism–Leninism–Maoism, and the Party's objective would be socialism and communism. He further emphasized that in the ultimate struggle, the party's ideological structure would be a synthesis between Marxism–Leninism–Maoism and 'the Prachanda Path'. In other words, the LPN (Maoist)'s ideological base would rest on a close study of the historical, social and political conditions of Nepal as seen through the Marxist–Maoist spectacle. The 'Prachanda Path' would be the key to the forthcoming revolution in Nepal, through the military strategy of the People's War.

The CPN (Maoist) envisioned the establishment of a republican state of Nepal to begin with, and aimed to follow this up with a new constitution of the country with the following agenda:

- 1) Politically, the party seeks to give to the people of Nepal the ultimate political power to elect their own representative government through a democratic electoral process.
- 2) In terms of its economic policy, the party prescribes revolutionary land reforms for 'judicious distribution of land on the principle of the land to the tiller'.
- 3) An interesting aspect of the future foreign-policy projection of the party, in Prachanda's own words, is the objective of an 'independent foreign policy of maintaining friendly relations with all on the basis of Panchsheel', and the 'abrogation of all unequal treaties from the past and contribution of new treaties and agreements on a new basis'.

Prachanda concluded his article by saying that 'it is obvious that these immediate policies reflect the most flexible and democratic methods for [a] peaceful and forward-looking political solution to the ongoing civil war in the country. However, the old feudal regime that has lost all support and confidence of the people is unleashing a naked military terror on the people relying on the military assistance of imperialism'⁷

THE CPN (MAOIST) IN OPERATION

It was evident that the Communist Party of Nepal (Maoist) was determined to establish a 'people's government' in the country through the Maoist style 'people's war'. On 4 February 1996, it sent a 40-point memorandum to the then Nepalese government of Prime Minister Sher Bahadur Deuba, demanding the abolition of the institution of monarchy along with its existing privileges, promulgation of a republican constitution, and the abolition of the Mahakali treaty with India. As usual, the Deuba government treated the memorandum as too infantile and audacious.

Within 10 days after the Deuba government's refusal to take a serious view of the Maoists' ultimatum, the CPN (Maoist) carried out a series of well-orchestrated armed attacks mainly in the mid-western and central hill areas and the western terai region of Nepal. Successful armed raids in the form of ambushes, mining, commando attacks and subversions were carried out indiscriminately in different parts of the country. The insurgent activities, which started from the three mid-western hill districts of Rolpa, Rukum and Jajarkot, the western district of Gorkha and the eastern district of Sindhuli, gradually escalated and covered 68 out of the 75 districts of Nepal by the end of 2004. The bulletin of the CPN (Maoist), entitled 'Maoist Information Bulletin-8', dated 20 January 2004 declared

that 'as per the party's known policy of granting autonomous rule along with the rights of self-determination to the oppressed nationalities and regions, a campaign is now underway to form autonomous revolutionary people's governments in liberated areas. After completing the process of forming elected people's committees at village and district levels on the basis of revolutionary united front policies, currently regional level people's governments are being installed in different parts of the country. On 9 January 2004, [the] Magarat Autonomous Region People's Government was declared ... The Autonomous People's Government was formed under the leadership of Santosh Budha Magar. Similarly on 19 January 2004 Bheri-Karnali Autonomous Region People's Government was formed under the leadership of Khadga Bahadur B. K. and made public amidst a big mass rally in Jajarkot district... The bulletin further declared that such autonomous people's governments would soon be formed in Seti-Mahakali region, Tharuwan, Tamuwan, Tamang Region, Kirat and Madhesh.

Meanwhile, the URPC issued a 'Directory for Administration of People's Power, 2004' in order to bring 'harmony into the administration of the local people's power in the base areas throughout the country. In this Directory, separate chapters are included for the administration of Autonomous Regions and Local Bodies, General Administration, Public Policy, Revolutionary Land Reforms, Forest management, Industry, Commerce and Finance, People's Cooperatives, Physical Infrastructural Development, Public Health, Public Education, People's Education, People's Culture and Social Welfare. Similarly, a Public Legal Code has been formulated to administer the New Democratic People's power'.

It is, thus, apparent from the series of developments in Nepal during the last nine years and also by the admissions of the Royal Nepalese government that currently as much as two-thirds of the Nepalese territory has been under the effective control of the Maoist insurgents, at least by nightfall.

Since the onset of the Maoist insurgency in 1996, successive governments in Nepal have displayed extreme naivete and pusillanimity in treating the Maoist guerrilla operations simply as a 'law and order' problem. Attempts were made to contain Maoists through a host of anti-terrorist operations codenamed 'Operation Romeo', 'Jungle Search Operation', 'Search and Destroy', and 'Kilo Sera Two'. The state security operations, combining both the police and the Royal Nepalese Army to encircle and annihilate the Maoists, was a mindless move similar to the pre-revolutionary Chiang Kai-Shek's state terrorism in China to exterminate the Communists, who had been waging a determined people's partisan war under the leadership of Mao Zedong. The anti-terrorist violence let loose by the Royal Nepalese Government had not only become counter-productive but had also taken a heavy toll of the Nepalese civilian population. During the first quarter of 2005, as many as 11,000 Nepalese people had been killed, and this killing spree has claimed only few Maoist guerrillas.

Despite the campaign to exterminate the Maoists—real or imagined—there has been no let-up in the hit-and-run guerrilla operations by the People's Libera-

tion Army of the CPN (Maoist). Hundreds of dropouts from schools in the countryside are swelling the ranks of the guerrilla fighters. In the 'Maoist Information Bulletin 9', an occasional information sheet published by the CPN (Maoist), dated 28 March 2004, it was reported that there were altogether 5,000 Maoist guerrillas in the western region of Nepal, around 3,000 in the eastern region and 2,000 more scattered all over the country. At a rough estimate, around 10,000 hardcore Maoist guerrillas were fighting security forces all over Nepal. It has also reported that around 200,000 youth and students are under rigorous military training in the impregnable jungles of Nepal. Initially, the PLA guerrilla were operating with rudimentary and homemade firearms. Highlighting this aspect of the Maoist guerrilla warfare in Nepal at the early stages, the same bulletin exulted:

While the People's war was initiated, the Maoists did not have [the] people's liberation army, as they have today. At that very moment, they also did not have base areas and broad mass base as they have today. Again, while the great saga of people's war roared on the earth of Nepal, there were limited Maoist guerrillas fighting with rudimentary guns (*bharuwa banduk*) and eating cornflower (*shatu ko dhuto*), just as the great revolutionary heroes of China defeated Japanese imperialist aggressors with home-made millets and rudimentary bullets. With the energy of *bharuwa banduk* and *shatu ko dhuto*, Maoist revolutionaries have seized AK-47 and M-16 rifles as well as billions of rupees and properties of the enemies looted from the people during the whole history of the reactionary rule in Nepal. If the *bharuwa banduk* and *shatu* have been capable enough to seize the sophisticated [weapons sent by America, shouldn't] nation-wide power be in the hands of the people with the help of those weapons?

It was reported from the Indo-Nepal border that serious ideological differences had surfaced between the CPN (Maoist) chairman, Prachanda, and his deputy and URPC chief, Baburam Bhattarai, who is known for his relatively moderate approach towards the strategy and tactics of a people's war that Prachanda advocates. Consequently, Bhattarai was expelled from the party politburo. At one stage, the ideological difference took on the dimension of power rivalry between Prachanda and Bhattarai, who accused Prachanda of concentrating all the power and authority of the party in his own hands by running both the political and military wings. The ideological-factional differences between them seem to have been patched up, indicated by Bhattarai's reinstatement by Prachanda in the politburo's highest policy-making committee. The report also quoted Prachanda as saying that 'there is no alternative to unity among all people-oriented parties against the feudal autocracy and to establish full democracy' and, as such, 'differences within the party have been resolved on the basis of criticisms and introspection'.

Notwithstanding the reports of inner-party differences, the people's war in Nepal has been raging with all the potentialities of an eventual victory of the Maoists, sparking a quick metamorphosis of the country's political system from a multi-party democracy to a communist state. As time rolls on, the Maoist ranks are

swelling thick and fast with more and more insurgents finding sanctuaries provided by the poverty-stricken masses all over Nepal. One observer rightly pointed out that 'poverty in Nepal ... has grown exponentially. There are as yet no safety valves to take care of [the] anger increasingly churning among the Nepalese peasantry, the lower middle classes ... In the early phase of the post-1950 era, the Nepal Congress Party and the Koiralas provided some hope. However, as the decades succeeded one another, both got gradually assimilated into the ruling class. For a while, radical presence from the middle classes, exemplified by the Pushpalals and Sahana Pradhans—who too had earlier taken shelter in India and were proximate to communist formations—offered a second layer of hope. Things are moving fast and the generations of Prachandas and the Bhattarais is apparently outflanking the senior radicals. On paper the Communist Party of Nepal (Unified Marxist-Leninist) has a larger membership roll than the Maoists. The ground reality in the villages tells a different story though. At least this conclusion seems legitimate in the light of the extent of hold the Maoists have been able to exercise in the remote provinces'.⁸

In the present context of the political imbroglio in Nepal, the Maoist insurgency in that country assumes all the more significance as it must be viewed in the light of Nepal's history of the communist movement. An analyst of Nepalese politics observes that 'the communist movement in Nepal that first appeared in 1949 after the formation of the Communist party of Nepal under the leadership of the late Pushpalal Shrestha emerged as an opposition to Nepali Congress's policy of compromise.... The participating intellectuals in this movement had comprised upper caste Brahmin-Chhetri-Newar (BCN). In other words, the past movements were basically the movements against the BCN ruling elite by the BCN non-ruling elite. That scenario, however, has changed now in view of the broader participation of persons from other castes particularly the untouchable castes such as Kami, Sarki, and Damai. In the past, when non-ruling BCNs were fighting the ruling BCNs, there was always scope for mediation and compromise due to the network of family relations. No such network of family relations exists now between the BCN elite and the guerrillas coming from untouchable lower castes, which narrows the chances of mediation and compromise'.⁹

THE NEPAL INFERNO AND INDIA'S SECURITY

It is important to point out in this context that the Maoist insurgency is not simply a problem of the Himalayan kingdom alone because it has already had a spillover effect on the Indian mainland where their Indian counterparts are already engaged in insurgency operations in the countryside. Figures available with the New Delhi-based Institute for Conflict Management show that between November 2003 and September 2004, the Indian Maoists' presence expanded from 55 districts in nine states to 156 districts in 13 states, a bewildering average growth of two districts per

week. By February 2005, statistics indicate that the number had further gone up to 170 districts in 15 states, thereby creating a Red corridor that connects eastern parts of India, including the Nepal Maoists, down to the deep south.¹⁰ The arrests of the Nepalese Maoists from different Indian cities have already confirmed that the Maoists on either side of the international border are operating in close collaboration. The scenario has assumed a more disquieting dimension following the merger of the CPI (M-L)-People's War and the Maoist Communist Centre of India (MCCI) in September 2004. These two outfits, which roughly account for around 90 per cent of the country's left extremists, have merged into a united Communist Party of India (Maoist).

That the Indian Maoists and their Nepalese counterparts have joined hands in cross-border guerrilla hit-and-run operations became a *fait accompli* when they jointly struck at Madhuban in the adjoining East Champaran district of Bihar. The chain of events leading from Madhuban to Bargainia has provided sufficient clues about the active involvement of the Nepalese Maoists in Bihar. With the active collaboration from the Nepalese Maoists, the CPI (Maoist) has been trying to create a 'revolutionary compact zone' right from Nepal to the south of Jharkhand and beyond. The recent spurt of clandestine meetings between the Nepalese and the Indian Maoists in the Darjeeling district of West Bengal—from where the first flickers of the Naxalbari peasant uprising in the spring of 1967 threatened to spread like a prairie fire—strongly suggest the possibility of building a network between the Maoists on either side with the Kamtapur Liberation Organisation as well as the extremist elements from Bhutan and Bangladesh who find shelter in North Bengal. In order to bring all these Maoist elements under one operational network recently, the leaders of all these sundry groups set up a 'Coordination Committee of Maoist Parties and Organisations in South Asia' (COMPOSA). This organization will soon be holding its fourth annual international conference somewhere in the long Red corridor stretching from Andhra Pradesh to Nepal.

The gripping scenario of the irresistible Red spread has prompted India's internal security think tanks to admit somewhat disarmingly that the scourge of the Maoist guerrilla operations presents the most serious threat to India's already sclerotic democratic political system.

THE VIEW FROM DELHI

Nepal is traditionally viewed as the 'strategic partner' in the Indian security system. Unfortunately, nowhere has India's strategic-diplomatic approach been so perennially pusillanimous and naïve as in its Nepal policy.

Before entering into any analysis of India's Nepal policy one has to take a very hard look at the topographic location of the Himalayan kingdom. Nepal has an overwhelming geostrategic significance. *Newslook*, Nepal's leading online news

magazine, dated 12 January 2005, published a report from Stratfor, the Austin-based reputed intelligence firm, which declared:

...a landlocked country, where only tourism matters for the international economy, Nepal has a strong geostrategic value to world powers. The power that stations its space-linked surveillance, intelligence and navigation systems on Nepal's high mountains gets strategic leverage over several Asian regions, from Central Asia to South-East Asia. Bordering only China and India, Nepal also offers a geopolitical advantage to whichever takes the upper hand there. Such a situation would be especially dangerous to India, since Nepal's border is 185 miles away from New Delhi. Though major conflict is unlikely in even the distant future, Indian strategists appreciate the military capability China would gain. Attacking from Nepal would represent a deadly threat to the Indian capital ... Nepal is likely headed toward even more difficult times with the probable change of its entire political system, from multiparty democracy to communist State. If current trends are unchanged, the chaos could ultimately lead to the government's collapse and the potential victory of the Maoist rebels. Given the country's invaluable geostrategic location, literally at the top of Eurasia, this will give a dramatic advantage to Beijing's geopolitical position on the continent while causing major problems for India. Whether the future Nepal government becomes Maoist or communist, the government will likely lean toward Beijing, and will allow for establishment of Chinese surveillance and listening posts ... China's presence in Nepal would also complicate positions of the US Navy in the Indian Ocean. With early warning, surveillance, intelligence and navigation systems in Nepal, Beijing would keep a vast part of Asia and military forces under constant electronic watch.

It is an irony right from the beginning of the post-independent India's tryst with history that the basic minimum requirements of the country's security both from external and internal threats were either overlooked or were played down, especially during the Nehru era. Since Nehru and his Defence Minister Krishna Menon were basking under the warmth of the Panch Sheel and the *Hindi-Chini Bhai Bhai* obsessions during the 1950s and the 1960s, we were faced with a sad military debacle following the India–China border war of 1962. Later, the Indian defence system was pumped up with all sorts of military hardware and the country could ably tackle the subsequent armed stand-offs with Pakistan in 1965 and 1971.

Although our defence capability was successfully enhanced, the hard realities of the country's security scenario remained ill-perceived. In fact, India has always maintained a tentative façade of foreign relations *sans* a foreign policy realpolitik. It has been consistently marked with diplomatic myopia, disarming naivete and gross *ad hocism*. Citing the frailties of India's foreign policy-makers in the recent past in the context of our present Nepal policy, one observer writes

The MEA has neither imbibed the lessons of the ham-handed intrusive diplomacy practised in Sri Lanka in the late eighties, nor counted the costs of playing democratic evangelists in Myanmar in the mid-nineties. Both these foreign policy disasters had serious national security consequences.¹¹

Nor have we done any better in dealing with our eastern neighbour, Bangladesh, in the liberation of which much blood was sacrificed by our armed forces. Our obsessive security syndrome vis-à-vis our neighbours has spurned away the countries without having any credibility insofar as India's friendship is concerned. In fact, the South Bloc has always been in the habit of dealing with our neighbours in terms of a British colonial type of 'subordinate cooperation'. It is, indeed, a sad story of complicated idiosyncrasy that notwithstanding the geographical compulsions for sharing the same subcontinental space, community of sociolinguistic heritage and the imperatives of economic interdependence, India has consistently fared badly in securing the credibility of her immediate neighbours.

Looking at the current Nepal inferno, it can be said that traditionally India's handling of the Himalayan kingdom has been both faulty and short-sighted. It is pertinent to point out that the monarchy in Nepal has never been a reliable friend of India and the institution of monarchy in that country has been the perennial source of political instability and unpredictability. Inevitably, therefore, politics in Nepal endemically came to be charged with the penchant for gunpowder among sundry political actors in that country.

Historically, there is no denying the fact that India had a big hand after the British pull-out in reinstalling the institution of monarchy in Nepal. An observer has rightly pointed out that

...it was Jawaharlal Nehru's grave mistake to have restored King Tribhuvan to the throne at Kathmandu in 1950. Tribhuvan's progeny has always tried to play the China card against New Delhi. His son, Mahendra, did so to get legitimacy for himself after arresting Nepal's first democratically elected Prime Minister, B. P. Koirala, in 1960. Mahendra's son, Birendra, went to the extent of importing arms from China, leading to the Indian trade embargo against Nepal in 1989. Monarchists in Nepal have time and again equated Nepali nationalism with anti-Indianism. Although instability in Nepal has always been blamed on political parties and external forces (read India), history shows that monarchy and its institutions have been at the centre of all political controversies and upheavals. This was true of the initiation of the Rana regime; the 1960 royal coup against democracy; the Narayanhiti Palace massacre of 2001; the dissolution of parliament on 4 October 2002; and King Gyanendra's coup of 1 February 2005. There is not a single instance, except when King Prithvinarayan Shah brought some rag-tag kingdoms together in 1776, of monarchy being a source of stability in Nepal. Contrary to India's foreign policy mantra, the monarchy is a major source of instability in Nepal¹².

In fact, Gyanendra's coup of February 2005 was a sad commentary on India's diplomatic inability to read the writing on the wall when it failed to recognize that the inevitable was coming when, on 4 October 2002, Gyanendra dissolved Parliament. After 1962, India's ostrichlike behaviour was no more glaring than when she woke up in a cold sweat on 1 February 2005 with the RNA juggernaut rolling in Kathmandu. India was simply paid back her own coin.

Even after the royal coup, India's Nepal policy became all the more tentative as it got enmeshed in a lot of ifs and buts. First of all, it is really intriguing why the royal coup of 1 February 2005, executed so meticulously at the behest of and in active collaboration with the Royal Nepalese Army, came as a complete surprise to New Delhi. The RAW was virtually caught napping. Then, for the next three weeks, there came a flurry of statements comments and speculations before New Delhi could venture to suspend its military assistance to Kathmandu. Was this decision preceded by a wishful thinking that King Gyanendra would give up his authoritarian power and restore the democratic process with a little browbeating by Delhi? India was clearly dithering on a plan to ride roughshod over the Nepalese defence establishments by taking a hard decision to clamp a ban on arms supply because of the existing 10-year military assistance pact that was signed with Nepal four years ago. Curiously, India had to 'let go' the arms already in the pipeline.

Meanwhile, King Gyanendra was not sitting idle at the Narayanhiti Palace. After India froze arms supply, he managed to stockpile most of the arms required from diverse sources. Pakistan had already rushed in with an open offer to supply arms to the kingdom. On the other hand, the king's unscheduled stopover in China on a trip from Indonesia—put Delhi on tenterhooks. And then came the amusing *volte face* from Delhi as strategic considerations compelled India to temper its concerns over democracy and take a 'look' at resuming military assistance to Nepal.

The inevitable signal was conveyed at Jakarta in the third week of April 2005, within two months after clamping a freeze on arms supply to Nepal, at the first meeting between Prime Minister Manmohan Singh and King Gyanendra after the monarch had seized power through a coup on 1 February. In a bald assertion, the king claimed that he got a positive nod from India on the resumption of military assistance, which had been put on hold after the elected government was overthrown in Nepal. But the Indian side hastened to throw in a rider by saying that the Indian premier had assured the king 'to look into it in a proper perspective', thereby trying desperately to link the arms supply with an assurance from Kathmandu of a roadmap to restore democracy.

There is an inside story on India's double U-turn over the ticklish question of the resumption of military assistance to Nepal. Outside public gaze, there was a grim battle of wills between the Ministry of External Affairs (MEA) and the defence establishments, with the India Army mounting pressure on the MEA in support of a 'brother army' that needed urgent arms assistance. The Indian Army is the chief international patron of the RNA and there is a unique relationship between the two armies in that as a convention their chiefs are honorary generals of the other army. Thus, the recent move by Indian Army Chief General J.J. Singh's lobbying through the media on this issue amounted to shuttle military diplomacy. The Indian Army was also concerned about the spillover effect that the Maoist rebellion in the Himalayan kingdom could have on India. The army establishment

also impressed upon the Government of India that the analyses fed to New Delhi from Kathmandu by the intelligence outfits like the Research and Analytical Wing were at variance with the military assessment of the objective conditions prevailing in the countryside outside Kathmandu.

What has been of great worry for India is the fact that Gyanendra, as the Supreme Commander of the Nepalese Armed Forces, has been relentlessly trying to source military hardware and training of personnel from other countries, notably China and Pakistan. The RNA, which operates with Indian arms and ammunition, claims that China already supplies it with truckloads of military equipment. The RNA Chief, General Pyar Jung Thapa, recently led a delegation to Pakistan and claimed that Islamabad had offered to train RNA personnel. Although the initial Chinese reaction to the royal coup in Nepal was to pass it off as an 'internal matter' of Nepal, later Chinese overtures towards Kathmandu were quite unnerving for New Delhi. The unsettled border question between India and China, coupled with India's recent 'Look East' ventures in which India is likely to emerge as the trading competitor of China, may portend a critical situation for India insofar as New Delhi's future relations with Kathmandu are concerned. Nepal has, thus, turned out to be a classical turf for India–China diplomatic-strategic maneuverings. Any false step on the slopes of the Himalayan kingdom could land New Delhi in dire straits. India's fond hope of Chinese neutrality towards the Nepal imbroglio is in all probability going to be wishful thinking. New Delhi, therefore, has very little scope for reckless acrobatics in the present scenario. India's official stand was that military ties with Nepal and, specifically, the issue of resuming arms supplies to the RNA was 'under constant review'.

It is very pertinent to point out that following the Jakarta dialogue between Premier Manmohan Singh and King Gyanendra, the resumption of military aid to the king would signal the withering away of the parliamentary democratic process. In an article entitled 'The Harakiri Decision', Ashok Mitra writes, 'India's unilateral decision to underwrite the king in the face of strong reservations expressed by the Nepali National Congress implies that whatever urban sections in Nepal were still with the democratic parties will now switch over in scampering promptitude towards the direction of the Maoists. If the Indian authorities are hoping that by bolstering royalty through military aid, they would contain the advance of Maoist adventurism, they are living in a fool's paradise. Their initiative will actually accelerate the spread of Maoist influence all over Nepal'.¹³ Although there is no denying the fact that the Maoist strategy of guerrilla warfare has a military aspect, its political dimensions cannot be underestimated. There is a host of cases to show that an insurgency essentially has to be dealt with only politically. For this, the Nepalese political forces need to be strengthened, and not the army.

On the May Day of 2005, the emergency was lifted and King Gyanendra promised to hold municipal elections. These events sent New Delhi into raptures and the National Security Council reiterated its faith in the Nepalese monarchy in the

second week of August 2005. Even the Indian Prime Minister hoped that King Gyanendra could be converted from a despotic executive to a constitutional monarch. Deb Mukharji, a former Indian Ambassador to Nepal, who had the privilege of watching the whirlpool of Nepalese politics from close quarters, held a contrary view on the high drama surrounding the withdrawal of emergency. He writes: ‘there is considerable discussion and comment on the “lifting” of the emergency, and perhaps an air of satisfaction that this has been due to pressures exerted by India and others. This is, at best, only partially true because constitutionally the emergency could not go beyond three months unless the Nepali administration chose to be publicly defiant of internal and international opinion and engage in convoluted constitutional procedures, now more awkward in the absence of a parliament. It was thus “expiry” rather than “lifting” of the emergency for which undue credit is being both given and taken. The intent of the government is not reflected in what could turn out to be only a cosmetic measure, while harsh and restrictive steps are taken by other means. Only the coming weeks would show if there is any honest desire for dialogue and restoration of the suppressed political processes and freedom of expression. Any celebration of the ending of the emergency is presently premature’¹⁴. The sinister Royal Corruption Control Commission set up by the king is a definite pointer to the fact that the king is in no mood to relent. The Commission is an instrument in the king’s hands to strike at the very roots of parliamentary democracy in Nepal by delegitimizing the political parties through a vicious attack on the honesty and integrity of the country’s senior political leaders.

The Nepalese people, with whom our destiny is inextricably bound, must be encouraged to chart their own democratic political process howsoever it might have looked during the last few decades. Unfortunately, however, the political parties and groups in Nepal are so fractious and ridden with internal squabbles that India should keep open all possible channels of communications with them. Otherwise, in the long run, the much-cherished idioms of Nepalese parliamentary practices, which had been sent into hibernation, will be dug up and trampled under the pounding boots of the RNA and the Maoists. India’s national interests and strategic security cannot be mortgaged to the idiosyncrasies and amateurishness of the South Block.

EPILOGUE

King Gyanendra’s reign in Nepal has been marked by turmoil, starting from his bizarre ascension to the dissolution of the Nepalese Parliament in February 2005, justified in view of growing Maoist insurgency. Violent clashes between the RNA and the Maoist posed an affront to any hopes of a peaceful agitation towards the restoration of democracy. While the latter decided not to stretch their ceasefire given the King’s express instructions of an offensive stance against any contending

views, the monarch believed that the unity between the Seven Party Alliance and the Maoists built on the ideas of 'total democracy' would not be sustained for long. Instead, this friendship led to the signing of the 12-points by the SPA and the Maoists, because it did not carry a guarantee from the king that he would not usurp power again. By then the level of protests and demonstrations had escalated to a point beyond precedence. On 24 April, a day before the SPA's 'million people march', Gyanendra addressed the nation and agreed to hand over power and sovereignty back to the people (with no conditions), while expressing sorrow for the loss of lives that had resulted from the prolonged violence. The 19-day people's war in which men, women and the youth of Nepal participated to oust the totalitarian king had succeeded where even the 10-year Maoist insurgency (which had claimed more than 12,500 lives) could not.

NOTES

1. For details, see Tribhuvan Nath, *The Nepalese Dilemma*, New Delhi: Sterling Publishers, 1975, pp. 22.
2. See Ashish K. Roy, *The Spring Thunder and After*, Calcutta: Minerva Associates; Columbia, USA: South Asia Books, 1975.
3. Ibid.
4. For details, see Ashish K. Roy, 'National and Communist Forces at the Crossroads in Bangladesh', *United Asia*, May–June 1971.
5. For details, see Government of India, *Anti-national Activities of Pro-Peking Communists and Their Preparations for Subversion and Violence*, New Delhi: Ministry of Home Affairs, 1965.
6. Lin Biao, 'Long Live the Victory of the People's War', *Beijing Review*, 3 September 1965.
7. 'Maoist Information Bulletin 8', 20 January 2004, www.cpnm.org/new/English/documents/information_bulletin8.htm.
8. *Economic and Political Weekly*, 8–14 November 2003.
9. Chitra K. Tiwari, 'Maoist Insurgency in Nepal: Internal Dimensions', South Asia Analysis Group, Paper No. 187, January 2001, pp. 3–4.
10. *Telegraph*, 6 March 2005.
11. Swapan Das Gupta, *Telegraph*, Kolkata, 6 May 2005.
12. Bharat Bhushan, 'Dealing with an Untrustworthy King', *Telegraph*, Kolkata, 3 May 2005.
13. *Telegraph*, Kolkata, 3 May 2005.
14. Deb Mukharji, 'Self Interest and After', *Telegraph*, Kolkata, 5 May 2005.

7

THE NEW INDIA—US RELATIONSHIP

Anjali Ghosh

India had always been peripheral to US interests when it came to forging international engagements. India figured nowhere in the list of priorities enumerated by the US foreign office immediately after President George W. Bush took charge. In the US foreign policy agenda, however, experts emphasized the need for a partnership. This was specially relevant in Asia, because there was no Asian analogue after NATO, and the US think tanks realized the need for key bilateral alliances in the region without, of course, naming India. The deadly terrorist strikes in the US on 11 September 2001 may be regarded as the watershed that spurred the new understanding between India and the US. This, however, does not imply that the US and India were estranged democracies prior to the terrorist attack on 11 September 2001. The post–Cold War era had led to a thawing of relations though it must be mentioned that even during the cold war period Indian intellectuals and professionals had streamed to the US in appreciation of the latter’s contributions to the global community. The ‘feel-good’ factor in the India-US relationship was triggered during the previous regime when Bill Clinton visited India for the first time as US President and foreign policy experts started anticipating the present efforts made by the two regimes.

The elimination of the Soviet threat along with a growing recognition of converging geo-political interests and shared democratic values, the growth of militant Islamic fundamentalism and, finally, the escalation of global terrorism culminating in the 11 September attacks in the US elevated the relationship to the next level. There was a convergence of interests when the US administration came to realize the gravity of the terrorist menace after the 11 September attacks on its Twin Towers. India was already plagued by the menace of cross-border terrorism and took great pains to convince the international community, especially the USA, to take action against terrorist training camps situated inside the Pakistani territory. India therefore accepted what America proposed—the challenge against

terrorism was jointly accepted leading to the converging of interests in other fields, and understanding between the two countries seemed to reach a new level.

The dialogue for improving relations between the two countries had long been a subject of debate between the bureaucratic and intellectual elite of the two countries. For example, the Carnegie Study Group¹ on US-Indian Relations, which had met way back in 1991, recommended separate plans of action for the Indian and US governments to improve their ties. The understanding reflects some of these recommendations.

The Indo-Pak rivalry in the subcontinent and Pakistan's relations with the US have acted as a barometer in the India-US relations. The United States has often tried to act as a mediator in the Kashmir problem between India and Pakistan, and whenever the tilt has left towards Pakistan, it has left a bad taste in the mouth for India. Pakistan obviously figures prominently in the improvement of Indo-US ties. The triangular equation involving India, Pakistan and the United States has been a significant factor in the maintenance of strategic balance in the region. The American policy on Kashmir has shifted from its earlier stance and supports bilateral negotiations between India and Pakistan within the framework of the Simla Agreement and not on the lines of the UN plebiscite. During the Kargil crisis in 1999, the United States administration helped by applying pressure on Pakistan to withdraw its troops from the Kargil and Drass sectors in Kashmir.² A bilateral link was developed with India by setting up a joint commission to counter terrorism. The Indian government endorsed the National Missile defence proposal adopted by the Bush administration in 2001. The two governments also decided not to criticize each other in public as before; for example, Indian concerns about the US stand on the Kyoto treaty were conveyed privately to the Bush administration. The latter, in a similar manner, muted its criticism of India's test of the 700 km medium range missile, Agni, in 2001.³

There were in fact several calculations that prompted a 'reorientation' in America's future foreign policy towards India, and according to analysts, the China factor was an important one. China was no longer just a trading partner but was becoming a strategic competitor as well and needed to be contained in Asia. Thus, right from the beginning of 2001, Secretary of State Colin Powell stated that:

We must deal wisely with the world's largest democracy. Soon to be the most populous country in the world, India has the potential to help keep the peace in the vast Indian Ocean area and its periphery. We need to work harder and more consistently to assist India in this endeavor, while not neglecting our friends in Pakistan.⁴

Post-11 September, the United States renewed its security relationship with Pakistan, but at the same time took India into confidence. India had offered unconditional support to the United States including basing rights for carrying out an air campaign over Afghanistan, but Pakistan's proximity to Afghanistan made it necessary for the US to renew its alliance with Islamabad. When the Indian

Parliament was attacked on 13 December 2001, reportedly by the Lashkar-e-Toiba at the behest of the Pakistani ISI, India mobilized its armed forces along the Pakistani border but decided not to take military action following a US undertaking to put pressure on President Musharraf to halt cross-border ‘infiltration’.⁵

The Indian government offered its wholehearted support to the United States, particularly because it viewed America’s newly declared ‘War on Terror’ as one that was aimed at comprehensively dismantling extremist groups in South Asia and that the US government would realize that the problems of terrorism emanated from Pakistan (along with Afghanistan) and would take appropriate action. (later, of course, in spite of applying diplomatic pressure on Pakistan, the US was unable to bring about a complete halt in terrorist activity in India from across the Pakistani border). India had lost more than 250 people in the terrorist attacks of 11 September and was eager to forge a strategic partnership with the American government. An intense military relationship developed between the two nations and it seemed evident that America’s war on terrorism was intertwined with that of India’s, and terrorist groups like Lashkar-e-Toiba were banned by the USA. During the US military operation in Afghanistan—Operation Enduring Freedom—the Indian Navy helped in escorting and protecting high-value shipping through the Straits of Malacca. This allowed the US ships to refocus on other global commitments against terrorism. Besides, by granting permission to transiting US Naval ships to use Indian ports for resting and refueling, India gave the US Navy the logistical flexibility required to conduct its trans-oceanic operations. Allowing over-flight for the US Air Force aircraft was considered by the United States to be ‘another force-enabler contribution by the Indian government that saved operational planners countless hours’. Thus, following the 11 September terrorist attacks, India had taken immediate and unprecedented steps of offering to the US full cooperation and the use of its bases for counter-terrorism operations reflecting a change in the US–India relationship that was already in the offing. During a meeting between the then Prime Minister Atal Behari Vajpeyee and President Bush in November 2001, the two leaders agreed to expand US–India cooperation on a wide range of issues including counter-terrorism, regional security, space and scientific collaboration, civilian nuclear safety and of course, broadened economic ties. In December 2001, the US Defence Policy Group met in New Delhi after a lapse of five years.

In 2002, the two countries engaged in an unprecedented joint military cooperation. The US supplied 12 AN-TPQ/37 Fire-finder counter-battery radars to the Indian Army. Advanced air combat exercises took place in 2003. The US and the Indian special forces’ soldiers held a two-week joint exercise near the India–China border, and the largest ever ‘Malabar 2003’ joint naval exercises off the Indian coast included an American nuclear submarine. Mock air combats were held in India in February 2004 where Indian pilots defeated American pilots flying older models. In July 2004, an Indian Air Force contingent participated in the Cooperative Cope Thunder exercises in Alaska. Later in the same year, the US and Indian

navies further held joint exercises in 'Malabar 2004' off the Goa coast. In spite of these, a fully developed military-to-military relation, however, could not mature between the two countries not only because of divergent views on certain key areas of international politics but also because of the issue of non-proliferation unilaterally laid forth by the USA.

The increasing military involvement between the two countries also led to an increase in US arms sales to India. The US decision to sell \$1.1 billion US-Israeli Phalcon airborne early warning system to India has the possibility of tilting the regional strategic balance further in favour of India. The Indian government also possesses the US-made P-3 Orion maritime patrol aircraft, PAC-3 anti-missile systems and electronic warfare system. The supply of sophisticated electronic ground sensors from the US also helped the Indian security forces to stem the tide of militant infiltration in the Kashmir region. GE-404 engines for light combat aircraft (LCA) have been acquired by India. The Air Force is also not excluded from this bilateral convention, and there has been a large strategic deployment of combat exercise between the Air Force Base in Alaska and the Air Force Station in Gwalior. Joint exercises have also been held in November 2005 in the Kalaikunda air base in West Bengal in spite of apprehensions expressed by left political groups.

The US government, however, hesitated to sanction the sale of the sophisticated anti-missile platform—the Arrow Weapons System—which the Indian government wanted to purchase from Israel. In spite of Pakistan being a key ally of the US in all its missions, there definitely appears to be a pro-India drift in the US government's strategic orientation towards South Asia.

This relationship received a further boost under the second Bush administration where India figured prominently in the future US foreign policy considerations towards Asia. The idea was echoed in a statement made by US Secretary of State Colin Powell in March 2004:

Well before he took office, President George W. Bush set the goal of improving relations with India ... a nation of over a billion people, a dynamic, multi-ethnic democracy ... ancestral home of over one and a half million Americans ... a critical presence in Asia ... a nation of enormous achievement and promise.⁶

Powell endorsed and accepted the then Prime Minister Atal Behari Vajpayee's concept of describing India and the United States as 'natural allies' and that both nations would 'seek to stretch the bounds of human knowledge and seize the opportunities of a 21st century world'. The US secretary of state further reiterated:

A thriving, peaceful, democratic India is taking its place on the world stage, and the United States looks forward to acting in close partnership with her. In the years ahead, I see the US-Indian relationship becoming as rich and vibrant as a 'Bollywood' blockbuster. To be sure, there will be twists and turns of plots and some challenges for the characters to overcome, but I have no doubt there will be a happily-ever-after result for India, for the US, and the world community.⁷

This transformation in the Indo-US ties was a direct outcome of the new American diplomatic and military policy that was adopted following the 11 September attacks. This was embodied in the new National Security Strategy document approved by President Bush in which he stated: 'we start with a view of India as a growing world power with which we have common strategic interests. Through a strong partnership with India, we can best address any differences and shape a dynamic future'. Bush was talking of a new world order where he defined the classic American policy in the simplest of terms—'either you are with us or you are with the terrorists'. India in its long battle against terrorism, was obviously with America and the Indian government did not hesitate to make that clear to the American authorities. The two countries pledged to cooperate on the global War on Terror and prevent the spread of weapons of mass destruction.

The second Bush administration engaged the Indian government across a wide spectrum of issues. With improvements in the 'Next Steps in Strategic Partnership (NSSP)', important initiatives were taken. The agreement promised to expand cooperation in three critical areas—civilian nuclear activities, civilian space programmes and high-technology trade. Dialogue would also be pursued on missile defence. While the previous three phenomena came to be known as the 'trinity' issues, with the inclusion of the fourth one it came to be referred to as a 'quartet'.⁸ In June 2004, the Indian Space Research Organization (ISRO) and NASA, along with other partners, celebrated 40 years of cooperation in space exploration at the Indo-US Space Conference in Bangalore. India and the US have established a High Technology Cooperation Group (HTCG)—a forum to discuss ways to promote high-technology trade. Both sides have a common interest in preventing high-technology goods with a military application from falling into the wrong hands.

The above steps have led to the development of more intense activities between India and the United States especially to that of counter terrorism. This was made clear in a speech delivered by the US Charge d' Affairs to India, Robert Blake, at the Army War College in Indore last year. 'These who attack our societies, be it in New York, in Washington, in Mumbai, in New Delhi, or in Jammu and Kashmir, must be stopped'.⁹ Earlier, of course, President Bush had sent messages to the Pakistani government to take 'additional strong and decisive measures' to eliminate the extremists who seek to harm India. From strategic interests followed other issues like trade and market ties. With the move towards 'first generation' economic reforms in India since the early part of the 1990s, US interests in India seems to have increased, particularly in the information technology (IT) and service sectors. According to the American Chamber of Commerce, about 1,000 US companies are doing business in India. Though America is stated to be India's largest trading partner, and American brands like McDonalds, Domino's, Coca-Cola, Nike and Reebok have become very popular in urban India, there seems to be a lack of clear and outright market opportunities for American goods in the new Indian economic society.

With the UPA government coming into power in May 2004, Indo-US relations seem to have improved and gained new momentum. Prime Minister Manmohan Singh, a fine economist and an academician, in his speech at the joint session of the US Congress on 18 July 2005 promised that the natural partnership between the two countries would be based on principle and pragmatism. He invited further foreign investments in areas of high technology including software, engineering design, pharmaceuticals, new oil and gas exploration, coal and hydro-power and civil nuclear energy. The Prime Minister also emphasized a second generation India-US collaboration in agriculture. The Indian leader assured his US counterpart that the laws on intellectual property rights in India 'have been recently amended to comply fully with our international obligations under the WTO'.¹⁰ India also offered her commitment to work with the US and other partners for strengthening the multilateral trading system in accordance with the negotiations held in the Doha Development Round. Indo-US cooperation was also envisaged in other areas, for example, against the global challenge of HIV/AIDS, and of course, terrorism. Thus, along with people-to-people private sector cooperation, the 18 July joint statement calls for government-to-government joint cooperation in a large range of areas including civil nuclear cooperation, US-India global democracy initiative, an extended US-India economic dialogue focussing on trade, finance, environment and commerce, continued cooperation in science and technology, an energy dialogue to strengthen energy security and promote stable energy markets, an agricultural knowledge initiative, an information and communications technology working group, space cooperation, and a US-India disaster response initiative. The two nations have also signed a treaty on mutual legal assistance in criminal matters. They have also signed an umbrella science and technology agreement that will enhance their capabilities and strengthen relations between the extensive scientific and technological communities of both countries. The agreement also includes a substantive intellectual property rights provision.

Moreover, American officials have been insisting that 'there is no higher priority' for George Bush's second term in office than 'expanding and broadening our relationship with India'.¹¹

The economic relationship figures as the most important in this context. As referred before, though American business houses have been making a mark in Indian markets, there remains scope for further involvement, and American officials believe that India should further revise its economic policies and tariff laws, and create conditions conducive for American business in the region. From the time of Dr Singh's visit, high-powered teams of corporate CEOs from both countries have been engaged in strengthening business exchanges and investment deals. The restriction on the entry of wholly foreign-owned corporations into the retail sector for example, seems to have been lifted with entities like Walmart trying to make a headway in the Indian market. While New Delhi has adopted a more

accommodating approach to American demands in global trade negotiations on services and agriculture, there has been a growing outsourcing of computer software-based operations and call centres from the United States to India. It has been reported that IBM has been slashing 13,000 jobs in the US and Europe to create 14,000 jobs in India.¹²

Nevertheless, the annual US investment has not yet registered any upward trend worth mentioning. The main cause, as stated, has been the slow pace of economic reforms in India. The opinion of the corporate sector is that India needs to restore investor confidence with regard to infrastructure development in order to attract investment from foreign destinations in this highly competitive global marketplace. The 'American version of US-India Economic Cooperation' as put forward by the US under secretary for economic, business and agricultural affairs,¹³ calls for a pivotal role of the private sector, restructuring of public sector enterprises, streamlining of the tax system, promoting competition, tripling direct foreign investment and reducing India's fiscal deficit to 3 per cent within three years. The idea was to facilitate a two-way trade and investment that would address the most immediate and high priority concerns of both Indian and American businesses. Commercial exchanges have been visualized in fields like biotechnology, pharmaceuticals (including research in these areas), telecom, electric power and transportation facilities. Entry of American financial service firms have also been envisaged. The two-way merchandise trade which is \$17 billion annually was expected to reach a target of over \$100 billion annually and the US annual investment flow was expected to rise from less than half a billion dollars annually to \$5 to \$10 billion annually within a few years.

The US-India economic dialogue (which was initiated in 2000) moved on five tracks—trade, finance, energy, environment and commerce. Emphasis was also laid on power trading with the idea that other nations of the region could eventually participate in the Indian power trading system. The US government was committed to the development of regional power trading in South Asian because it represents an important untapped market. Food and agriculture would also figure as a crucial part of the expanding trade and investment between the two countries. India produces 200 million tonnes of foodgrains per year (taking the figure of 2004). According to David Mulford, if India opened up its economy to the global marketplace with unbridled private sector participation, it could not only meet the demands of her burgeoning population, but also be fully integrated into the global economy and emerge as a world power.¹⁴

When Finance Minister P. Chidambaram visited the US in September 2005, he laid emphasis on closer Indo-US cooperation in the economic sector. In relation to other developing countries, India has certain definite advantages because of its skilled and intellectual labour that contributes to America's knowledge-based economy. The US invests its financial resources in India, while India invests its human resources in the US. According to the Indian Finance Minister, developing

economies are growing faster than advanced economics, and India faces a bright prospect of playing a contributory role in the global economy. With a GDP of nearly \$800 billion, each 10 per cent rise in India's GDP will contribute \$80 billion to world output. India has a 25-year track record of an average annual growth of 5.8 per cent. The nominal GDP being \$800 billion, the per capita income is \$750 per year. Measured in terms of purchasing power parity, the five biggest economies of the world are the US, China, Japan, India and Germany.¹⁵

According to the *Economic Freedom of the World 2005* Report released by the Fraser Institute in Canada, which has measured economic freedom in 127 countries (as per 2003 data), the US is ranked at three, Israel 50, Italy 54, China 86, Brazil 88, while India has been placed at rank 66. This measurement of economic freedom shows that the Indian economy is freer than China or Brazil, though less than Israel or Italy. Taking the above context into consideration, as an Asian power, India along with USA could be a major player in the world economy in spite of certain restraining factors like high oil prices, slack in the international trade growth and weakening economic indicators in the US.¹⁶ The US share in world GDP was 20.9 per cent in 2004 while that of India was 5.9 per cent. However, according to the report presented by the US under secretary, 'Indian products and services have been doing very well in the US market. Indian producers have demonstrated that they can thrive in a very open and competitive marketplace. They have demonstrated their ability to be global players'. Indian merchandise exports to the US recorded somewhere around \$15 billion in 2004, though the US exports to India touched a modest \$10 billion last year.

An important component of the 2004 agreement to promote high-technology commerce between the US and India, better known as the 'next-steps in strategic partnership (NSSP)' that has become a prime issue between the two countries, is the civilian nuclear energy and civilian space programmes. In July 2005, President Bush and Prime Minister Manmohan Singh issued a joint statement under which the two countries agreed to work towards full civil nuclear cooperation and strengthen the nuclear non-proliferation regime. As per the joint statement, the USA would 'provide India access to the technology it needs to build a safe, modern and efficient infrastructure that will provide clean, peaceful nuclear energy'.¹⁷ For this purpose, India has to separate its civilian and military nuclear facilities. It would also have to assume non-proliferation responsibilities and protect against diversion of such items either to India's weapons programme or to some other countries. India's track record has demonstrated a strong commitment to protect fissile materials and nuclear technology even though it is not formally a part of the NPT regime. India has resisted the proposals for nuclear cooperation with nuclear aspirants that could have had adverse implications for international security.

Through the joint statement, issued in July 2005, India has publicly committed to a number of non-proliferation steps mentioned in the following:¹⁸

- (1) Identify and separate civilian and military nuclear facilities and programmes, and file a declaration with the International Atomic Energy Agency (IAEA) regarding its civilian facilities.
- (2) Place voluntarily its civilian nuclear facilities under IAEA safeguards.
- (3) Sign and adhere to an additional protocol with respect to civilian nuclear facilities.
- (4) Continue its unilateral moratorium on nuclear testing.
- (5) Work with the US for concluding a multilateral fissile material cut-off treaty (FMCT) to halt production of fissile material for nuclear weapons.
- (6) Refrain from the transfer of enrichment and reprocessing technologies to states that do not have them and support efforts to limit their spread.
- (7) Secure nuclear and missile materials and technologies through comprehensive export control legislation and adherence to the missile technology control regime (MTCR) and nuclear suppliers group (NSG).¹⁹

The above would contribute to non-proliferation efforts. According to opinions in US official circles, this would bring non-proliferation gains in the US-India deal and strengthen the international nuclear non-proliferation regime.

Reciprocating India's commitment on civil nuclear cooperation, the US made its own commitment to the initiative. President George W. Bush said he would:

- (1) Seek agreement from the Congress to adjust US laws and policies.
- (2) Work with friends and allies to adjust international regimes to enable full civil nuclear energy cooperation and trade with India.
- (3) Consult with partners on India's participation in the fusion energy International Thermonuclear Experimental Reactor (ITER) and the Generation IV International Forum, the work of which relates to advanced nuclear energy systems.²⁰

The essential element of the whole initiative was that India would have to demonstrate the follow ups it had made on its commitments, and the US would seek the active support of the Congress and its international partners on the proposed cooperation. India has never proliferated its nuclear technologies and fissile materials to other nations, but now as per the joint statement, its will take on new non-proliferation responsibilities that will strengthen global non-proliferation efforts that serve the fundamental purpose of the NPT. Though India has refused to become a party to the NPT as a non-nuclear weapon state, the USA (along with other international partners) recognizes the need to come to terms with India and would not like it to remain completely outside the international non-proliferation system. The USA would not try to renegotiate the NPT taking into account the realities of the unique situation in which India is in.

US authorities have underlined four benefits that would emerge out of the US-India cooperation on nuclear energy:

- (1) It would bring substantive non-proliferation gains in the global mainstream.
- (2) Since nuclear energy does not emit greenhouse gases, India's modernization programme would be environment-friendly and would not damage the common atmosphere and contribute to global warming.
- (3) America's involvement in India's civil nuclear industry would facilitate US companies to enter India's lucrative and growing energy market and provide potential jobs for thousands of Americans.
- (4) Lastly, India's expertise in basic science and applied engineering would be of substantial use in the efficient development of next generation energy sources—for example, India could contribute to the International Thermonuclear Experimental Reactor (ITER) programme for the development of fusion as a cheap energy source.²¹

The US–India Civil Nuclear Cooperation did not have a smooth passage in either country. While the American Congress was sceptical about the deal at the initial stages, the Left parties in India had their own reservations apprehending that it would not only affect India's independent nuclear programme but also her sovereign foreign policy. It was only after a debate in the Parliament when Prime Minister Manmohan Singh gave assurances that the government 'would draw its own necessary conclusion' if there were any deviation from the joint statement of 18 July 2005. There was no question of the autonomy being compromised and new and unacceptable conditions being introduced. The signing of the nuclear cooperation deal on the other hand would ensure complete and irreversible lifting of restriction imposed on India during the past three decades. It would also take care of all aspects of nuclear cooperation in the field of energy, nuclear fuel, reactors and reprocessing of spent fuel and adequacy of fissile materials. It would also not affect the country's independent nuclear programme or its sovereign foreign policy. The plan provides for uninterrupted fuel supply to those reactors placed under International Atomic Energy Agency (IAEA) safeguards. Autonomy of research and development activity, first bidder reactors will remain unaffected. India will be free to build its own strategic nuclear fuel reserves.

The Nuclear Deal was overwhelmingly approved by the US House of Representatives on 26 July 2006. The senate cleared it on 16 November 2006, allowing the US to send nuclear fuel and technology to India, which has refused to sign the Nuclear Non-proliferation Treaty. While the agreement calls for the US to send a decade long moratorium on sales of nuclear fuel and reactor components to India, the latter requires to divide its reactor facilities into civilian and military nuclear programmes with civilian facilities open to international inspection. Fourteen out of 22 nuclear power reactors were classified by India as civilian facilities and could be put under international inspections. The other reactors would remain under Indian military jurisdiction, and not open to inspectors.

President Bush signed a new law expanding US Civil Nuclear Cooperation with India on 18 December 2006 at the White House. The law, known as the US-India Peaceful Atomic Energy Cooperation Act, lifted the long-standing legal restrictions—enacted after a series of nuclear weapons tests by India in the 1970s—that prevented US companies from trading in nuclear fuels and investing in India's civil nuclear industry.

International opinion including that of the Nuclear Suppliers Group was not wholly unanimous on the deal and critics raised fears that it would allow India to build more bombs with its limited stock pile of radioactive materials which in turn would trigger a regional nuclear arms race with China and Pakistan. A downside to the agreement is that it could prompt other countries to seek similar exceptions to the Nuclear Non-proliferation Treaty. Moreover, the pact could rally nations such as North Korea and Iran to press ahead with their nuclear weapons programme despite international complaints and threats. President Bush, however, along with the support of the Senate expressed that 'the goal nurturing India as an ally outweighed concerns over the risk of spreading nuclear know-how and bomb making materials'.²²

America's overtures towards India may be referred to as a historical necessity arising out of the exigencies of the world situations. American foreign policy makers have always maintained a strategy of ensuring that they remain the foremost power in military, economic, technological and cultural terms in particular reference to a group of six major powers—US, China, EU, Japan, Russia and India. In order to implement this strategy India has to be enlisted as a partner like the other four powers. This necessitated a U-turn in the US policy towards India. Major powers of the world often take such U-turns in their policies just like the US and China did in 1971 after having fought a bloody war for 18 years. Russia is no longer an adversary; it has integrated into the G-8 group and is important to the US. Both China and Russia are largely partners of the US and are involved in US economic and technological interests. China is a major trading partner of the US. While China will exploit resources from developing countries in terms of oil and mineral products, it will not make even a token effort to fight on their behalf. India is now perhaps the last frontier on which the American government has concentrated—endeavouring to make it a partner and tapping its economic and technological potentials.

The recent upswing in the Indo-US relations may be attributed to a variety of factors—one of them being the role played by the Indian diaspora in the US. Though certain analysts have argued that the role of the Indian diaspora has been over-hyped compared to the American-Jewish community or the Cuban-American community which have been living in the US for a longer time and whose philanthropic contributions have been greater compared to that of the Indians, nevertheless, India has a constituency in the US with 'real influence and status' taking into account the intellectual contributions made by the Indian

community in America's knowledge-based economy, in spite of the fact that Indians constitute only 1 per cent of the American population. The Indian community has been trying to play its part when it comes to adoption of policy measures with regard to India. It has been trying to exert its influence in furthering and maintaining the recent upswing in the relations between the two countries.

America's need to combat terror also calls for a coordination of strategies with India. While India has provided outright support to the US on this matter, the latter, apparently recognizing New Delhi's position in its own battle against terror, has also envisaged closer cooperation in areas like law enforcement, intelligence sharing and technology controls. The relationship will become more effective if the cooperation is on a reciprocal basis. This means that India, which is a non-terrorist state with a clean record and has been a victim of terror herself, should have the right to seek help from the USA in order to identify and track terrorists.

With the changed scenario in international relations, the Bush administration has come to believe that India's role could be important in the long run as a strategic partner of the United States. In doing so, the USA has to refrain herself in equating India with Pakistan and not bring in Pakistan within all her bilateral dealings with India. There is also a need to recognize India's strategic objectives in South Asia on a long-term basis. India's desire to play a dominant and independent role in South Asia (both economically and strategically) may not be problematic for USA if the latter takes into account the strategic compulsion of India in the region. Strategic analysts like Barry Posen as well as Amit Gupta have argued that America's military supremacy rests on her 'control of the commons—the deep seas, airspace over 15,000 feet and outer space'.²³ America has a control over all these 'commons' as no other country has, and is likely to retain this advantage for some time to come because of her commitment to military research and development. According to Posen, the current US expenditure on research and development is nearly equal to the combined defence budgets of Germany and France. These capabilities are further enhanced by a wide network of bases and a series of military commands that the US maintains all over the world, which enable it to implement military strategy whenever and wherever needed.

The new India–US relationship could, however, bring about a new orientation in the Indian foreign policy. For example, India's relations with Iraq appear poised for transformation. Iraq had been a traditional ally. In the post-Saddam era India's Left parties, on which the United Progressive Alliance (UPA) coalition relies for support, are tooth and nail opposed to India changing its moral stand and establishing links with the Iraqi interim government, whom they brand as 'stooges' of the US. This of course, foreclosed the UPA government's options to deploy any Indian troops to occupied Iraq. Taking into account the international situation where those countries which had strongly opposed US invasion of Iraq, began to veer around to have official dealings with the Iraqi interim government, the UPA government trod a careful path. The international conference at

Sharm-el-Sheikh, Egypt, on 23 November 2006 came as an eye-opener for Delhi, because virtually all of Iraq's neighbours as well as Russia and China and even Pakistan participated, while India was not invited. The Indian government, which aspires to have a role in the affairs of the Gulf, was acutely conscious of being left behind in the efforts to find a solution to the Iraq problem. The task was complex because India had to weigh carefully the broad implications of its Iraq policy on the overarching strategic partnership which it was assiduously forging with the US. Washington would be justified in questioning the merits of the partnership which does not call for a commitment from India to support the US while confronting its single biggest challenge. During his visit to Delhi in June 2006, US Deputy Secretary of State Richard Armitage told the Indian leadership that short of committing Indian troops in Iraq, there were many things that India could still do.²⁴ Thus, the new India-US relationship affects India-Iraq relations in a significant way. Not only does Delhi not wish to be cornered in the upcoming diplomatic turn of events in Iraq and the neighbouring areas, it also does not want its Iraq policy to become a sore point in its relations with the US. The Indian government therefore, in particular the Congress party, has to steer through troubled waters (keeping in mind the Muslim opinion in the country towards President Bush's perceived hostility toward Islam) and adopt a pragmatic foreign policy towards Baghdad. In view of the emerging ties with the US, India is gradually moving from the path of abject disengagement to judicious and careful engagement with the Iraqi interim government led by Iyad Allawi, at the same time, keeping in mind that such engagements should not represent a clear cut endorsement of the US-led position in Iraq.

A strategic cooperation with India could serve complementary interests in areas like Central Asia and the Indian Ocean—the common concern being China's military modernization efforts and its outreach into the Indian Ocean, where India is poised to play a blue water role extending from the Straits of Hormuz to the Straits of Malacca. America could win Indian support by providing advanced technologies in its areas of concern. In this case it would not be fruitful for the USA to bring in a Western ally as that would be seen as an imperialist venture by non-Western nations. Also, its single venture in this respect would be viewed with apprehension. It remains in its interests to see the emergence in Asia of a power that could counterbalance China. For this, India was best suited given the ideological, economic, military and logistical role that it plays in Asia and in the Indian Ocean region.

Another area where India's military capability could be used in furthering American interests is in Central Asia. Indian interests in this region is guided by three factors—the need for energy resources and the potential of the Central Asian market; the attempt to counterbalance Chinese as well as Pakistani presence in the region; finally, the concern about radical Islam spreading its influence from the region into India, particularly Kashmir. It is perhaps for this reason that India, after the Taliban's ouster, seeks to develop its presence in Afghanistan and in

the surrounding Central Asian region.²⁵ India's secular ideology as well as its security assistance would be of help to USA in furthering her own goal of checking radical Islam in the region. Thus, a growth in security cooperation between India and the US was important and in this context the US could gain India's confidence by removing constraints on its military and technological development as well as appreciating its emerging power potential. The various declarations made and policy measures adopted by the Bush administration display the American government's awareness and sensitivities towards this issue. While the US has increasing control over the three 'commons' previously mentioned, it has little control and expertise when it comes to deployment of land forces especially in unknown terrains. With the expanding global battlefield and corresponding manpower shortages, America needs assistance, and that too from a partner which has shared world views and secular democratic norms. The two countries should not be pitted against each other but try to work on their common concerns for a better balancing of interests, both economic and strategic, on a level-playing field.

India's interaction with Iran could also develop as a point of controversy in the India-US relationship. India has always maintained a policy of friendship with Iran with Indian leaders often referring to historical ties between the Persian and Indus Valley civilizations. In the current scenario, India tries to maintain a positive relationship with Iran in the field of energy commerce. While the US feels threatened by Iran's alleged nuclear proliferation programme, India takes a relatively benign view of Iran's intentions. Nicholas Burns, under secretary for political affairs, in a statement before the House International Relations Committee in March 2006 pinpointed the direct threats Iran poses to vital American interests in the region. They are—Iran's pursuit of a nuclear weapons capability, its role in directing and funding terror, determination to dominate Middle-East as the most powerful state in the Persian Gulf region and finally, repression of the democratic hopes of the people of Iran. He also referred to the chants of 'Death to America' coming from the Iranian regime.²⁶ In this context, America's current policy vis-à-vis Iran has been to work out a broad international coalition of countries in order to deny Iran a nuclear weapons capability, to prevent it from sponsoring terrorism in the region and around the world, to join in efforts by the Arab government and European allies to blunt Tehran's regional ambitions and finally to establish democracy in Iran. It is here that India's role becomes significant within the parameters of the strategic partnership. President Bush, after signing the Henry-Hyde United States-India Peaceful Atomic Energy Cooperation Act in December 2006, came up with the argument that 'the bill will help keep America safe by paving the way for India to join the global effort to stop the spread of nuclear weapons'.²⁷

The legislative statement, among other things, also included the cooperation of India in preventing Iran's development of nuclear weapons. India's Iran policy, on the other hand, is dictated by her energy needs and this according to experts could lead to a policy difference between New Delhi and Washington. For example,

there has been a rapid expansion in energy ties. Iran and India have jointly set up a \$4.5 billion project for building a gas pipeline that would also cross Pakistan and would be known as the 'peace pipeline'. Washington signalled its displeasure over this and US Secretary of State, Condoleezza Rice, stated that Washington had concerns over the pipeline deal.²⁸ India, however defended its position by saying that it was guided by its long-term energy security interests. India and Iran have also cultivated military relations. In 2003, both governments conducted joint naval exercises. India is helping Iran in servicing its naval and air force equipment including MIG-29 and in developing batteries for submarines. Though India has helped Iran in generating nuclear energy, it maintains a distance from Iran on the nuclear issue. In 2006, India along with Sri Lanka, Brazil, Egypt and five members of the Security Council, adopted a resolution reporting Iran's non-compliance to the Security Council on the nuclear proliferation programme. On the economic front, both countries maintain solid trade relations. In January this year, Indian Oil Corporation has reached an agreement with the Iranian firm Petropars to develop a gas block in the gigantic South Pars gas field, home to the world's largest reserves. At the same time India is cooperating with Iran in securing Persian Gulf sea-lanes and is helping develop its Chahbabar Port to counter Pakistan's plan to develop the nearby port of Gwadar into a regional hub.²⁹ Thus it is unlikely that New Delhi would abandon its relationship with Tehran and accept the dictates of external powers on the matter, but at the same time the government is most likely to strike a balance so that the strategic partnership is not jeopardized. Most important, America would not like to derail the productive US–India relation developing on several fronts. Balancing of tension seems to be in the offing.

In view of India's relation with China, both have forged a new alliance in the energy sector and agreed in January 2006 to cooperate in overseas acquisition in places like Sudan and Syria. The blossoming of India–China economic ties in recent years is likely to have its impact on the Indo-US relations; some experts have likened the tango between Washington and New Delhi to that existing between US and another problematic ally, France, which shares its values, but often hews its own course.³⁰

From the US perspective, building a strategic, economic and ideological partnership with India has advantages. For example, the Indian Navy can be used to enforce a broader maritime security framework in the Indian Ocean whereby along with other threats, weapons and narcotics trafficking and piracy in the high seas and in the busy sea-lanes could be checked. India can also play a proactive role in non-proliferation issues; its higher education capabilities could be further developed and its inputs could be digitally accessed through a hybrid satellite system in the neighbouring Asian countries. Following the creation of EDUSAT in 2004, the access to South Asian countries has already been made possible. Spreading these to other areas like Central Asia or the near-East would increase India's 'soft power' and influence in the region, and at the same time the creation of a technocratic elite would smoothen the entry point for American corporations into such

countries; besides Indian troops could also be mobilized for peace-keeping and nation-building efforts.³¹

Since India is a responsible state there should be no interference in its efforts to develop its nuclear and conventional military capability. India should develop as a major power and to make it a strategic partner, the United States should understand its quests:

- (a) to become a permanent member of the United Nations;
- (b) to develop her nuclear activities (of course without jeopardizing international peace); and finally
- (c) recognize the Line of Control in Kashmir as the international border, thus preventing any dislocation of the territorial status in South Asia.

Fulfilment of these factors would allow India to play a greater international role and, as Henry Kissinger said, 'prevent the rise of another dominant power to emerge between Singapore and Aden. And this is compatible with American interests'.³²

India has already started taking a fresh look at its own policy measures. It needs to look West not only to promote trade and economic cooperation but to update its research and technology and use it to benefit its vast pool of skilled manpower and intellectual and technocratic expertise, which would very effectively enable it to become a world player. The economic and strategic relationship between India and the US should be a pragmatic one that would further the specific interests of both nations. While there are complementarities of interests, and while both share secular democratic values, the two nations should be liberal enough to respect each other's different worldviews as long as they are not contrary to human justice. India is in a position from where it can move into the ranks of the major powers, and for this it needs to pursue its market-oriented policies with adequate economic safeguards for its economically deprived population. India should not only expand its relation with the United States but also negotiate the strategies in the international forum so that its national interests are enhanced.

To conclude, therefore, the new US–India relationship could be meaningful if the bilateral ties are worked out on a level-playing field. The US should follow a proactive policy towards India so that it could attain its national goals and in the process the US would find it easier to secure its long-term objectives in international politics. In the broader context of the Asian region, the US would find it favourable to maintain a strategic balance in conformity with her own needs.

THE INDO-US NUCLEAR DEAL

It goes without saying that the UPA Government at the Centre was facing stiff opposition from its Left partners, on whose support the UPA's majority depended to a great extent. This opposition was obviously with regard to the signing of the

civilian nuclear deal with the US. Citing instances from the Hyde Act and the 123 Agreement, the opposition parties, organized a march in New Delhi in protest against it. They, however, relented after the government gave assurances that India would approach the IAEA and negotiate on an India-specific safeguards agreement and that the text of the final safeguards pact would be shown to them for approval before sending it to the IAEA board of governors for signing. The deal was finally signed and sealed on 11 October 2008 by the US Secretary of State Condoleezza Rice and Foreign Affairs Minister Pranab Mukherjee to allow the sale of civilian nuclear technology to India. The CPI(M) had withdrawn support from the UPA Government, but the latter managed to survive by maintaining a majority with the help of newfound allies, which came mainly from the Samajwadi Party.

There have been mixed reactions from the international community. Condoleezza Rice regarded the accord as the recognition of India emergence on the global stage. President elect Barack Obama, in spite of his initial reservations on the issue, termed the Indo-US nuclear deal as the 'tipping point' in the new relationship between the two countries. Prime Minister Manmohan Singh had described the deal, which had been termed as the United States Nuclear Cooperation Approval and Non-proliferation Enhancement Act on 8 October 2008, as the end of India's decades-long isolation from the nuclear mainstream, and the end of the technology denial regime.

It is expected that the deal will spur India's economic growth to a great extent and increase the production of nuclear power generation, in which the US shares an interest. Apart from economic considerations, there are strategic ramifications. Ever since the Cold War, the Pentagon has been advocating increased strategic ties with India and 'de-hyphenation' of Pakistan with India. This means the US should have separate policies towards India and Pakistan rather than first an 'India-Pakistan' policy. India is also measured by the US as a counterforce against China and the latter's growing influence in the Indian Ocean area, as well as a potential client for, which it has to compete with Russia.

Thus President George W. Bush pushed through an exemption to the nuclear trade rules for India in an effort to cement a new friendship and help balance the rising influence of China, which has not only expanded its sphere of involvement in the Southeastern region but is also a friend of Pakistan and Myanmar. The Americans draw open criticism from some NSG members and grumbles from others. Like Pakistan and Israel, India has stayed outside; the NPT, but this NSG waiver will allow India to import foreign fuel and other technology for its civilian nuclear industry. India is the only Non-NPT country to get this perk. Pakistan wants similar treatment, but the chances of getting it seem to be remote. The row over India is having a complicating effect, not only concerning the criteria for the transfer of such sensitive technologies, in which India wants full and unrestricted trade, but also with regard to arguments put forward by countries like Pakistan and Israel for a similar consideration. Israel is citing the Indo-US civilian nuclear deal

as a precedent to alter NSG rules to construct its first nuclear power plant in the Negev desert, and is also pushing for its own trade exemption.

The deal has now been sealed and is in the process of implementation. Therefore, India, without getting entangled into any controversy, ideological or technical, should immediately try to realize the benefits accompanying the deal by weighing her national interest. Nuclear energy could add nearly 40,000 megawatts to India's grid by 2020. It will not only ensure reliable and uninterrupted supply of nuclear fuel, but is also supposed to grant access to the world of sophisticated technology developed by the global nuclear powers like the US, Japan, Europe and Russia, with whom India has growing diplomatic and commercial relations. Apart from fulfilling India's search for alternative energy sources, access to high-end technology will give India a strategic platform in the knowledge industry and encourage research and development clean energy technology, and help India to capture the global corporate in areas like automobiles and pharmaceuticals and help her to make her point on global issues like, for example, climate change and trading regulations in the WTO. There are already moves for strategic cooperation in the Indian Ocean area, in protecting the sea lanes and seeking a balance against expanding Chinese influence in the area. Since the above serves the Indian purpose, both strategic and economic, India should, in spite of the controversies and apprehensions raging in different quarters, try to negotiate the benefits out of the deal for her own national interest.

President Barack Obama, despite his initial reservations against the Indo-US Civilian Nuclear Deal, has pledged to work energetically to build on the work of the last two US administrations led by President Clinton and President Bush, and move forward to forge an even closer strategic partnership between the two countries on a range of critical issues, from preventing terrorism to promoting peace and stability in Asia. Building a stronger relationship—including a close strategic partnership—with India has been listed, as yet, by the US President as his 'top priority'.³³

NOTES

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8

INDIA AND RUSSIA: TOWARDS NEW STRATEGIC RELATIONS

Abhijit Ghosh

Vladimir Putin's four-day visit to India in the first week of October 2000 has led to dramatic changes in Indo-Russian relations, with the two countries signing a declaration of strategic partnership and a host of bilateral agreements underlining the common national and geo-political interests and rejuvenating the once-close political, economic and military cooperation between them. Relations between New Delhi and Moscow had never reached such heights in the post-Soviet years as they have since Putin's first trip to India. This has essentially demonstrated the Russian bid to restore old ties and build a new strategic relationship by seeking to revive the arms-transfer cooperation. Putin's second visit to India in December 2002 has further strengthened Indo-Russian strategic relations.

The crumbling of the Soviet Union in December 1991 impinged on and produced unprecedented changes in the Indian security environment.¹ Since the 1950s, India had been one of the most important Third World allies of Moscow and was practically the keystone of the latter's South Asia policy. It was also a major recipient of Soviet arms in the 1960s and continued to do so until the Soviet Union ceased to exist in 1991.² The USSR was also a major market for India's exports. The fall of Kremlin had, in essence, serious repercussions on Moscow–New Delhi strategic relations, signalling the virtual end of an alliance that had long provided India with a measure of security against the combined military strength of China, Pakistan and the USA. Second, it portended the end of an era of India's absolute reliance on the Soviet political, diplomatic and military support and also on the Soviet veto in the UN Security Council on issues like Kashmir. Third, the fragmentation of the USSR heralded that the arms transfer relationship between New Delhi and Moscow would become extinct. India had reasons to be worried, particularly as Soviet hardware constituted about 70 per cent of its weaponry. India was increasingly concerned about the supply of spare parts for its MiG aircraft which account for about three-quarters of the Indian Air Force. No wonder; the supply of

military spare parts had been seriously disrupted, jeopardizing the defence preparedness of the Indian Army, Navy and Air Force. India's problem was compounded by the reluctance of the successor states to the Soviet Union to provide sophisticated weapons to India at 'friendship prices'. Thus, the collapse of the USSR foreshadowed bleak prospects for India's security in the post-Soviet world order where no country could possibly replace Soviet political, diplomatic and military assistance to New Delhi. Ross H. Munro aptly observed: 'India's search for great power status is in shambles. The keystone of Indian power and pretence in the 1980s, the Indo-Soviet link, is history ... India has no "useful friends".'³

RUSSIA'S POST-COLD WAR VIEW OF INDIA

The disintegration of the Soviet Union leading to the formal end of the Cold War made the West jubilant. Immediately after emerging as an independent sovereign state, Russia followed an overtly pro-Western and pro-US policy corresponding to its efforts to establish a free market economy and a liberal democratic system with the help of political and financial support from the West. During the Cold War era, India was perceived by the Soviets as a possible counterweight against the US and Chinese influence in Asia which essentially increased New Delhi's strategic importance to Moscow. The end of the Cold War brought about radical changes in the world political scenario which practically led to the decline in India's value as a principal Third World ally in the global strategy of Russia. India, which once occupied a prominent place in Soviet foreign policy, was now relegated to quite a low priority area in the foreign policy calculations of the new Russia. A Russian foreign ministry publication of January 1993 on the 'Concept of Russian Federation's Foreign Policy' revealed that India ranked seventh in the list of 10 priorities of Russia's foreign policy.⁴ The fact that the Asia-Pacific region was accorded higher priority underlined that the countries like China and Japan claimed greater attention of Moscow than India, and were of immediate and practical concern to the Russian government.

As a matter of fact, the former Soviet Union seemed to be losing interest in further upgrading its relations with India in the context of the latter's stand on the abortive coup against Gorbachev in August 1991. India's response to the coup, which collapsed within four days indicating a triumph for the reformers, was slanted in favour of party hardliners who had actually plotted the coup. Virtually justifying the coup and describing it as an instructive example for over-enthusiastic reformers, India's Prime Minister P.V. Narasimha Rao categorically warned 'that any leader who chalks out plans for the future should take each step cautiously'.⁵ The Soviets were dismayed, not unexpectedly, at the apparent failure of India's Prime Minister to side with the reformers and to make 'even a symbolic gesture of solidarity with the man with whom he had signed the historic Delhi Declaration'.⁶

Thus, India's failure to endear itself to Russia by its pusillanimous response to the coup might have partly influenced the new Russia's attitude towards India.⁷

The essential characteristic of the new Russian leadership was its emphasis on the need for 'de-ideologization' of its foreign policy⁸ implying that the enemies of Russia in the past would now become its friends. Logically, this meant that as Russia did not have any enemies, it did not need the support of other states. Thus, Russia no longer had any need for a 'special relationship' with India which the former USSR had cultivated to neutralize the influence of the US and China.⁹ In essence, Russia desired to establish good relations with all countries, especially those which catered to its interests and needs. Indo-Russian relationship was, therefore, expected to be governed more by common interests and calculations of commercial gains and less by geo-strategic considerations. The bilateral relationship between Moscow and New Delhi would develop irrespective of relations that either nation established with a third country.

With regard to Russia's post-Cold War policy towards India, two different schools of thought seemed to prevail within Russia in the early 1990s. The first school, comprising academics, members of the *Duma* and the defence industry, favoured the continuation of the traditional 'special relationship' with India, and believed that relative priority should be accorded to India over other South Asian Nations. This school believed that a strong powerful India could help Russia effectively combat the growing menace of Islamic fundamentalism sweeping across the Central Asian states between Russia and India.¹⁰ The second school of thought, whose chief proponent was the then Russian Foreign Minister, Andrei Kozyrev, advocated that the era of the traditional close relationship with India should be terminated. This school also believed that the pro-India stand of Moscow since 1955 had adversely affected its relations with other regional powers like Pakistan, and that Russia should now concentrate more on building relations with Pakistan than India in order to fulfil its immediate foreign policy and security interests. It was this anti-India school of thought which dominated Moscow's South Asia policy since the last days of the Soviet Union to the early post-Soviet years.

The end of the Cold War, the beginning of US-Russian cooperation on a wide range of international issues, including disarmament and the unprecedented developments in Russo-Chinese relations, reduced India's importance as a strategic ally of Moscow in international politics. Instead, Pakistan now appeared to be a more useful partner of Moscow in view of its strategic location between Afghanistan and the newly independent Central Asian states.¹¹ As a matter of fact, Russia sought to adjust its policy to the post-Cold War international reality. In a reversal of its Cold War policy, the United States had stopped arms and economic aid to Pakistan under the Pressler Law in October 1990 in view of its nuclear weapons programme and ambition. Pakistan was desperately seeking new allies as well as sources of military hardware and, therefore, tried to build ties with Russia. This coincided with the emergence of certain new conflicts of India's interests with Russia's. Russia joined the West in pressuring India to renounce the nuclear option, and supported

Pakistan's proposal to turn South Asia into a nuclear weapon-free zone (NWFZ). To India's utter dismay, Russia endorsed in November 1991 a joint Pakistani–Bangladesh NWFZ resolution in the disarmament committee of the UN General Assembly.¹² Thus, even before its collapse, the Soviet Union followed a pro-West and pro-Pakistan policy opposed to India's quest for regional leadership and security.

Moscow's support of the Pakistani-sponsored resolution might have been the outcome of its strong desire to bring an end to the Afghan War and secure the release of its prisoners of war who were languishing in the custody of the Pakistan-backed Mujahideen factions. In the wake of the withdrawal of the Soviet troops from Afghanistan, both India and the Soviet Union coordinated their efforts to use the Najibullah government in Kabul as a bulwark against the Islamic-fundamentalist Mujahideen forces. While Moscow provided the Najibullah regime with massive economic and military assistance, New Delhi extended political and diplomatic support to it. Significantly, in December 1991, a delegation of the Afghan Mujahideen journeyed to Moscow, and one month later—in January 1992—Russia cut off all military supplies, ordnance and fuel for military transport to the Najib regime, which was then struggling to cope with the Mujahideen. Thus, India was dismayed and shocked at Russia's reversal of policy with the withdrawal of support to the nationalist-secularist Najib government.

Having been denied the pre-eminent position which it had enjoyed during the Soviet era, India responded to the new opportunities for improving relations with the United States. Although old differences between the two countries remained, both India and the United States made conciliatory gestures to each other in order to find new areas of cooperation.¹³ India and the United States conducted a joint naval exercise in 1992 and signed a pact on military cooperation in 1995. Further, the Narasimha Rao government, in mid-1991, had quickened the pace of the economic reforms programme leading to a sharp rise in foreign investment in the country with the United States being the largest foreign investor.

India made a simultaneous attempt to mend fences with the People's Republic of China (PRC) in the post-Cold War years.¹⁴ The then Chinese Premier Li Peng visited India only a few days before the Soviet Union formally collapsed. Two years later, India's Prime Minister, Narasimha Rao, paid a return visit to Beijing in an attempt to improve relations with China. India, was however appalled by the warming of Sino-Russian relations in the immediate aftermath of the Cold War years.¹⁵ Thus, the low priority accorded to India in the Russian foreign policy led New Delhi to explore possibilities of improving relations with the USA and China.

COMPLEMENTARITIES OF VIEWS AND INTERESTS

Notwithstanding the differences in perception between the two countries, as stated above, and India's rather low and insignificant place in the Russian foreign

policy, neither India nor Russia could ignore altogether 'the basic geo-political factors that lay at the root of the decades-long uninterrupted Indo-Soviet friendship'.¹⁶ As early as 1990, a Soviet scholar warned that downgrading of relations with tried and tested friend like India would be 'stupid ... fallacious ... short-sighted'.¹⁷ There was, in fact a complementarity of interest between Moscow as a major arms seller and New Delhi as a major arms purchaser. Russia was, therefore, keen to retain its arms market in India. Thus, in March 1992, Moscow offered India Charlie-class nuclear-powered submarines, MiG-31 aircraft and Su-28 fighter bombers in order to neutralize Pakistan's possession of the French Mirages and US F-16s.¹⁸

Russian Secretary of State, Gennady Burbulis' three-day visit to India in early May 1992 assumed significance as both the countries were trying to find common areas of interest. The Burbulis-led delegation affirmed that Moscow would continue defence supplies, but demanded that one-tenth of the payment was to be made in advance.¹⁹ The two countries signed a five-year trade and economic cooperation agreement on 4 May 1992, granting the most-favoured nation (MFN) status to each other. Burbulis seemed clearly satisfied with the two countries' efforts to improve their relations with a new spirit of cooperation. While Russia had agreed to renew the export of oil, newsprint, and military equipment, India had offered a Rs 250 crore technical credit for exporting tea, coffee, tobacco and spices.²⁰ Two months later, Russia's Ambassador to India, Anatoly Drukov's interview to *Asian Defence Journal*, expressed Russia's willingness to shift units for producing frontline aircraft, tanks, armoured cars and other military equipment for use in India and also for export to third countries. Drukov emphatically said: 'The idea has been under discussion, but I think we have now to move from an exchange of views to the concrete deal, the contract'.²¹

That a perceptible change in Russia's policy towards India had started to take place was further confirmed by the visit of Ruslan Khasbulatov, Speaker of the Russian Parliament, as the head of a 15-member strong parliamentary delegation to India in August. Describing India's relations with the former Soviet Union as 'harmonious', 'deep', 'cordial' and 'very good', Khasbulatov observed, in an interview to the Russian TV on 13 August after his return from India, that any attempt to alter its traditional relationship with India would be 'completely unacceptable' not only from Russia's standpoint but also from that of other former union republics.²² The visits of Burbulis and Khasbulatov essentially laid the groundwork for a new pattern of Indo-Russian relationship.

The two countries now became keen to settle some of the major problems left over from the era of the former Soviet Union—the supply of defence equipment and spare parts to India, the rupee–rouble exchange rate, bilateral trade, and the repayment of India's debt to Russia. Indian Defence Minister Shree P. V. Reddy's seven-day visit to Russia in September 1992 was successful in rebuilding military ties between the two countries. During his sojourn in Moscow, Reddy met the

major Russian leaders and expressed interest in acquiring sophisticated arms for the three wings of the Indian armed forces, including multi-role MiG-29 fighters.²³ On 7 September, the Russian Defence Minister Pavel Grachev, had significant discussions with Sharad Pawar, proposing a comprehensive military cooperation agreement to be signed by the two countries in future, and 'discussed the volumes of military hardware and spares to be sold to India'.²⁴ On the next day, during the course of his meeting with Pawar, Burbulis emphasized the 'need for developing the existing ties' and assuring Pawar that India still remained 'a priority' for Russia.²⁵ Pawar later observed that all problems regarding the supply of military spares to India had been settled, and that Russia would 'fully honour' all the previous 'commitments of the former Soviet Union'.²⁶ Indo-Russian military cooperation gathered momentum and dominated the talks between the two countries in the remaining four months of 1992. The Chief of the Indian Air Force, Air Chief Marshal N.C. Suri's visit to Russia in October-November and his meeting with the CIS Commander-in-Chief Marshal Yevgeny Shaposhnikov further consolidated the military cooperation talks between the two countries.²⁷

In mid-November, the Chief of the Indian Navy, Admiral L.N. Ramdas, visited Russia in order to continue bilateral defence talks. And in December, Indian defence ministry officials spoke about Russia's offer to sell India an aircraft carrier for \$458 million under attractive terms—half under barter terms and the rest on easy cash payment.²⁸ Pawar's visit to Moscow in December 1992 helped India finalize an agreement for the purchase of 20 MiG-29M and 6 MiG-29 UM Fulcrum multi-role fighters, including related spares and support package totalling \$466 million.²⁹ A major shift in the orientation of Russia's policy towards India became visible when Russia's foreign ministry prepared a draft concept paper in October 1992, which stated that while Russia's policy should not be 'deliberately pro-Indian', it ought not to be also 'artificially restrained in the name of striking an abstract balance and maintaining an equal distance' between India and Pakistan.³⁰ The obvious implication of the paper was that Russia now desired to follow a pragmatic and flexible policy towards India on the issues of converging interest.

Yeltsin's Visit Improves Relations

Against this background of Russia's changing perception towards India, President Boris Yeltsin visited India in January 1993. It was a turning point in the post-Cold War Indo-Russian relations, showing a significant shift in Russia's foreign policy orientation from the Atlantic to the Asia-Pacific region, with a renewed interest in India.³¹ Yeltsin's sincerity in improving relations with India was clear when he declared, on the eve of his journey to New Delhi, that Russia would not press India to sign the NPT.³² Second, Yeltsin proclaimed that his country 'unswervingly supports' India's position on Kashmir and its rejection of a plebiscite on the future of Kashmir.³³ He also made it clear, in his address to the Indian Parliament on 29 January, that 'we do not intend to give Pakistan any military or technical aid'.³⁴

However, Yeltsin was cautious in denouncing Pakistan, as he said during a press conference shortly before returning to Moscow, that, 'We do not want to see any rupture in our relations with Pakistan'. He added that on certain basic issues 'we cannot go against common sense which dictates our position'.³⁵ Thirdly, on the issue of Moscow's support to New Delhi's claim for permanent membership of the Security Council, the Kremlin leader said that the question called for a detailed scrutiny, 'but if the issue is brought up for discussion, I will give a yes vote for India'.³⁶

The most important diplomatic achievement of Yeltsin's visit was the signing of a new friendship treaty on 28 January, whose groundwork was prepared by the Russian First Deputy Prime Minister, Vladimir Shumeiko, during his three-day visit to India from 19 January.³⁷ The treaty provided for a precise framework within which the future course of Russia-India relations would develop 'as the former's economy turns around and polity economy turns around and polity gets stabilised'.³⁸ No such treaty was signed when the Russian President visited Beijing shortly before coming to India.³⁹ The problem of the supplies of Russian military equipment and spares to India was sought to be resolved with the defence ministers of the two countries, Grachev and Pawar, concluding a new agreement on military cooperation on 28 January.⁴⁰ The agreement guaranteed the resumption of the supply of defence equipment and related items, spares, product support and comprehensive service needed for maintenance, overhaul and modernization. It further envisaged cooperation in defence, science and technology through technology transfer, training, visit, exchange of personnel, sharing of experiences between the two armed forces and joint projects in research and development. Further, Moscow offered to help New Delhi construct a large plant in India to manufacture military spares. This agreement, as Pawar told the Press Trust of India, would 'greatly' reduce 'pressure on the Indian armed forces'.⁴¹ Significantly, this defence agreement provided for licensed production with an eye on sales to third countries.

India and Russia finally formalized—after two years of negotiations—an agreement on the contentious rupee–rouble exchange rate to settle India's 10 billion rouble debt to the erstwhile Soviet Union.⁴² The two countries also envisaged an increase in bilateral trade. The Russian President was optimistic that there would be a rise in Indo-Russian trade from the then existing level of 'about \$1.5 billion to \$3.5 billion in the following year'.⁴³ Yeltsin removed New Delhi's concern by reaffirming that Russia would honour its commitment to supply cryogenic rockets to India despite US warnings as it would be a 'shame' if it was not done.⁴⁴ The Russian President did not seem to be perturbed by the US objections, asserting that there was no room for any third party 'intervention'.

Although Yeltsin's visit substantially improved the two countries' relations leading to the signing of a treaty of friendship and cooperation, it was devoid of any strategic significance, having no clause comparable to Article 9 (the Security

Clause) of the 1971 Indo-Soviet Treaty, which provided for holding immediate mutual consultations and taking appropriate effective measures if any of the signatories faced external threat or aggression. In marked contrast, the new treaty did not approve of any action on the part of any of the countries, India or Russia, which might jeopardize the security interests of the other.

In essence, Yeltsin's foreign policy had implied that Moscow was in search of friendship with all countries and not particularly with a single country. This was revealed in what Yeltsin said that the post-Cold War Russia was against axes, triangles, polygons, and, in general, any blocs.⁴⁵ Indo-Russian relationship now became 'mutually advantageous' without any strategic-security yardstick of the previous decades.

Russia Backtracks on the Cryogenic Deal

The improvement in Indo-Russian relations, brought about by Yeltsin's visit, dissipated after Russia scrapped the Cryogenic rocket deal with India in July 1993⁴⁶ in the face of mounting US pressure. In January 1991, India had signed an agreement with the former Soviet Union to purchase \$250 million worth of cryogenic rocket engines and technology for its space programme. On 11 May 1992, the US exerted pressure for the cancellation of this rocket deal and imposed a two-year ban on both the Russian Space Agency (Glavokosmos), and the Indian Space Research Organization (ISRO) for alleged violations of the provisions of the Missile Technology Control Regime (MTCR).⁴⁷

Despite the Russian contention that the MTCR was not opposed to peaceful space ventures and that the sale of equipment and technology for the cryogenic rockets to India was perfectly consistent with it, the US had been adamant in its insistence that the cryogenic engine technology could be diverted for military purposes as India now would be well equipped with such know-how to build inter-continental ballistic missiles. The US imposition of a two-year sanction on Russian and Indian space agencies triggered strong reaction not only in India but also in Russia. New Delhi firmly believed that the US sanctions were motivated by commercial considerations, i.e. to protect its own space industry from international competition. *Nezavisimaya Gazeta*, a Russian newspaper, known for its independent outlook, severely condemned US meddling in Russia's relations with India during the past two years and indignantly remarked that during this period, Indo-Russian relations were practically governed by US policy objectives than by Russia's interests.⁴⁸

The manner in which Moscow scuttled the deal under Washington's pressure exposed the differences and cleavages within the Russian establishment—between the Russian foreign ministry and the President's staff, on the one hand and the Russian Parliament and the space agency, on the other. It was reported in the Russian media that if Moscow ignored Washington, it would have been deprived of

\$4 billion worth of aid. But if it backtracked on the deal, it would lose a profitable contract worth \$350 million which would enable it to acquire consumer goods from India.⁴⁹ The Russians were clearly in a dilemma. Yeltsin, during his visit to India in January 1993, assured the hosts that Moscow would fully honour the deal, that it would be a 'shame' if they did not comply with it.⁵⁰ However, *Izvestia* reported early in July that the Russian President had at last agreed to scrap the deal if the United States provided adequate compensation to Russia.⁵¹ And it was reported that the USA offered to compensate Russia for the financial loss involving the Indian deal, bidding rights for launching nearly a dozen commercial satellites in the coming six years at \$40–70 million a piece. The US also promised help in the construction of the international space station 'Freedom'.⁵² Moscow finally succumbed to the US pressure and announced on 16 July that while the rocket engines would be supplied, there would be no transfer of technology.⁵³ Significantly, Moscow's decision to abandon its rocket deal came just after its abortive suggestion to New Delhi that they both expressed their willingness to join the MTCR.⁵⁴ Given Russia's absolute dependence on the United States for restoring its dilapidated economy, and the present impregnable position of the US in the post-Cold War world, Russia's backtracking on the deal was not really surprising. Thus, in India's perception, Russia had now become quite an unreliable strategic partner susceptible to the American pressure.⁵⁵

The cancellation of the rocket deal was, however, not unexpected in the light of Russia's pursuit of a West-centric foreign policy which was revealed in its pro-West stand on Nuclear Non-proliferation Treaty (NPT) and Comprehensive Test Ban Treaty (CTBT). The Russian policy was in complete consonance with the nuclear doctrine adopted by the Russian Security Council in November 1993, resembling those of the USA, Britain and France. While the Soviet policy since 1982 had been one of 'no first use' of nuclear weapons, the new security policy authorized Moscow to strike first with nuclear weapons in the event of any aggression against the Russian Federation and its allies, i.e. other CIS countries.⁵⁶

Moscow's nuclear doctrine marked a clear deviation from the Delhi Declaration, signed by Rajiv Gandhi and Mikhail Gorbachev in November 1986, which banned the use and the threat of use of nuclear weapons,⁵⁷ and the avowed Soviet position on the peace initiatives of the 'Delhi Six' which strongly advocated complete ban on the testing of nuclear weapons.⁵⁸ The Russian nuclear doctrine acquired significance when Moscow, along with the West, started exerting pressure on New Delhi to sign the NPT and CTBT, both of which were condemned by India as being grossly unjust and discriminatory.⁵⁹

Despite the strains imposed on the Indo-Russian bilateral relations by the cancellation of the rocket deal and Moscow's response to the US pressure, both countries displayed remarkable restraint and maturity in de-escalating tension so that it did not become a major stumbling block to the development of mutually advantageous relations in other areas.

MOSCOW CHANGES ITS FOREIGN POLICY ORIENTATION

The winds of change in Russia's foreign policy had started blowing since the end of 1992.⁶⁰ In an interview in August 1992, Foreign Minister Kozyrev observed that it was the most opportune time for Russia to give a distinctive Asia orientation to its foreign policy, to normalize relations with Japan and South Korea, and to take note of China and India within its geo-political framework.⁶¹ The impulse for the change in Russia's foreign policy posture came as a result of pressure from the Supreme Soviet and the Russian people who felt betrayed by the West for the inadequate aid it granted and accused Russia of kowtowing to the United States, deeming it as a great humiliation for the successor state to what was once a global superpower—the USSR. Search for Russia's status and identity as an independent and great power in World affairs started among the officials.⁶² Added to this was the emergence of the ultra-nationalists, led by Vladimir Zhirinovskiy, as the largest party in the December 1993 elections to the Duma (lower House of the Parliament), which was the first democratic elections held after the break-up of the USSR and break-down of communism, which implied serious curtailment of Yeltsin's dominant position of the country.

Russia's Asia-oriented policy was articulated in January 1994 when Kozyrev, in a speech to the Chinese People's Diplomacy Association in Beijing, clearly spelt out the principles underlying Russia's policy in the Asia-Pacific region, reflecting the importance of the area in Moscow's strategic thinking.⁶³

Responding to the dominant and prevailing mood in the country, Yeltsin re-structured Russia's foreign policy by giving it an Asian orientation. By 1994, Russia made great strides in improving its relations with China by settling all the outstanding disputes in the early years of the 1990s. In late December 1992, Russia and China signed an agreement on arms trade.⁶⁴ The subsequent years saw rapid improvement in Sino-Russian relations in military-strategic and economic areas.⁶⁵ Moscow sought to restore its old ties with New Delhi through Yeltsin's fairly successful visit to India in January 1993. Moscow also sought to restore its friendly relations with Vietnam. The two countries signed a treaty on the basic principle of friendship and some documents when the Vietnamese Prime Minister Vo Van Kiet visited Moscow in June 1994 and met Prime Minister Chernomyrdin. There were also modest improvements in Russia's relations with Japan and South Korea.

Despite Moscow's shift in its foreign policy stance, it backed the West on various global, regional and nuclear-strategic issues. Russia joined the 'partnership for peace programme' of NATO in June 1994 after initial hesitation, although it was strongly opposed to NATO's eastward expansion. Second, Moscow was completely supportive of the West on the NPT and CTBT, and vowed with President Clinton, in a joint statement signed in Moscow on 14 January 1994, to take measures to prevent the proliferation of nuclear weapons. To India's utter dismay, the joint statement called on both India and Pakistan to sign the NPT while making no

reference to Israel which is another country on the nuclear-weapon threshold. The Indian media, therefore, accused the US–Russia joint statement of bias in insisting that India and Pakistan refrain from deploying nuclear missiles, while ignoring the fact that nuclear missiles were already deployed by other powers targeting Indian territory. The joint communique was also indicted by the Indian press for ignoring China as a potential threat to India's security.⁶⁶

Exchange of Visits

Against this background of Russia's Asia-oriented foreign policy outlook, albeit supportive of the West on issues like the NPT and the CTBT, Indian Prime Minister P. V. Narasimha Rao journeyed to Moscow for a four-day visit from 29 June to 2 July 1994, and signed with Yeltsin the 'Moscow declaration on the protection of the interests of pluralistic states'. This document is an affirmation of the common dangers faced by India and Russia in the post-Cold War years which posed serious challenges to the viability and security of large, multi-ethnic, multi-lingual, multi-cultural and multi-religious states by the 'forces of aggressive nationalism, religious and political extremism, terrorism and separatism', and the necessity to counter these challenges through democracy, secularism, tolerance and the rule of law.⁶⁷

There was completely reconciliation of broad geo-political considerations between India and Russia. Both shared the common strategic perception of preventing the wave of Islamic fundamentalism and militancy from spreading in the Central Asian States, which could threaten the secular identity, territorial integrity and border regions of the two states. As developments in Afghanistan or in Central Asia might have a spill-over effect in Kashmir, these regions were regarded as crucially important for maintaining peace and security of India and should be closely monitored.⁶⁸ The Moscow Declaration had, therefore, added a new strategic dimension to the post-Cold War Indo-Russian relationship. Another document signed by Rao and Yeltsin was on 'Further development and intensification of co-operation between the Republic of India and the Russian Federation', which constituted an attempt to promote their relationship in the light of their past legacy. Nine other documents were signed relating to different areas like space, science and technology, trade and industry, tourism and the environment.⁶⁹

Rao's visit to Moscow had led to ascendancy in Indo-Russian military cooperation. In June 1994, Russia expressed its readiness to offer India credits to purchase Su-30 fighters and a promotion licence for the aeroplanes.⁷⁰ Moscow agreed to help New Delhi upgrade its 170 MiG-21 Bis aircraft and T-72, the main battle tank of the Indian Army.⁷¹ India became the first country outside Russia to offer maintenance facilities for Russian aircraft. Clearly, the rationale for such ventures was commercial considerations rather than strategic or political imperatives. This 'symbolised', as an analyst observed, 'a new type of defence relationship between India and Russia from "buyer-seller", to "participation and interaction".'⁷² Thus,

India continued to be a prospective market for Russia's defence industry. One source even noted optimistically: 'The earlier problems of supply of military spares have been resolved. Russia continues to be a dependable source for India's military modernisation at affordable cost'.⁷³ However, as *The Statesman* said in its editorial, 'not much hope can be pinned on joint efforts to overcome disruption of defence spares to India, given the fate of the Glavokosmos–Indian Space Research Organization contract for supply of the cryogenic rocket engine'.⁷⁴ Finally, despite 'broad identity of views on global and regional issues', as mentioned by the joint declaration, it did not contain any reference to the NPT, MTCR or the issue of nuclear non-proliferation in the South Asian region.

Russian Prime Minister Viktor S. Chernomyrdin's return visit to India during 22–24 December amidst Russia's severe offensive to suppress the secessionist movement of the Muslim-majority republic of Chechnya was another milestone in the developing relationship between the two countries. Rao's Moscow visit had demonstrated the similarity of views of the two countries on a number of important issues. The Russian Prime Minister's arrival in India had underlined India's value in Russia's foreign policy. Still, 'there is a vast potential which has not yet been fully brought out', Chernomyrdin said at a news conference. He went on to add: 'I think we should step up our efforts'.⁷⁵ A number of agreements were accordingly signed by the two countries concerning the implementation of the long-term programme of military and technical cooperation for the period up to the year 2000, and on several other issues.⁷⁶

Chernomyrdin brushed aside the possibility of Russia's arms supply to Pakistan in future, saying: 'As for arms to Pakistan, we have an agreement with the Indian leaders whereby our relations with Pakistan are fully transparent and open. We are not supplying any weapons to Pakistan today and we have no intention of doing that in future'.⁷⁷ Moscow agreed to set up a plant in India for the manufacture of an upgraded version of Russia's MiG-29 war plane, and also to upgrade the Indian Air Forces' MiG-21 fleet in return for which New Delhi would buy equipment for its navy and army. In addition, Russia renewed its offer to sell the advanced long-range Sukhoi-30 fighter aircraft and an aircraft carrier.⁷⁸ A long-term deal was signed in connection with sale and servicing of Russian equipment to third countries. Russia agreed further to buy minimum amounts of Indian soybean cake, tea, tobacco and pharmaceuticals between 1995 and 1997, to be paid for with rupees from India's repayments on its \$10 billion debt. Thus, India and Russia's interests dovetailed into each other and maintained the unity and territorial integrity of both countries. A high-level Indian military delegation went to Moscow in August 1995 to negotiate an arms deal worth \$600 million, including the purchase of 20 Su-30 Russian fighter-bombers. India, the largest buyer of Russian arms in South and Southeast Asia, purchased most recently 10 MiG-29 jet fighters worth \$320 million.⁷⁹

DEFENCE DEALS INTENSIFY RELATIONS

Indo-Russian strategic relations improved and the bilateral defence ties flourished as the then Russian Foreign Minister, Andrei Kozyrev, with a pro-West inclination, was replaced by Yevgeny Primakov, a former CPSU Politburo member, in January 1996. The new Russian foreign minister, with a pro-East orientation, believed that Russia must alter its existing pro-West foreign policy and must try to create effective alliances with 'countries that are running up against similar problems of development and can understand Russia's foreign policy motives just as Russia can understand their motives'.⁸⁰ This was the rationale behind Primakov's urge to improve relations with India and China, as these countries, like Russia, faced similar problems like threats to security and ethnic fundamentalism.

With Primakov as the new foreign minister, India's position was upgraded in Russia's strategic perception, as evident in the new order of priority areas in the foreign policy of Russia. As compared to India's seventh place in the 1993 Russian foreign policy, India was accorded fourth place only after the USA, Europe and China, with whom Primakov considered it necessary for Russia to develop relations.⁸¹ During Primakov's tenure as the foreign minister, there was substantial improvement in economic and military cooperation between the two countries. Visiting India in March 1996, Primakov described India as a 'global power' and a 'priority partner' of Russia, and emphasized the need to build effective strategic relations on grounds of common concern. He expressed the hope that the strategic linkages between the two countries would be intensified. The issues on which the two countries differed—the NPT and the CTBT—did not come up for discussion as expected.⁸² Along with India, Primakov favoured a policy of improving relations with China, and Yeltsin visited Beijing in April in an attempt to mend fences with that country on common areas of interest.⁸³

Thus, it was after Primakov became the foreign minister that India came into the focus of Russia's foreign policy, which led to a steady development of arms cooperation relationship between the two countries. This led one analyst to observe that diplomatically Russia no longer appeared to look strictly westwards.⁸⁴ Moscow's Cold War strategy of backing ideologically-close regimes in Eastern Europe and the Third World was now replaced by an 'absolutely pragmatic' policy of selling arms to any country with cash in hand.⁸⁵ With a distinct change in focus in the Kremlin's foreign policy, the Russian leaders professed to more than double the value of arms deals with India in 1996 to \$3.5 billion.⁸⁶ Five major contracts were signed by the two countries in 1996 for the supply of latest warplanes, ships and other military hardware, and modernization of the previously supplied weapon systems.⁸⁷ Moreover, the two countries had signed a long-term military cooperation agreement to the year 2000 worth \$7 to \$8 billion. It included supplying arms and equipment for the Indian armed forces, modernizing weapons and granting licences to produce existing arms and equipment that were still on the drawing

board.⁸⁸ It is significant that while arms deals in the past had been funded by Russian government credits to India, they were now paid for in convertible currency.

Russian Defence Minister Igor Rodinov's trip to India in October 1996 acquired momentous significance in the development of the military ties between India and Russia, although it did not succeed in its ostensible mission of clinching the long-pending Sukhoi-30 multi-role aircraft deal. *The Moscow Times* quoted a defence source, who participated in Rodinov's talks with the Indian leaders, as having said: 'Nothing materialized primarily because of the low defence budget and the lack of political will in India to upgrade its air force and its navy'.⁸⁹ Nevertheless, the two countries reached an agreement to forge closer military and strategic relations and conduct joint exercises and training for intensifying friendly ties between the armed forces of the two countries. The agreement provided for the maintenance of India's weapons systems and other equipment of Russian origin. Still, the two countries were locked over the issue of the outstanding debts that India owed to the former USSR, with the present Russia now demanding repayments in hard currency before launching other financial transactions.

On 30 November, India signed a landmark deal with Russia worth \$1.8 billion to buy 40 Sukhoi-30 MK fighter jets. It was the biggest aircraft deal between the two nations and the single largest defence deal ever signed by India with any country.⁹⁰ The Indian defence delegation signing the deal showed interest in buying new frigates, an aircraft carrier, air defence ships and submarines from Russia. The Su-30 deal refurbished the link between Russian arms manufacturers and the Indian military reminiscent of the Soviet era. The long-range Su-30s would replace the ageing MiG-23s and MiG-27s, also of Russian origin, and would be a fitting reply to the F-16s and Mirage-2000s that the Pakistani Air Force Possessed. According to Indian military officials, the Sukhoi jets would constitute the primary strike force of the Indian Air Force. The first two jets were delivered to India within three to four months after the signing of the agreement,⁹¹ while the first batch of eight of the 40 Su-30s had been inducted into the IAF on 11 June 1997.⁹² Moreover, India was reported to have clinched a deal to purchase two Russian Kilo class submarines worth \$800 million in order to upgrade the country's naval defence.⁹³

Indo-Russian strategic and military ties were further strengthened when the then Indian Prime Minister, H.D. Deve Gowda, visited Moscow in March 1997. The major achievement of Gowda's Moscow trip was that Russia expressed its desire to sell India two nuclear power reactors of 1000 MW each.⁹⁴ Second, Russia agreed to help India in developing a state-of-the-art integrated air defence system estimated at \$8 to \$10 billion. A major characteristic of the system would be the integration of the indigenously developed surface-to-air missile, Akash, with the top-of-the-line Russian anti-missile system, S-300-PMU, which, according to a Russian defence ministry official, would probably enable India to have a clear edge over the American Patriot missile system.⁹⁵ Third, Moscow's announcement that

it would block the sale of the advanced T-80 UD tanks by Ukraine and its vital necessary components, intensified the military-strategic connection between India and Russia.⁹⁶ Further, Yeltsin expressed his government's support to India's claim to be a permanent member of the UN Security Council and keenness to develop cooperation with India in the fields of nuclear energy and defence. However, India's Prime Minister categorically pointed out that India would not be a part of any military alliance system. In May, Russia had offered to equip India's T-72 MI main battle tank fleet with the state-of-the-art defensive aid suite—Arena—to counter Pakistan's newly acquired 320 T-80 UD tanks.⁹⁷

Indo-Russian defence ties reached a new height with Indian Defence Minister Mulayam Singh Yadav's five-day trip to Moscow in October 1997 when both countries agreed to extend their long-term defence cooperation beyond the year 2000. It was agreed that the bilateral military-technical cooperation agreement between the two countries would extend till 2010.⁹⁸ Another achievement of Yadav's visit to Moscow was the diversification in Indo-Russian defence ties. A third Indo-Russian joint working group (JWG) was set up to deal with land weapon systems, which would deal with joint modernization and development of new land-based weapons systems, such as artillery and rocket guns and tanks.⁹⁹ Further, cooperation with Russia involved military supplies, technical collaboration, exchange of specialists and experts and military-to-military ties. According to defence sources, the JWG would hold discussions acquire advanced and sophisticated military equipment from Russia. Moscow had reiterated once more that it would not supply arms to Pakistan.¹⁰⁰ Subsequently, the two countries held defence cooperation talks in December when they decided to develop jointly new weapon systems. Moscow and New Delhi signed a deal for two Kilo class submarines and three Krivatik class frigates.¹⁰¹

Thus, by the mid-1990s, the temporary hiccup in Indo-Russian military cooperation since 1991 was mended. As a matter of fact, the sale of Russian arms in international market in 1995 increased by 60 per cent over that in the previous year as the country shifted to a market-driven approach of selling its military hardware from one in which ideology reigned supreme.¹⁰²

India and China alone accounted for almost two-thirds of Russian sales in 1995,¹⁰³ while Russian exports to India and China amounted to about 41 per cent of the total revenue brought in by Russia's defence industry. Russia also hoped to more than double the value of arms deals with India in 1996 to \$3.5 billion. Thus, by the mid-1990s, India had established itself as one of the principal buyers of the Russian arms. However, apart from the paradigm of arms sales, there were several complimentary factors which cemented strong Indo-Russian ties during this time, e.g., the spread of Islamic religious fundamentalism posing serious threats to the common security of both India and Russia, the prospect of the US world hegemony and the common danger to their security arising from trafficking of drugs (cocaine, heroin, narcotics, etc.) and illegal arms smuggling.

RUSSIA'S RESPONSE TO POKHRAN-II AND BEYOND

India's nuclear tests on 11 and 13 May 1998 at Pokhran, which were followed by Pakistan's nuclear explosions in Chagai hills in Baluchistan on 28 May, created a rather embarrassing situation for Russia. Moscow's official response was in consonance with its avowed stand on the nuclear issue. Yeltsin expressed his utter displeasure and strongly criticized the tests, standing firmly by the terms of the NPT and the CTBT.¹⁰⁴ The Russian President deplored the tests saying that 'India has let us down'. On 12 May, the Russian foreign ministry expressed in an official statement 'alarm and concern' and 'very deep regret in Russia' over the Indian action, and urged New Delhi to alter its nuclear policy and sign the NPT and the CTBT.¹⁰⁵

Russia actually apprehended that the Pokhran-II would accentuate the arms race in the subcontinent and provoke Pakistan to follow a similar line of action in order to match India. Russia's Foreign Minister Primakov condemned India's action as 'short-sighted' and also 'unacceptable' from Russia's perspective. He said, 'We especially would not want Pakistan to follow in India's footsteps'.¹⁰⁶ However, Moscow, unlike Washington, was not in favour of imposing sanctions against New Delhi and chose diplomacy as an instrument to try to bring about change in India's nuclear policy. Rather, Moscow announced that it would continue to cooperate with India in the civilian nuclear sector. It was, thus, clear that Pokhran-II did not have any serious repercussion on the overall relations between the two countries. Only a day after India's second nuclear test on 14 May, the conference of the joint Indo-Russian council on technical and scientific collaboration began in a friendly atmosphere.¹⁰⁷ On the next day, the Commander-in-Chief of the Russian Navy, Vladimir Kuroyedov, reportedly informed that Russian warships would be participating in joint exercises with the Indian Navy in the coming autumn, and observed that 'we regard India as a great friendly partner in the vast Indian Ocean'.¹⁰⁸ Reports poured in that Russia would provide India with more nuclear submarines. Thus, the detonation of India's nuclear devices was not a stumbling block to the development of Indo-Russian cooperation in other fields.

Russia's official response to Pokhran-II was reinforced by laudatory remarks of senior Russian military officials about Indian action, and the congratulations of important political leaders, e.g., Genady Zyuganov of the Communist Party and Vladimir Zhirinovskiy of the Liberal Democratic Party. The Russian media's opinion was open and frank, and inferred that the Indian action questioned 'the essentially unfair and iniquitous world order that the West sought to impose'.¹⁰⁹ The views and comments published in different papers reflected both widespread anti-West sentiment and understanding, sympathy and deep appreciation for the international scenario justifying the Indian action at Pokhran.¹¹⁰

What Russia apprehended was that India's action might induce Pakistan and other threshold states—Israel, Iran, Iraq, Libya and The United Arab Republic

(UAR)—to turn nuclear. Bill Clinton and Yeltsin had telephonic discussions on 21 May over how to restrain Pakistan from conducting nuclear tests and encourage New Delhi to join the CTBT. On 28 May, Islamabad carried out nuclear tests which escalated tensions in the region. Although Russia had joined the West in expressing concern over the Pakistani explosion, it did not prescribe the imposition of any sanctions and embargo as it did in the case of India. Two days later, Primakov made a three-point proposal, seeking to influence both India and Pakistan to give up their nuclear policies and sign the NPT; make both India and Pakistan ratify the international test ban treaty; and to find ways to de-escalate tensions in the relations between India and Pakistan. This was to be discussed at a meeting of the Foreign Ministers of the P-5 at Geneva on 4 June.¹¹¹ In this sense, Russia's stand on Pokhran-II was almost analogous to that of the US and other P-5 nations. Moscow also supported the G-8 effort at its meeting held in London on 12 June to find common course of action's so that both India and Pakistan could be effectively persuaded to behave in line with the existing nuclear regime. The deterioration in India–China relations, with worsening of tensions between them following the Pokhran-II tests, compounded Russia's problem of formulating a response to India's action in Pokhran.

Russia was clearly on the horns of a dilemma while responding to India's nuclear tests on 11 and 13 May. On the global level, Russia had no option but to condemn the tests along with other P-5 and G-8 countries in line with the existing international nuclear reality, although Moscow was opposed to the application of sanctions and embargo on India. On the bilateral level, however, Russia assured India that its nuclear detonations would not, in any way, impair their relations, and that Russia would continue to regard India as its 'strategic partner'. A deal was signed by Russia's Minister for Atomic Energy, Yevgeny Adamov, in New Delhi on 21 June to build two light water 1000 MW nuclear reactors at Kudankulam as a supplementary to the 10-year old agreement between India and the former USSR to build a nuclear power plant. The supplementary accord was signed in spite of the US pressure.¹¹² Further, a high-level Indian delegation visited Moscow in November 1998 to hold a meeting of the Indo-Russian Joint Working Group (JWG) on military-technical cooperation. The JWG identified the joint development of radars, submarines, anti-missile and electronic warfare systems as key areas of the cooperation programme, and provided scope for the exchange of views on defence and security-related issues.¹¹³

Primakov's visit to India in December had great military significance as the Russian Premier was accompanied by eight ministers, the Russian Army Chief Colonel, General Yuri Bukreev, and the three service chiefs. The major outcome of Primakov's visit was a 10-year defence cooperation pact, involving partnership in research, development and joint production of sophisticated military equipment, and a joint effort to establish strategic relationship between the two countries.¹¹⁴ Primakov's visit was significant in that he was the first head of a government to visit India since the latter's nuclear test in May. Second, Primakov's visit coincided with

the increasing American pressure on New Delhi to follow its own nuclear stand. Third, Primakov proposed the formation of a strategic triangle comprising Russia, China and India, although the proposal was nipped in the bud by both India and China as it would mean a return to the Cold War.¹¹⁵

Primakov's visit revealed the strategic importance of India in Russia's foreign policy. India became the largest purchaser of Russian arms for its defence needs. Since the mid-1990s, the bilateral defence cooperation was resuscitated and India and China alone accounted for about 41 per cent of the Russian arms sales; and it was estimated that about 800 Russian defence production facilities were kept in operation by Indian defence contracts. A major consideration which impelled Russia to continue close ties with India was, however, the rising trend in bilateral trade from \$906 million in 1994 to \$105 billion in 1998.¹¹⁶ Another consideration was the shared concern over the rise of fundamentalist tendencies in the neighbouring Muslim countries and the fear of their spread to Central Asia.

The 10-year defence pact—worth \$15 billion—signed during Primakov's visit to India enabled India to acquire from Russia an anti-missile system: the A-300 PMU-1 or the S-300V system, capable of intercepting tactical ballistic missiles.¹¹⁷ Second, India's acquisition of an anti-tactical ballistic missile system (ATBM) would act as a counterweight against a nuclear offensive by Pakistan. It would not only give a jolt to the existing nuclear balance between India and Pakistan, but might also serve the purpose of ensuring minimum deterrence between the two nations.

Moscow adopted a favourable attitude towards the testing of nuclear weapons by India. Thus, Russia's reaction to India's successful testing, on 11 April 1999, of Agni-II—an upgraded Intermediate-Range-Ballistic Missile (IRBM), capable of delivering a 1000-kg conventional or nuclear payload to a target more than 2000 km away—was extremely favourable to India. While the USA, Britain and Japan censured India for the test, Russia—acting as traditional ally of India—viewed the test as 'an important component of India's nuclear deterrence force for self-defence and an attempt to strike a balance with nuclear China'.¹¹⁸ In contrast, Russia reacted sharply to the test-firing of Ghauri-II by Pakistan on 14 April, expressing fear that the 'test-firing of Ghauri-II in response to India's testing of Agni-II may lead to the escalation of a nuclear and missile race in Asia which would lead to the destabilisation of the continent'.¹¹⁹ In keeping with the prevailing mood of maintaining and increasing the military and nuclear cooperation with India, Russia came out in strong support of India's candidature for a permanent seat in the UN Security Council, which was communicated to India's Prime Minister by Yeltsin's special envoy Sergei Prikhodko on 15 May. Further, New Delhi and Moscow found common cause to make a fresh appeal to end the NATO bombings in Yugoslavia as both felt a solution to the Kosovo crisis had to be found through 'means other than military'.¹²⁰ In sum, Russia's contrasting styles of response to the testing of missiles by India and Pakistan clearly revealed its support to India's nuclear policy and the value it attached to its relationship with India.

INDO-RUSSIAN RELATIONS IN THE POST-KARGIL ERA

Corresponding to Moscow's favourable stand towards New Delhi's nuclear policy, Russia's response to the limited border war between India and Pakistan in Kargil in mid-1999 went substantially in favour of India. A special envoy of the Pakistani Prime Minister went to Moscow in late June–early July urging the Russian president to mediate in the crisis and send a delegation to both India and Pakistan, which would help Moscow in investigating the situation and trying to solve the crisis. Responding to the Pakistani plea, an official of the Russian foreign ministry expressed his country's willingness to help both New Delhi and Islamabad to tide over the problem, but this was balanced by the ministry's categorical statement that Pakistan would have to first honour the Line of Control (LOC) and bring back status quo along it by withdrawing its armed forces and the Kashmiri Mujahideens, sponsored by Pakistan itself, from the Indian soil.

Indo-Russian relations were further consolidated when Russia extended full and complete support to India's claim for a permanent seat in the UN Security Council, describing the claim as 'strong and appropriate' during the visit of the then Indian External Affairs Minister Jaswant Singh to Moscow in May 1999.¹²¹ New Delhi's importance in the perception of Moscow was once again demonstrated when President Yeltsin called up the visiting external affairs minister of India in a rare gesture and held 'important, constructive and substantial talks'.¹²² There was progressive development of military cooperation between New Delhi and Moscow when the latter dispatched three different models of the T-90s main battle tank for extensive trials in the Rajasthan desert during the hottest months from May to July.¹²³ Moreover, Russia began delivering on 7 June the first of the 10 state-of-the-art Su-30K multi-role fighter jets to be delivered to India. Under a \$300 million deal signed in 1998, the first batch of four such aircraft was supplied by the end of July.

Meanwhile, the publication of a US intelligence report about Pakistan's acquisition of China's M-11 missiles and the fact that this was not denied by the spokesman of the Chinese foreign ministry posed a serious threat to India's security environment.¹²⁴ India's fear was compounded by the rapid post-Cold War improvement of relations between Russia and China in all dimensions, leading to the settlement of border differences, increase in trade and Moscow's massive sale of weapons to Beijing.¹²⁵ India felt terrified and sought to diversify the sources of its arms acquisition. Preliminary negotiations began with France to acquire a squadron of 2000 D Mirage fighter aircraft as part of its minimum nuclear deterrent for around Rs 50 crore each.¹²⁶ As a matter of fact, there was steady growth of defence ties for sometime between India and France. In early 1999, Defence Minister George Fernandes visited France and observed that closer defence cooperation with it would involve transfer of military technology and joint ventures in India. In September, French President Jacques Chirac told Vajpayee that France 'respected India's right to conduct nuclear tests'. Moreover, France had recently postponed

the transfer to Pakistan of two squadrons of Mirage 5 and the first of the three diesel-electric French Agosta 90-B submarines. According to military sources, France felt more attracted towards India's 'substantially larger' market than Pakistan's and was surely distancing itself from Islamabad.

Against this background, Russia sent a defence delegation to India in the first week of November comprising Deputy Premier Ilya Klebanov, several army officers, weapons manufacturers and other officials to hold strategic-level talks and discussions on weapons transfers of over \$1 billion. A long-term defence agreement was signed, the biggest deal being on the long-awaited purchase of the Russian aircraft carrier, *Admiral Gorshkov*.¹²⁷

The pact provided scope for cooperation and joint production in several spheres including aircraft, missile systems, naval ships and submarines and other weapons systems. In terms of this treaty, Russia would completely upgrade the Kilo-class submarine of India, hereby increasing greatly the capability and strength of the Indian Navy.¹²⁸

In sum, Moscow and New Delhi signed for the first time a comprehensive document involving all kinds of military cooperation between them. Russian Deputy Prime Minister Ilya Isifovich Klebanov observed that the production and development of several weapon systems would now take place simultaneously in Russia and India, and might be exported to the countries willing to buy them. The defence agreement assumed momentous significance as it brought about tremendous pace in the military cooperation between India and Russia, which not only surpassed the previous level of arms cooperation between them in the initial post-Soviet years but also helped keep the once-mighty Russian military-industrial complex in business.

Putin's Visits: A New Era of Strategic Cooperation

Russian President Vladimir Putin's four-day visit to India early in October 2000 has consolidated the traditional friendship between India and Russia and led to the beginning of a new era of strategic and military relationship between them in the post-Cold War world order. Leading a 70-member high-power delegation, which included Deputy Prime Minister Ilya Klebanov, Foreign Minister Igor Ivanov and Defence Minister Igor Sergeyev, the Russian President was accorded a warm welcome at the Delhi airport. As a matter of fact, Putin's visit is really a milestone providing tremendous impetus to the development of the two countries' relationship at the beginning of the new millennium.

The two countries have signed a number of agreements reflecting convergence of national interests and starting close strategic cooperation, unprecedented since the end of the Cold War, between New Delhi and Moscow. One of the key documents signed was the Declaration of Russian–Indian Strategic Partnership,

essentially outlining the contours of the two countries' relationship in the 21st century.¹²⁹ Both sides have made it clear that the declaration is not a new alliance but a continuation of traditional friendship and close cooperation of the last 50 years. 'Not directed at any third country', the declaration binds the two sides to 'non-participation in any military-political or other alliances or associations or armed conflict directed against the other side, or in any treaties, agreements or understandings infringing upon the independence, sovereignty, territorial integrity or national security interests of the other side'.¹³⁰

The highlight of Putin's visit was the signing of four defence agreements involving \$3 billion, which essentially increased the strike capability of the Indian Army, Navy and Air Force.¹³¹ The defence deals included New Delhi's purchase of more than 300 T-90 main battle tanks along with anti-tank guided missiles with an option to transfer technology and set up a manufacturing unit in the country. Another agreement related to the transfer of technology and licensed production of 140 Sukhoi-30 fighter aircraft which is supposed to be the chief weapon in the IAF's armory for the next decade. In addition, Russia agreed to lease four Tu-22 Backfire bombers, a maritime reconnaissance and strike aircraft fitted with 300 km range air-to-ground missiles and capable of flying at three times the speed of sound.

Of considerable significance was the establishment of an Indo-Russian intergovernmental commission on military-technical cooperation at a high ministerial level, which would exercise coordination and control of bilateral military-technical cooperation, and assist in accelerated decision-making. The much awaited deal on the purchase of the Russian aircraft carrier Admiral Gorshkov was clinched. It is expected to join the Indian Navy in three years and will be the mainstay in the navy's blue water capability. Further, India was provided with ample opportunity to establish effective bilateral trade and economic relations by expanding cooperation in such sectors as metallurgy, fuel and energy, information technology (IT), banking and finance. Several agreements on these were accordingly signed within the framework of the Indo-Russian intergovernmental commission on trade, economic, scientific and cultural cooperation.¹³²

In essence, Putin's visit has not simply led to arms transfer relationship, it has also focussed on the joint production of Russian systems in India, including the transfer of technology on missiles submarines, fighters and tanks. In the aftermath of the Russian President's visit, New Delhi has received from Moscow BrahMos, a new supersonic missile, which is virtually impossible to shoot down and can be launched from ships and aircraft with a range of 300 km and having the capacity of carrying a conventional warhead. Although Russia has provided the missile, the Defence Research and Development Organization (DRDO) is 'fine-tuning' it to enhance its range and make it capable of carrying nuclear warheads.

Putin's visit has demonstrated the convergence of interests of India and Russia on several issues. First, Russia and India have found common justification in reviving their once-close strategic and military relations. India will benefit

immensely from this as it is largely dependent on Russia for the bulk of its arms requirements. This is also necessary for India as it is flanked by Pakistan, its arch-rival, on one side, and by China—with whom the border dispute is still lying unsolved—on the other. From the Russian perspective, the emergence of a strong India in a multi-polar world is favourable to Russian interests. The bilateral arms cooperation will constitute a major source of hard currency which is urgently needed for the development of its dilapidated economy. In addition, the new strategic-military cooperation has cemented the interests of a huge Russian defence industry and India's information technology sector, with its potential in electronic systems and software.¹³³ *The Statesman* on 13 October 2000 has aptly editorialized: 'India and Russia are hugging each other because they have only each other to hug'.

Second, Russia and India have found common cause in fighting against terrorism in areas like Kashmir and Chechnya. India had been facing, for more than a decade, the menace of cross-border terrorism, religious extremism, drug-trafficking and separatism, to which the Russian President reconciled in his address to the Indian Parliament on 4 October saying that 'these dangers do not recognise any borders and affect all. Terrorism can not be allowed to become an instrument of state policy'.¹³⁴

Third, India and Russia have shown the readiness to work together in the peaceful uses of atomic energy and signed a memorandum of understanding (MoU) in this regard. Russia is the only country amongst the five permanent members of the UN Security Council (P-5), which has committed itself to support India in the field of nuclear energy. Despite unrelenting pressure from Washington, Moscow has agreed to build two large 1000 MW nuclear power reactors at Koodankulam in Tamil Nadu costing \$2.6 billion. Putin's visit to India's Bhabha Atomic Research Centre at Trombay was directly related to this project, reflecting Russia's preparedness to provide further aid to India.

Fourth, Putin supported India's position on Kashmir, emphasizing in his address to the Indian Parliament on 4 October that the issue should be settled bilaterally on the basis of compromise, and fully supporting the Indian leadership on the collective front to fight terrorism.¹³⁵ The joint statement pointed out that foreign interference in Kashmir should be stopped immediately so that dialogue could be resumed between the two nations within the framework of the Lahore Declaration. Putin further said that Moscow's relations with other countries, Asian or otherwise, were 'no alternatives' to its links with New Delhi, nor would they 'prejudice our relations with our long-term partner and ally'.¹³⁶ India has reciprocated by expressing its support to the steps taken by Russia in Chechnya for protecting the country's territorial integrity and constitutional order.

Despite complementarity of views and interests between India and Russia, Putin exhorted India to sign the Comprehensive Test Ban Treaty (CTBT), which India refused to sign due to its discriminatory nature. The Russian President

observed that 'we would like to see India participating in CTBT', although 'Russia realizes India's concerns over being a signatory to CTBT which are based on her (India's) own strategic vision'.¹³⁷ Russia's stand on nuclear weapons is however understandable, as it is committed to bring about global nuclear disarmament in cooperation and coordination with the United States.

Putin's visit has increased the level of bilateral defence cooperation, as a result of which New Delhi received from Moscow a new supersonic missile—BrahMos—for its navy.¹³⁸ This has definitely strengthened the two countries' strategic linkage. A \$10 billion long-term defence cooperation agreement was signed during the then External Affairs Minister Jaswant Singh's visit to Moscow in June 2001. The agreement focussed not only on the transfer of technology but also on the joint development and production of future weapons systems. This was aptly pointed out by Russia's Deputy Prime Minister Ilya Klebanov when he said: 'Our cooperation has turned toward the joint development and joint production of weapons, which is very important in the relations of the two countries'.¹³⁹ Moscow and New Delhi agreed to work jointly to develop high-tech fighter jets, submarines and ships. The present deal included a Russian plan to help India build an air-defence shield, with the help of two weapons systems the DRDO is seeking to develop: the Rajendra radar and the Akash long-range anti-aircraft missile.¹⁴⁰ Moreover, India would buy some squadrons of the S-300 or S-400 air-defence and anti-missile defence system and integrate them into its present surface-to-air defences against enemy aircraft and Medium-Range Ballistic Missiles (MRBMs), while simultaneously seeking to make indigenous development of the system.¹⁴¹

Klebanov's trip to India in the middle of October assumed significance in the context of the 11 September tragedy in the United States. His discussion and meetings with the Indian leaders were dominated by the threat of international terrorism and the highly volatile situation in Afghanistan and also the measures of combating terrorism. Other areas of cooperation between India and Russia were in the fields of defence, space and peaceful uses of nuclear energy.¹⁴² Atal Behari Vajpayee's visit to Moscow in November saw six agreements and four MoUs being signed on various bilateral issues. However, the significant aspect of the visit was the signing of the Moscow Declaration, forging a common front against terrorism. In an obvious reference to Chechnya, Jammu and Kashmir and Afghanistan, the declaration said the violence in all these areas represented in reality the acts of terrorism, and that there could be no 'double standards' in tackling this menace.¹⁴³ The two countries also agreed to jointly develop the fifth-generation multi-role fighter aircraft. Another positive result of Vajpayee's visit was the agreement for technical and financial assistance for constructing the much-awaited nuclear plant at Koodankulam.¹⁴⁴ Ivanov, during his visit, expressed his country's unambiguous approval of India's stand on Kashmir and cross-border terrorism.¹⁴⁵ However, India did not enthusiastically respond to, rather declined the Russian offer of trilateral cooperation amongst Russia, China and India.¹⁴⁶ Still, Ivanov's visit and

his expression of strong support to India vis-à-vis Pakistan, at a time when the international community was prone to accept the Pakistani President Musharraf's comments at face value, was strategically significant to India.

Putin's second visit to India early in December 2002 further strengthened the strategic linkage between the two countries. As Putin told Vajpayee: 'We made a lot of progress in our relationship in these two years. And we should not stop. We must keep building on it and make it move even faster'.¹⁴⁷ The two countries signed a declaration on 'Further Consolidation of the Strategic Relationship', which shows the depth of strategic relations between India and Russia.

Even before Putin had left Moscow, he expressed grave concern over the chances of Pakistan's nuclear weapons spilling into the hands of 'bandits and terrorists'. In essence, therefore, Moscow supported India's stand on terrorism and other politico-security issues.¹⁴⁸ The declaration contains a mutual protective clause stating that 'as victims a particular interest in putting an end to this common threat through preventive and deterrent measures nationally and bilaterally'. However, much to India's satisfaction, Putin urged Pakistan to dismantle terrorist infrastructure in its territory and completely stop cross-border terrorism as a prerequisite for the resumption of Indo-Pakistani talks.¹⁴⁹ The declaration also condemned any double standards in the fight against terrorism, thereby implying a veiled reaction against the US policy of discrimination between the treatment of its own problem of terrorism, after the 9/11 incident, and its response to the Pakistani-sponsored terrorism, which India had been facing through decades.

Apart from terrorism, a significant aspect of the Putin-Vajpayee summit was the two countries' commitment to increase the bilateral trade that has been low at \$1.4 billion (Rs 6,750 crore) during the last three years. Putin suggested that part of India's past debt of \$3 billion (Rs 14,475 crore) could be used as capital for setting up Indo-Russian joint ventures in the fields of telecommunication, aluminium and information technology for enhancing bilateral trade ties.¹⁵⁰ The two countries also agreed to improve non-defence related trade which is currently only \$1.5 billion.

Putin's visit has led to the beginning of a new era of strategic cooperation and arms transfer relationship in the post-Cold War global reality. It has demonstrated the depth of Indo-Russian friendship as manifested in Russia's unambiguous support to India's stand on terrorism. Unlike the West, Moscow is not inclined to accept at face value the pledges of the Pakistani President, General Pervez Musharraf, with regard to curbing the wave of religious fundamentalism inside Pakistan by reducing the dominance of the fundamentalist leaders, and banning some terrorist organizations. Russia's pro-India proclivity was clearly revealed when Putin, during Musharraf's visit to Moscow in the first week of February 2003, called the Vajpayee and had a 12-minute telephonic discussion around the time President Musharraf reached Moscow. In what was purely a diplomatic rebuff to Musharraf, Putin categorically pointed out that New Delhi could resume bilateral dialogue

with Islamabad only when cross-border terrorism ceased completely, and that bilateral talks covering all the outstanding issues should be held on the basis of the 1972 Shimla Accord and the 1999 Lahore Declaration.¹⁵¹

CONCLUSION

There has been a substantial growth of Indo-Russian relations in its strategic and military dimensions especially after Putin's visits—in October 2000 and December 2002—to India in spite of Washington's revised policy towards the subcontinent in the post-Cold War period, steady development in US–Indian ties on different issues, joint naval exercises in the 1990s, and India's effusive support to George Bush's policy of National Missile Defence (NMD) System with astonishing alacrity in mid-May 2001. However, Indo-Russian friendship has been significantly balanced by the warming of Sino-Russian relations and the settlement of boundary and other differences in the 1990s, the signing of good-neighbourly treaty of friendship and cooperation by China and Russia early in December 2002, and the massive sale of Russian weapons to China. All these have serious implications for India's security.

Notwithstanding such irritants, India and Russia are forging a long-term strategic relationship which contrasts sharply with New Delhi's ties with Washington. As *The Times of India* noted on 30 September 2002: 'Unlike the United States where the Government is subject to Congressional whims and fancies in regard to arms supplies, Russia has proved to be a steadfast friend'. Moreover, the USA has not followed a policy of cooperation with India in the field of nuclear weapons and the transfer of nuclear energy. Rather, it asked Moscow to halt the transfer of cryogenic rocket technology to India in 1993. On the contrary, Russia is the only member of the nuclear club which cooperates with India on nuclear energy despite unrelenting pressure from Washington. The visit of India's Defence Minister George Fernandes to Moscow in January 2003 to negotiate preparations for drafting a new military-technical contract involving New Delhi's participation in the Russian fifth-generation fighter research and development programme.¹⁵²

As a matter of fact, India today enjoys warm relations both with Russia and America, although the latter is practising 'double standards' in regard to India's problem of cross-border terrorism sponsored by Pakistan. While improving relations with the USA, India cannot afford to ignore its traditional friendship with Russia, but should try to strengthen it in the post-Cold War international reality. Bramha Chellaney has aptly remarked: 'Despite Russia's present fragility, its strategic importance for India has not declined. Rather, the growing imbalance of power in Asia has only reinforced the value of a close Indo-Russian partnership for Asian stability'.¹⁵³

There had been substantive development in the two countries' relations in the subsequent years following Prime Minister Vajpayee's visit to Moscow in 2003,

President Putin's visit to India in 2004, and the Indian Defence Minister Pranab Mukherjee's as well as the Prime Minister Manmohan Singh's visits to Moscow in November and December 2005 respectively. Even after momentous changes in the international scenario following end of the Cold War, there still remains a continued convergence of what makes it advantageous for both India and Russia to maintain close ties. Barring a fleeting hiccup during Yeltsin's tenure as the country's President, New Delhi and Moscow have been extraordinarily successful in nurturing a frictionless *Druzhba* (friendship) in their relationship that harks back to the Soviet era.

During this post-Communist Soviet period, there is a real convergence of perspectives on such issues as the promotion of multi-polarity in global politics, transnational terrorism, nuclear disarmament and various security issues facing South, Central and West Asia.

However, the most important of the commonalities of perceptions of the two countries is, perhaps, the defence ties between India and Russia. Not only is Russia the biggest supplier of defence products to India, but the Indo-Russian defence relationship also takes within its fold various types of activities like joint research, design, development and co-production.

Notwithstanding these commonalities of interests, there are difference in the perspectives of the two countries also. First, Moscow has explicit reservations against New Delhi's nuclear weaponization programme. Russia today, along with the United States, is involved in a number of arms control programmes. Second, the excellent defence relationship between China and Russia is the cause of some concern to India. Finally, there remains a large scope for improving the volume of bilateral trade which stagnated at around \$1.8 billion.

Indo-Russian relations continued to improve in 2005. In May, the two countries agreed to uplift their bilateral defence cooperation from a 'mere buyer and seller relationship' to that of technology transfers and joint research and development of weapons system. Manmohan Singh had prolonged discussion with Putin on the issue of civilian nuclear energy cooperation, apprising him of India's non-proliferation efforts. Further, Russia fully backed India's quest for a permanent seat in the UN Security Council. India's External Affairs Minister K. Natwar Singh made a trip to Moscow in early June, and participated in a trilateral meeting on 2 June at Vladivostok with his Russian counterpart Sergei Lavrov and Chinese Foreign Minister Li Zhaoxing. As a matter of fact, the foreign ministers of the three countries had met thrice before the present one—twice in the UN General Assembly in New York in September 2002 and 2003, and once in Almaty (Kazakhstan) in October 2004. However, India and Russia focused on 16 September on consultation, dialogue and diplomacy rather than confrontation in sorting doubts over Iran's nuclear ambitions. Manmohan, who had discussions with Putin on various international issues, gave an account of his July visit to Washington and outlined the agreement on civilian nuclear energy with the United States. As to the defence

ties, it was reported in *The Indian Express* (22 August 2005) that Russia was to field its nuclear capable MiG-35 multi-role fighters against US F-16 and French Mirage 2000 in Indian Air Force's drive to purchase 125 aircraft to replace its MiG-21 fleet.

The same trend in Indo-Russian relations continued in 2006 with Russia evincing a keen interest in the Indo-US nuclear deal. India's defence relations with Russia intensified in July with the latter giving three more frigates and six submarines with deadly land-attack cruise missiles at a total cost of Rs 6,358 crore. In the same month, Hindustan Aeronautics Limited (HAL) took up the plan to manufacture the Sukhoi-30MK I indigenously.

There was a euphoric spurt in Moscow–New Delhi relations early in 2007 with the visits of the Russian President Vladimir Putin and of the Russian Defence Minister Sergei Ivanov in January this year, following the Chinese President's visit to India two months ago, assuming great strategic significance. With energy security emerging as the core area of the new strategic partnership between New Delhi and Moscow, Russia had pledged to build four atomic reactors at Kudankulam in addition to the existing two units being constructed there. This reflects the deepening of civil nuclear energy cooperation between the two countries. Putin and Manmohan Singh have also referred to the expansion of cooperation with China within the trilateral format. On 14 February 2007, the foreign ministers of India, Russia and China met in New Delhi. Deciding to boost their trilateral relations, these three countries stressed the need for a multi-polar world through 'democratisation' of international relations with the UN having the central role as an 'effective and transparent' body. This trilateral meet is expected to produce at least some uneasiness in the US for the latter's policy on Iran, as reported in major Indian dailies like *The Statesman* and *The Telegraph* (15 February 2007).

The best way to end the essay is to quote late J. N. Dixit, India's former foreign secretary, and a brilliant commentator of India's external affairs, who, in course of an article in *The Hindustan Times* on 22 April 2004, observed: 'Whatever the new orientation in India's foreign policy may be in developing relations with the US and other important powers, there is a clear acknowledgement in Delhi of the importance of Indo-Russian relations based on deep-rooted tradition and a mutuality of substantive interests'.

NOTES

1. For a detailed study of the impact of the disintegration of the USSR on India's Security, see Abhijit Ghosh, 'The Break-up of the Soviet Union and Its Impact on India's Security' in Arun Kumar Banerji (ed.), *Security Issues in South Asia: Domestic and External Sources of Threats to Security*, Calcutta: Minerva Associates, 1998, pp. 132–53.
2. In the second half of the 1980s, India was the leading Third-World and Asian purchaser of Soviet arms. During 1987–91, 79 per cent of India's arms purchases had

- come from the USSR. Cited in Ramesh Thakur, *The Politics and Economics of India's Foreign Policy*, Delhi: Oxford University Press, 1994, p. 114.
3. Ross H. Munro, 'The Loser: India in the Nineties', *National Interest*, Summer 1993, pp. 62–63.
 4. The order of priorities were: (1) CIS, (2) Arms Control and International Security, (3) Economic Reform, (4) The United States, (5) Europe, (6) The Asia-Pacific Region, (7) West and South Asia, (8) The Near East, (9) Africa, (10) Latin America. See Anita Inder Singh, 'India's Relations with Russia and Central Asia', *International Affairs*, Vol. 71, No. 1, January 1995, p. 72.
 5. *Statesman*, 20 August and 30 December 1991.
 6. *Statesman*, 30 December 1991.
 7. The Soviet/Russian leadership remembered very well who had backed the resistance to the *coup* and who had sympathy for the hard-line plotters. For example, Andrei Kozyrev, the then Foreign Minister of the former USSR, stated in a speech in Bonn on 6 September 1991, that during the *coup* only the alleged enemies of the Soviet Union had proven to be true friends (British Broadcasting Corporation, *Summary of World Broadcasts*, SU/1173 A 1/3, 10 September 1991).
 8. *Izvestia*, 2 January and 30 June 1992; and *Nezavisimaya Gazeta*, 20 August 1992, pp. 1 and 4.
 9. While in India in January 1993, Yeltsin said: 'We do not at present regard any one in Asia even as a potential adversary of arms, we see only partners' (*Foreign Broadcast Information Service*, Sov-93-109, 1 February 1993).
 10. T. Shaumian, 'Russia's Eastern Diplomacy and India', *World Affairs*, December 1993, p. 55.
 11. As one analyst pointed out that the major Islamic countries, like Pakistan, Iran and Turkey, were given 'priority over India by Russia'. Leszek Buszynski, 'Russia and the Asia-Pacific Region', *Pacific Affairs*, Vol. 65, No. 4, Winter 1992–93, p. 490. Another example of Russia's developing ties with Pakistan was the holding of an international conference on the relations between Pakistan and the Commonwealth of Independent States (CIS) in Moscow in April 1992.
 12. See Ghosh, 'The Break-up of the Soviet Union and Its Impact on India's Security', pp. 144–45. For details of India's reaction, see 'Support to Pak N-proposal: India Conveyed Unhappiness to Soviet Union', *The Statesman*, 20 November 1991. Apart from India, this resolution was opposed by Bhutan and Mauritius.
 13. For details of the development of Indo-American ties, see especially B. K. Srivastava, 'Indo-American Relations: Search For a New Equation', *International Studies*, Vol. 30, No. 2, April–June 1993, pp. 215–30; P. M. Kamath, 'Indo-US Relations During the Clinton Administration: Upward Trends and Uphill Tasks Ahead', *Strategic Analysis*, Vol. 21, No. 1, February 1998, pp. 1603–18; and M. J. Vinod, 'India–United States Relations in a Changing World: Challenges and Opportunities', *Strategic Analysis*, Vol. 20, No. 3, June 1997, pp. 439–49.
 14. See for details, Ghosh, 'Dynamics of India-China Normalisation', *China Report*, Vol. 31, No. 2, April–June 1995.
 15. Tai Ming Cheung, 'Loaded Weapons: China on Arms Buying Spree in Former Soviet Union', *Far Eastern Economic Review*, 3 September 1992, p. 21; and Jyotsna Bakshi,

- 'Russia–China Military Technical Cooperation: Implications for India', *Strategic Analysis*, Vol. 24, No. 4, July 2000, pp. 633–67.
16. Jyotsna Bakshi, 'India in Russia's Strategic Thinking', Vol. 21, No. 10, January 1998, pp. 1467–85.
 17. Tatiana Shaumian, 'Thirty-five Years Later', *New Times*, Vol. 32, No. 90, August 1990, p. 7.
 18. Singh, 'India's Relations with Russia and Central Asia', p. 74.
 19. British Broadcasting Corporation, *Summary of World Broadcasts*, FE/1372 A ½, 5 May 1992; British Broadcasting Corporation, *Summary of World Broadcasts*, SU/WO 230 A/9, 15 May 1992. Also see *Far Eastern Economic Review*, 14 May 1992, p. 63, and 15 October 1992, p. 16.
 20. British Broadcasting Corporation, *Summary of World Broadcasts*, FE/1373 A1/2-3, 6 May 1992; and British Broadcasting Corporation, *Summary of World Broadcasts*, FE/1375 A 2/2-3 8 May 1992. See also *Statesman*, 4–5 May 1992.
 21. *Asian Defence Journal*, August 1992, p. 96. On this point see also Thakur, *The Politics and Economics of India's Foreign Policy*, p. 137.
 22. British Broadcasting Corporation, *Summary of World Broadcasts*, SU/1461 A1/4-5, 17 August 1992.
 23. For reports on Pawar's visit to Moscow, see *Statesman*, 7–10 September 1992.
 24. *Ibid.*, 8 September 1992.
 25. *Ibid.*, 9 September 1992.
 26. *Ibid.*, 10 September 1992.
 27. *Krasnaya Zvezda*, Moscow, 20 November 1992. See also *Ibid.*, 28 October 1992.
 28. *Asian Defence Journal*, January 1993, p. 154. The Russian offer came as a reaction to Ukraine's willingness to sell India an aircraft carrier from its disputed Black Sea Fleet.
 29. Edmond Dantes, 'An In-depth Look at the Asia-Pacific Air Forces and Future Procurement', *Asian Defence Journal*, January 1993, p. 23.
 30. *Statesman*, 23 November 1992.
 31. This was evident in Yeltsin's statement at the Press Conference in New Delhi on 29 January 1993: 'No strong eastern policy is possible without India or without taking into consideration India's interests, its global weight and its authority'. British Broadcasting Corporation, *Summary of World Broadcasts*, FE/1601 C 1/4 February 1993.
 32. *Statesman*, 28 January 1993.
 33. *Ibid.*, 30 January 1993.
 34. *Ibid.*
 35. *Ibid.*, 30 January 1993.
 36. *Ibid.*
 37. *Ibid.*, 16 January 1993.
 38. For details on this, see Bhabani Sen Gupta, 'Russia & Asia: Mr. Yeltsin's New Foreign Policy', *Statesman*, 7 February 1993.
 39. *Ibid.*
 40. *Ibid.*, 29 January 1993.

41. British Broadcasting Corporation, *Summary of World Broadcasts*, FE/1601 C 1/7 February 1993.
42. *Statesman*, 30 January 1993.
43. *Ibid.*
44. *Ibid.*, 28–30 January 1993. See also *Tribune*, 30 January 1993.
45. British Broadcasting Corporation, *Summary of World Broadcasts*, FE/1599 A 1/2, 29 January 1993. Cited also in Singh, 'India's Relations with Russia and Central Asia', p. 70.
46. For a detailed study of the rocket deal controversy, see Thakur, *The Politics and Economics of India's Foreign Policy*, pp. 140–44; Singh, 'India's Relations with Russia and Central Asia', pp. 73–75; and Jyotirmoy Banerjee, 'Implications for Asia-Pacific Security: The Russian Enigma', *Asian Survey*, Vol. 34, No. 6, pp. 544–55.
47. During 1985–86, America expressed its deep concern about missile proliferation and worked out with its allies a system of export control for missiles and related technology. This resulted in the Missiles Technology Control Regime (MTCR), which was formally announced on 16 April 1987.
48. Cited in *Times of India*, 26 July 1993.
49. *Izvestia*, 6 May 1992.
50. *Telegraph*, 30 January 1993.
51. *Izvestia*, 2 July 1992.
52. *Tribune*, 6 July 1993. For detailed discussion on these points, see Jyotsna Bakshi, 'India in Russia's Strategic Thinking', *Strategic Analysis*, Vol. 21, No. 10, January 1998, pp. 1467–85.
53. *Statesman*, 17 July 1993.
54. *Telegraph*, 10 July 1993.
55. Ghosh, 'The Break-up of the Soviet Union and Its Impact on India's Security', p. 139.
56. Subrahmanyam, 'New Russian N-Doctrine', *Economic Times*, 8 November 1993.
57. See Yuri Vinogradov, *Delhi Declaration and Asian Future*, New Delhi: Allied Publishers Private Limited, 1987.
58. For the Soviet position, see *Initiatives of the Delhi Six and the Soviet Position*, Moscow: Novosti Press Agency Publishing House, 1987.
59. Subrahmanyam, 'New Russian N-Doctrine'.
60. See for instance, Peter Ferdinand, 'Russia and Russians after Communism: Western or Eurasian', *World Today*, Vol. 48, No. 12, December 1992, pp. 225–29; Mohamed M. El-Doufani, 'Yeltsin's Foreign Policy—A Third-World Critique', *World Today*, Vol. 49, No. 6, June 1993, pp. 105–08; Olga Alexandrova, 'Divergent Russian Foreign Policy Concepts', *Aussenpolitik*, Vol. 44, 4th quarter, 1993, pp. 366–71; Bhabani Sen Gupta, 'Russia & Asia', and Jyotsna Balshi, 'Russia Shifts its Policy Gear', *Tribune*, 2 April 1994.
61. British Broadcasting Corporation, *Summary of World Broadcasts*, SU/1451 I, 5 August 1992.
62. For example, Hannes Adomeit, 'Russia as a "great power" in world affairs: images and reality', *International Affairs*, Vol. 71, No.1, London, January 1995, pp. 35–68.

63. *Segodnya*, 4 February 1994.
64. See 'Yeltsin Sees Military Sales to China', *Los Angeles Times* report, *Boston Globe*, 18 December 1992.
65. For instance, Matt Forney and Nayan Chanda, 'Comrades in Arms: Russian Rap-prochement Could Boost China's Clout', *Far Eastern Economic Review*, 2 May 1996, p. 20; Robert Karinol, 'China to Buy Russian Kilo Submarines', *Jane's Defence Weekly*, 19 November 1994, 1994, p.1. Following Kozyev's visit to Beijing in January 1994, there was considerable expansion of Sino-Russian economic cooperation. Bilateral trade reached \$7.7 billion in 1993—an increase of 31 per cent over 1992—making China the second most important trading partner of Russia after Germany.
66. Inder Malhotra, 'US-Russian Nuclear Effrontery', *Times of India*, 20 January 1994; Jasjit Singh, 'The Moscow Message', *Hindustan Times*, 24 January 1994 and Bakshi, 'India in Russia's Strategic Thinking'.
67. For the text of the Moscow declaration, see Government of India, *Foreign Affairs Record*, Ministry of External Affairs, New Delhi, Vol. 40, No. 7, July 1994, pp. 121–23.
68. Government of India, *Annual Report (1994–1995)*, New Delhi: Ministry of Defence, pp. 2–3.
69. Reports of Rao's visit to Moscow have been published in *The Statesman*, 30 June and 1, 2, 3 and 9 July 1994.
70. *Foreign Broadcast Information Service*, SOV-94-116, 16 June 1994, and SOV-94-144, 27 July 1994.
71. For details, see Hamish McDonald, 'The Price is Right: India Turns to Russia Once Again for Arms', *Far Eastern Economic Review*, 23 June 1994, p. 29.
72. Bakshi, 'India in Russia's Strategic Thinking'.
73. Ministry of Defence, 'India in Russia's Strategic Thinking', p. 2.
74. *Statesman*, 9 July 1994.
75. Nelson Graves, 'Chernomyrdin Measured on Relations With India', *Moscow Times*, 24 December 1994.
76. *Ibid.*
77. *Hindustan Times*, 24 December 1994.
78. *Moscow Times*, 'Chernomyrdin Measured on Relations With India'.
79. Anton Zhigulsky, 'India to Negotiate Russian Arms Sales', *Moscow Times*, 27 July 1995.
80. Alexander Golz, 'Primakov's Realpolitik', *Moscow Times*, 11 April 1996. The writer was originally associated with *Krasnaya Zvezda*. In the *Duma* election of December 1995, the Communists emerged as the single largest party, winning 159 seats in the 450-member House. It was necessary for Yeltsin to come to terms with the prevailing atmosphere in the country; and it was against this background that, in January 1996, Kozyrev, the current foreign minister, was replaced by Primakov.
81. *Hindu*, 31 January 1996. For an elaborate study of Primakov's foreign policy, see Irina Kobrinskaya, 'Dangers of Isolationism' and 'Foreign Policy After Poll', *The Moscow Times*, 19 January and 27 June 1996 respectively. See also Golz, 'Primakov's Realpolitik'.

82. *Moscow Times*, 11 April 1996; and *Hindu*, 29 March 1996.
83. *Moscow Times*, 11 April 1996.
84. Jerome M. Conley, 'Indo-Russian Military and Nuclear Cooperation: Implications For US Security Interests', INSS Occasional Paper 31 (Proliferation Series), Colorado: US Air Force Institute for National Security Studies, USAF Academy, February 2000, p. 12. Available at <http://www.fas.org/nuke/guide/india/doctrine/ocp31.htm>
85. Alexander Konovalov, Head of the Russian Institute for Strategic Studies, said, 'We are not giving weapons for nothing anymore. We are selling arms now only to those countries that can pay for it.' *Moscow Times*, 5 January 1996.
86. *Moscow Times*, 24 February 1996.
87. *Asian Age*, 21 February 1996.
88. *Moscow Times*, n. 86.
89. 'Plane Deal With India Hits Snag', *Moscow Times*, 24 October 1996. For reports on Rodinov's visit, see *Moscow Times*, 3 December 1996; and *Asian Age*, 14 and 24 October 1996.
90. 'India Signs \$1.8 Billion Contract for Sukhoi Jets', *Moscow Times*, 3 December 1996; and *Asian Age*, 1 December 1996.
91. *Delovoi Mir*, 21 March 1997.
92. *Statesman*, 11 and 12 June 1997. It is interesting to note that according to a top Russian official, 'the US had tried and virtually succeeded in sabotaging the \$1.8 Billion deal for the sale of 40 SU-30 fighter planes to India.' In an interview to *Nezavisimaya Gazeta*, Igor Korotchenko, the director general of Roosvoruzheniye, blamed Washington, saying, 'As soon as we start preparing any major contract with a foreign country, we immediately come across a wall of complications'. However, he said, 'We overcame all the difficulties and the \$1.8 billion contract has now finally been sealed.' *Rediff On The Net* 'US Tried to Scuttle Russia's Sukhoi Deal with India', <http://www.rediff.com/news/jul/16su.htm>
93. For a detailed report, see *Statesman*, 10 February 1997 and *Asian Age*, 21 March 1997.
94. *Statesman* and *Asian Age*, 26 March 1997. Moscow's decision reportedly triggered off strong protests from Washington as the latter viewed that the decision violated a 1992 agreement among the nuclear suppliers, and that it would be opposed to the international efforts on disarmament. See *Telegraph* and *Statesman*, 7 and 9 February 1997 respectively. See also Ghosh, 'The Break-up of the Soviet Union and Its Impact on India's Security', p. 139.
95. *Hindu*, 24 March 1997. See the available online, *The Hindu*, 26 March 1997. Available online at <http://www.webpage.com/hindu/daily/970326/01/01260002.htm>
96. See 'Russia Slams Tank Deal', *Moscow Times*, 20 February 1997, 'Russia to Block Sale of Tanks to Pakistan'. See also *Rediff on the Net*, <http://www.rediff.com/news/feb/27russ.htm>.
97. According to an issue of *Jane's Defence Weekly*, the Russian proposal claimed that fitting the T-72 tanks with Arena will boost its battlefield survivability. Reported in 'Russia to Update India's T-72 Tanks', *Indian Express*, 10 May 1997.
98. 'India, Russia Renew Defence Relations', *Hindu*, 7 October 1997.
99. 'India, Russia Diversify Defence Tie-ups', *Hindu*, 9 October 1997.

100. 'India, Russia to Boost Military Ties', *Hindu*, 13 October 1997.
101. 'India, Russia Agree to Defence Cooperation', *Defence Systems Daily*, 24 December 1997. Available online at [http://defence-data.com/current/page 1496.htm](http://defence-data.com/current/page%201496.htm)
102. Speaking to journalists at the IDEX-97 arms fair in Abu-Dhabi, Alexander Kotelkin, Director, Rosvooruzhenie, commented, 'I believe Russia will catch up with the US with regard to the volume of its arms exports by the year 1999. By that time Russia's annual volume of arms and military equipment exports will reach \$6.5 billion, perhaps even \$7 billion. During the last two years our arms exports have doubled. In 1996, Russia exported arms and military equipment worth a total of \$3.5 billion. Our contract portfolio is currently worth some \$8 billion. In 1997 we plan to export arms and military equipment worth a total of not less than \$4–5 billion.' (*Nezavisimaya Gazeta*).
103. *Izvestia*, 2 January and 30 June 1992; and *Nezavisimaya Gazeta*, 20 August 1992, pp.1 and 4.
104. For Russia's reaction to the Pokhran-II, see Jyotsna Bakshi, 'Russia's Post-Pokhran Dilemma', available online at <http://www.idsa-india.org/an-aug8-4.html>
105. *Ibid.* See also *Statesman*, 13 May 1998.
106. *Summary of World Broadcasts*, SU/3226, B/4, 14 May 1998.
107. *Statesman*, 15 May 1998.
108. *Ibid.*, 16 May 1998.
109. Bakshi, 'Russia's Post-Pokhran Dilemma'.
110. See, for example, the views and articles published in *Izvestia*, 14 and 19 May 1998; *Nezavisimaya Gazeta*, 13 and 15 May 1998; and *Rossiskaya Gazeta*, 13 May 1998.
111. *Izvestia*, 2 June 1998.
112. *Times of India*, 24 June 1998.
113. *Statesman*, 6 November 1998; and *Asian Age*, 6, 10 and 12 November 1998.
114. India emerged as the biggest purchaser of Russian defence equipment, including spares, for its armed forces. 45 to 80 per cent of the requirements of the Indian Army and the Air Force come from Moscow. See Afzal Mahmood, 'The Bear Hugs the Cow', <http://www.defencejournal.com/jan99/bear-hugs-cow.html>. See also the various issues of *The Moscow Times* and *Izvestia* and other Soviet papers since 1996 for India's extended shopping list, which includes purchase of 300T-9 Russian tanks, advanced submarines, and a variety of combat aircraft and sea-going vessels on soft terms.
115. *The Statesman*, 3 February and 28 May 1999.
116. Mahmood, 'The Bear Hugs the Cow'.
117. One source points out that the S-300V has reportedly shot down over 60 tactical ballistic missiles with ranges of up to 600 km during tests and has demonstrated a single-shot kill probability of 40 to 70 per cent. A. Mahmood, n. 114.
118. For detailed report of the test-firing of Agni-II, and the reactions of Russia and other countries, see *Statesman* and *Asian Age*, 12 April 1999. Jasjit Singh, India's leading expert, said regarding the Agni-II that the 'goal must be a range of 5000 km as intermediate missiles are classified within that', because 'we should look to countries which have missile targeting India' (*Ibid.*).
119. *Asian Age*, 15 April 1999. China interestingly remained silent on the test-firing of missile by its closest ally, but its official news agency described it as a 'matching

- response' to India's Agni-II trial (Ibid.). For details on Pakistan's test-firing of missiles, see *Statesman*, 16 April 1999.
120. *Asian Age*, 16 May 1999.
 121. Ibid.
 122. According to the protocol, Soviet/Russian President does not meet any visiting foreign minister. The last time a Soviet President met a visiting foreign minister was in November 1990, when President Gorbachev held talks with Madhav Singh Solanki. The telephonic discussion between Yeltsin and Jaswant had been emphasized by Russian Foreign Minister Igor Ivanov at a press conference with Jaswant after a two-and-a-half hour discussion with him. *Telegraph*, 26 May and *Statesman*, 28 May 1999.
 123. *Statesman*, 7 May 1999. These tanks would enable Indian Army to effectively counter Pakistan's recently-acquired tanks from Ukraine. The Indian Army considers the T-90s capable of firing laser-guided missiles, superior to Pakistan's T-80s, and would directly challenge the ingeniously built Arjuna tanks.
 124. *The Statesman* (15 September 1999) featured an elaborate discussion of this report.
 125. For detailed discussion of the developments in relations between China and Russia, in all its dimensions, in the post-Soviet era, see Jyotirmoy Banerjee, Chapter 4 in *Nuclear World: Defence & Politics of Major Powers*, New Delhi : Manas Publications, 2002.
 126. *Asian Age*, 29 August 1999.
 127. *Statesman*, 2 and 4 November 1999.
 128. For a detailed study of Russia's assistance to Indian Navy, see *Statesman*, 6 and 26 November 1999; and *Asian Age*, 16 November 1999.
 129. See, for details, Baidya Bikash Basu, 'Putin's Visit and the Future of India–Russia Defence Cooperation', *Strategic Analysis*, December 2000, pp. 1763–69; and John Cherian, 'A Strategic Partnership', *Frontline*, Vol. 17, No. 21, 14–27 October 2000, pp. 10–12. That Russia's keenness to further develop its strategic ties with India is not just a logical conclusion of the traditional friendship between the two countries, but a new geo-political necessity, has been pointed out by A.P.S. Chauhan in 'Good Old Bear to Be Hugged Tight', *Pioneer*, 2 June 2000.
 130. *Statesman*, 4 October 2000.
 131. *Times of India* and *Telegraph*, 5 October 2000.
 132. *Statesman*, 4 October 2000. See Gulshan Sachadeva, 'Reviving Economic Interests', *Frontline*, Vol. 17, No. 21, 14–27 October 2000. See also 'Putin Seals Russia–India Ties', *Russia Journal*, 7–13 October 2000.
 133. 'India and Russia After the Summit', *Strategic Affairs*, 15 October 2000.
 134. *Statesman*, 5 October 2000, and *The Telegraph*, n. 131.
 135. *Times of India* and *Telegraph*, 5 October 2000.
 136. 'Putin Shares Concern on Terrorism', *Statesman*, 5 October 2000.
 137. *Telegraph*, 5 October 2000; and *The Times of India*, 6 October 2000.
 138. Srinjoy Chowdhury, 'India Reworks Russian Missile to Make It N-capable', *Statesman*, 22 October 2000.
 139. Cited in Gurmeet Kanwal, 'Defence Cooperation: India–Russia Military Equipment Relationship', *Statesman*, 26 November 2001.

140. *The Statesman*, 12 November 2001.
141. The Russian-made surface-to-air missile, OSA, was successfully test-fired on 11 November 2001 from the Interim Test Range at Chandipur. The missile has a 15 km range and is equipped with an onboard computer. It was fired to hit its target which had been attached to the Lakshya, the indigenously built pilotless target aircraft.
142. *Statesman*, 16 October 2001. See also, R. Parthasarathy, 'Indo-Russian Relations: Winds of Change', *Financial Daily*, 12 October 2000.
143. *Statesman*, 7 November 2001. For full and detailed reports of Vajpayee's visit to Moscow, see *Statesman*, 5–8 November 2001. For a critical analysis of the developments in Indo-Russian relations, see Hari Vasudevan, 'Scripted to Bush's Dictation?', *Statesman*, 10 November 2001.
144. The agreement, signed on 6 November during Vajpayee's visit to Moscow, is significant not only because it had brought to an end a global nuclear blockade against India of nearly 30 years, but it had also reiterated Russia's commitment to India in the sphere of nuclear cooperation. For a detailed report on this project, see Jaya Menon, 'Largest Slot for Koodankulam on India's Nuclear Map', *Statesman*, 27 November 2001. See also Manpreet Sethi, 'Indo-Russian Nuclear Cooperation: Opportunities and Challenges', *Strategic Analysis*, Vol. 24, No. 9, pp. 1757–61.
145. *Times of India*, 4 February 2002.
146. See also J.K. Dutt, 'India and Central Asia: No Option But to Join an Alliance', *Statesman*, 21 February 2002.
147. *India Today*, 16 December 2002, p. 54.
148. For these and other aspects of Putin's visit to India, see *Statesman*, 2–6 December 2002, p. 54.
149. *Ibid.*, 5 and 6 December 2002.
150. Putin said at a meeting that 'good results can be achieved by investing part of the debt into joint ventures in India', and that an India-Russia combine could play a crucial role in global markets. *Statesman*, 5 December 2002. Also see *India Today*, 16 December 2002, p. 55.
151. For the detailed reports of Musharraf's visit to Moscow and Putin's response to it, see *Statesman*, 3, 5, 6 and 8 February 2003.
152. See Viktor Litovkin, 'Strategic Partner: New Delhi Will Profit From Moscow's Proposal', *Statesman*, 24 January 2003. According to Litovkin, a Russian military analyst, Moscow and New Delhi are maintaining 'impressive military-technical cooperation' between them, with the annual volume of such bilateral cooperation reaching \$2 billion. While Russia views India as its 'full-fledged strategic partner', India will certainly 'profit from' such strategic connection. The nature and extent of Russia's arms transfer relationship with India is also explained in Nikolai Gulko, 'Arms Trade: Russia Exporting More Of Its Weapons', *Statesman*, 20 February 2003.
153. Cited in Kanwal, 'Defence Cooperation: India–Russia Military Equipment Relationship.'

9

CHINA'S QUEST FOR MULTILATERALISM

Swaran Singh

It was as part of reaffirming faith in Deng Xiaoping's thought that the 15th Party Congress, held during September 1997—the first one after Deng's death—had formally endorsed China's pragmatism in international affairs by underlining 'multilateralism' as the guiding core principle for its foreign policy initiatives and operations.¹ This new thesis on multilateralism was further elaborated during China's 16th Party Congress during 2002 and it has since become the critical premise in the country's fourth generation leadership's on-going quest for socio-economic development and nation-building as it seeks to gain acceptance as the next global power. As a result, China has gradually moved from treating multilateralism as supplementary to its bilateral approach in foreign relations to making it complementary and even as the predominant approach in some cases. Since then, some people even have begun to treat multilateralism as synonymous to the foreign policy of China.²

It is in this new context of China's fundamental shift from once being completely inward-looking and largely conducting its foreign policy either in the communist ideological framework or purely through bilateral channels to its steady march towards a far more broad-based multilateralism as the primary instrument of its expanding activism in international affairs that this paper tries to examine and highlight the emerging contours of China's new foreign policy thinking and to gauge its future in ensuring a peaceful rise of China.

THE NEW CONTEXT

In the new context today, China's evolving understanding on multilateralism is seen as gradually beginning to fit into the well-developed Western academic industry on multilateralism whose definitions envelop both the theory and practice of international relations worldwide. These may include well-known Western

scholars such as Robert Keohane, who talks of it as 'the practice of coordinating national policies in groups of three or more states', or John Ruggie, who talks of 'indivisibility' and 'diffused reciprocity' and so on.³ In operative terms as well, China's relations with ASEAN, for example, remain a visible example where China's multilateralism pervades much of its foreign policy initiatives and interactions with other players.

As for the proverbial element of 'Chinese characteristics' in the country's conception and practice of 'multilateralism', China's multilateralism remains selective and focusses primarily on the peripheral regions. Starting from its Shanghai Cooperation Organization, and then launching its Bohao Forum, China has been trying to evolve and project 'alternative paradigms' of conducting inter-state relations. Indeed, a whole chain of economic and soft-security frameworks in Asia have since come to be the dominant operative foreign policy channels for China's efforts which remain aimed at discarding the old Cold War mindset of physical security through state-centric military alliances to genuine multilateralism.

Apart from being the key in resolving its external equations, multilateralism remains essential key to China's need for continued rapid development which is a pre-requisite for ensuring its political stability and internal peace in the long-run.⁴ This aspect of China's multilateralism was initially underpinned by its desire to ensure peace on its borders and it then graduated to a larger concern to ensure peace and stability in its border regions, with the process of evolution being formally institutionalized during the 16th Party Congress in 2002. The Bohao Forum perhaps represents one such example of China's new vision of multilateralism with a special focus on economic development and regional upliftment. At the global level China has become active in seeking space in regional and global economic forums with the World Trade Organization emerging as a major example.

GENESIS AND EVOLUTION

To understand the evolution of China's concept of multilateralism, one has to begin with its negative experience with multilateral institutions e.g., it was kept out of the United Nations (UN) and its institutions during its initial decades and was the target of UN censure and sanctions (for the Korean War) during those years. Things started to change after the Sino-US entente and China's entry into the UN and other multilateral institutions in the 1970s. Another watershed change in the late 1970s was the rise of Deng Xiaoping. Deng's economic reforms became the driving force behind China's decisive shift towards multilateral institutions.

According to Zhang Baijia, expert at the Chinese Communist Party's (CCP) Central School in Beijing, various internal and external developments during the first half of 1980s influenced Deng's strategic thinking in three major ways: (a) Deng aborted the long-held view that 'world war is inevitable' and instead

emphasized on 'peace and development' as the central theme for contemporary China; (b) He acknowledged that the contemporary world was heterogeneous in nature and that conflicts coexisted with cooperation and competition with interdependence; and (c) Deng maintained that independence did not equal isolation and self-reliance did not mean rejecting all foreign things as had been the case during Mao's reign.⁵ The change in Deng's worldview was to result in a change in China's approach towards international institutions and towards the whole concept of multilateralism. As a result, the 1980s witnessed unprecedented qualitative and quantitative changes as China not only involved itself in international organizations in the political domain but also expanded its participation in economic and security types of multilateral forums.⁶

China's future vision on multilateralism was shaped primarily by its need for (a) undermining the basis of United States' unilateralism and its global power profile, and (b) making efforts to become acceptable as a benign rising power amongst its immediate neighbours and the world at large. By far, these two remain China's most important foreign policy challenges though its rise as a major power has already been accepted as a reality. The conditions have also been facilitated by external dynamics, especially after the collapse of the former Soviet Union which has shifted the focus of international relations and led to the widening of the whole understanding of security and strategic equations amongst major players, thus moving the dynamic of international power politics beyond two superpowers to include new actors like China.

NEW THINKING, NEW STYLE

Several commentaries see this shift as a fundamental shift in China's worldview which has gradually moved from being one that was introvert and focussed on achieving economic progress in terms of independence and 'self-sufficiency' of Chairman Mao's years to gradually reorienting towards strengthening China's external links and accepting its growing interdependence with the external world. Even though much of this new thinking had been put in place during the life and times of Deng Xiaoping—which had witnessed the opening up of China's economy—it was further expanded during the tenure of President Jiang Zemin making China's foreign trade and foreign direct investment as the two key locomotives of its rapid development through the 1990s. The same has seen further expansion under the new leadership of President Hu Jintao and Prime Minister Wen Jiabao who have since provided a whole new style and content to China's foreign relations.

Nevertheless, China's thinking and style of operations on multilateralism remain in continuous evolution and has its own shortcomings and pitfalls. China's evolving focus on multilateral diplomacy, as a result—despite its backdrop of strong military and economic power—remains as yet fairly nascent, fragile and

selective. This is, of course, not exclusive to China's foreign policy and remains true of all other major players. In operative terms as well, this new vision of multilateralism remains largely conceived within their more conventional framework of seeking only regime security through physical forces at the core of their vision though Chinese officials and academics seem to suggest a new emphasis on new paradigms about building regional and internal security with a motive of undercutting the very basis of convention wisdom which underpins the current US-led world order and its incumbent institutions and military alliances as the current basis of ensuring international insecurity.⁷

As a result, the last two decades have seen China's leaders engage its Asian neighbours in several regional multilateral forums that range from Shanghai Cooperation Organisation, the annual summits with ASEAN as also several other regional and bilateral forums. Since 2003, US endorsement of China's lead role in the 'Six Nation Talks' on North Korea has catapulted Beijing into a different level altogether. Briefly, nuclear non-proliferation had so far been considered as: (a) a global problem, and (b) one to be handled by superpowers alone with US being on the lead forever. Though these 'Six Nation Talks' have not achieved any concrete results yet, they have demonstrated US support of China's multilateralism as a principle that should guide international relations. However, those who accuse the US of following a unilateral foreign policy, explain this as its 'socialization' of China in international relations which is said to have replaced their containment of China policy since the early 1990s.⁸ Either way, this promises to go a long way in facilitating China's quest for multilateralism in its foreign policy.

MULTILATERALISM IN CHINA'S INTERNATIONAL RELATIONS

Unlike some of the leading Western institutions, China's international relations (IR) theory experts are not given to abstract thinking. In recent Chinese tradition, therefore, their academic thinking in IR has not been much different from (or simply follows) its official doctrine that guides its foreign policy-making. Nevertheless, China's academic thinking has become a critical indicator of the coming changes in its official policy and doctrine.

China's entry into the United Nations in the 1970s seemed to provide the first visible indication of an impending shift in its official line and vision. This, of course, had its impact on the academic scene as well. China today has over 40 well-known universities with departments for international relations. Though, for a long time, the Chinese experts did not consider the research and teaching in these departments very satisfactory. One fundamental problem often cited was a lack of coordination amongst the different departments with most of them continuing to seek to achieve overlapping objectives and often falling short on relevant infrastructure and expertise in the area of their primary interest.

Research in international relations theory is expected to focus on three things: (a) discover the rules, (b) to explain the phenomena to create explanation for international relations, and (c) to predict according to the rules discovered and explanation created.⁹ With this shift in foreign policy vision from the early 1980s as also China's large size and its growing international profile, most IR experts were beginning to underline the need to focus on the larger picture of the country's national priorities urging its universities and policy research institutions to reorient their research towards areas that were specific to their locale and region as part of the larger national effort.¹⁰ For example, Xinjiang University in China's western regions could look at Central Asia while the Yunnan University in China's south could look at the South Asian region while some institutions like the National Defence University or Academy of Military Sciences would still keep a generic focus on strategic issues. This was to show its results. For instance, beginning from 1997, Yunnan University was to gradually become the leading force behind sustaining a four nation forum for sub-regional cooperation amongst Bangladesh, China, India and Myanmar.

At the same time, however, central institutions like the China Academy of Social Sciences and other Beijing-based institutions were to sustain focus on generic issues, thus indicating the evolution of China's changing perceptions about the larger picture. This, however, also remains true for the rest of the world, especially the developed world. From that perspective, China's academics share several other traits with that of the developing world. Chinese IR experts also share several limitations common to experts around the world. For instance, none of the IR theorists were able to predict the collapse of the former Soviet Union. This showed that despite their rapid and intense evolution during the post-War period, these IR experts have had their limitations. Not only did these theories fail to predict the nature and timings of the end of the Cold War but they were also unable to understand the nature of the post-Cold War world order that has apparently taken a sharp turn away from what had followed World War II. For example, all the IR theories during the Cold War had been exclusively focussed on elements of hard power—military and only marginally the economic component—and did not pay much attention to soft-power elements like ideas and institutions.¹¹

Indeed, it is also extremely difficult to simplify things as different parts of the international system continue to experience different levels in the evolution of international system and it is their respective experience that very often colours the visions of their respective experts. The same also remains true of multilateralism debates among Chinese IR experts. As a result, whether China's foreign direct investment-driven-rapid-development today seeks to cater to its socialist proletariat or the foreign capitalist remains an inconclusive debate. This becomes far more complicated given their current regional and ideological limitation and biases. Besides, given the fluidity of international system, the variables have been changing too rapidly for the IR theories to grasp and incorporate these

into their understanding of global affairs. However, this has also resulted in increasing the interface of Chinese scholars with the outside world and this makes these scholars far more amenable to accept newer paradigms of international relations. Constructivism, for example, has far more influence in explaining China's multilateralism. It clearly caters to the Chinese tendency to pursue something new, to challenge the tradition, and to reform incumbent international system which apparently favours neo-realism of the United States.¹² The United States, on the other hand, perhaps has a greater comfort level with the realism and neo-realism schools of thought in IR theoretical research and in preserving the status quo. But the trends in the academic thinking in the US have influenced China's theory and practice in international relations.

THE NEW THEORETICAL FRAMEWORK

In an interesting contrast, in building its new theoretical framework for multilateralism, China seems to be increasingly following the beaten path of Western powers. While the West, it seems, is beginning to de-emphasize the nation-state sovereignty and United Europe has been virtually touted as the best possible example of the new trend, rising power and trendsetters like China continue to increasingly emphasize on the nation-state framework as was evolved by these European states as early as in 1648 at Westphalia. As a result, China's emphasis on 'territorial-sovereignty' and 'sovereign-independence' continues to define its national character and policy approach to multilateralism. This is despite the fact that it was founded on the promise of providing a revolutionary alternative to nation-building to be guided by ideologies of Marxism—premiered, not on national struggle but on class struggle which was viewed not in a national but global framework. This had once defined the core of Mao's New China which seems to have since evolved an altogether new contour and character.

This new context seems to contribute a great deal in defining China's new theoretical framework on multilateralism. To many, this appears to signal that China has shed its vision of being a revolutionary power and adopted a new avatar of being a status quo power; virtually aping the United States. This has been partly caused by China's rapid evolution in recent decades, which has witnessed ground realities that have compelled evolution in its political system to keep pace with the transformation in other sectors of its societal existence. There can be several prominent examples on how, over the centuries, the nature of nation-state has been evolved; sometimes beyond recognition. This general principle is clearly reflected in China's new theoretical framework on multilateralism.

The ever increasing pace of globalization has since been unfolding several newer contours, compelling China to accommodate these changes into its theoretical premises of class struggle. As globalization evolves and expands its influence, a whole set of new global perspectives seem to unfold continuously. This

was something that had not been contemplated by orthodox Marxism. Today the US proletariat, instead of becoming anti-US capital, finds fault with China's cheap labour costs and finds a common cause with US capital, which projects itself as a victim of China's dumping and undervaluation. This is beginning to unfold the new reality of 'distinctions between different proletariat' or intra-proletariat contradictions which have since resulted in China evolving a new understanding of international system and its theories on interdependence which does not believe in irreconcilable differences of Comrade Lenin.

Non-state actors—terrorists, multinational firms and especially NGOs—have since come to represent a new force facilitating and enforcing multilateralism. In fact, they are emerging as the new critical political force in their own right seeking their own place and influence in the international system. Many believe that the era of inter-state violence is soon going to be over as these non-state actors will become the greatest menace forcing states to come together. These non-state forces are beginning to show their influence in the decision-making of nation-states and their influence is perhaps far more in the developed world. In China as well, these non-state forces are beginning to be visible. To some extent, China has also been working to adopt these new trends. The way Beijing had highlighted the international links of China's SARS epidemic of 2003—which resulted in China obtaining \$38 million in foreign aid to deal with this essentially domestic epidemic—was one clear reflection of this emerging new vision of China with its decreasing sanctimonious self image.

More recently, non-traditional threats to nation-state system (ruling regime in case of China) has itself come to be perhaps one most visible threat to the authority and legitimacy of nation-state. This seems to challenge the nation-state's primacy in the international system that has been the basis of international relations since the Treaty of Westphalia in 1648 and even before. China is becoming far too constrained and dependent on such new forces and factors than it ever had been even at the height of the US policy of containment. This seemed to confound even their earlier experiments like those with their Comintern-type multilateralism for the contours of new multilateral are determined by national interests and not by ideologies and belief systems. So far, China seems to be trying hard to strike a balance between these two forces.

The progress made by science and the consequent proliferation of new technologies have also created new variables in the international system that fail to fit into the conventional wisdom of international relations' theories. Most of the conventional wisdom has been based on the primacy and supremacy of nation-state in the international system and this has been the hallmark of international relations over several centuries. Here, the technology-driven information revolution has extended as well as shrunk the conventional sense of both space and time and this shift of focus from territorial space—which has been the cause of most inter-state conflicts—to cyber space is bound to transform the conventional thinking and

reality of the international system. China's new foreign policy also seems to gradually grapple with these new forces and factors.

But for many Chinese experts the reverse also remains equally true. They believe that conventional wisdom of the state being the most fundamental unit of international system continues to be at the rock-bottom of international relations. Especially, in the wake of the 9/11 experience, these scholars in China are debating the thesis on whether the world has finally entered into a new phase of neo-medievalism.¹³ Realist understanding of the international system seem to have been re-enforced both by these terrorist attacks as also by the global (read US) response to these new threats. This return of focus to the physical security and military means of national power and use of violence in terms of inter-state equations have indeed revived realist perspectives of international relations though there had been brief periods of debates about the alternative approaches and peace dividends following the collapse of the former Soviet Union. But in some ways, this has also generated serious thinking in China's academic and policy circles to evolve a more thorough basis for its multilateralism though some of these issues have been debated in the West at least since the early 1980s.¹⁴

CHINA'S POLICY FORMULATIONS ON MULTILATERALISM

To begin with, unlike most other countries, China's policy formulations and even, to some extent its academic debates have often been a reflection of as also strongly guided by theories and thoughts propounded by its great leaders. While most times the visions of these leaders have been the guiding light for China's policy formulation, sometimes these have also been circumscribed by these leaders' more immediate political compulsions. But more often these have been a response to China's internal and external conditions. For instance, all three of China's paramount leaders—Mao, Deng, Jiang—have propounded their own theoretical understanding and explanations about China and its location and role in the international system, thereby also alluding to their understanding of the nature of international system.

It is in this evolutionary nature of China's theoretical interpretations of their worldview that its academics have found opportunities to not only elaborate but also suggest how to cope and accommodate changes. Consequently, this has provided China with far more flexible and evolving policy formulations both in its internal sphere as well as in its interface with the international system. Even China's fundamental ideology of socialism has witnessed transformations and displayed extreme flexibility to accommodate new challenges. This has facilitated changes in its specifics like foreign policy or policy on multilateralism. These changes have been symbolized by the expression 'Chinese characteristics' which has been a suffix for most policy formulations of Beijing.

In terms of providing theoretical understanding to multilateralism in the international system, the Chinese formulations have since moved from treating international politics as a zero-sum game in class-struggle terms to talking about peaceful 'co-existence' (*gong cun*) and these theoretical formulations have since moved to 'winning-together' (*gong ying*).¹⁵ This shows how, pragmatism in supporting the status quo has since completely transformed China's original ethos and virtually replaced its old idealism about creating a world revolution without facing any internal contradictions. But many in the country still believe that this accommodation of Western discourse and leadership may be only a tactical compromise while China's strategic goals remain the same of promoting revolutionary socialism. It is in this context that Deng Xiaoping's pragmatism has become the guiding principle of China's induction of multilateralism as an instrument of its foreign policy operations.

But, in operative terms, China's current phase of multilateralism can be traced not earlier than to mid-1990s. Before that China was not really interested in issue-based and national interest-guided multilateralism. In the past, China had either been a subject of containment and boycott by multilateral institutions or had suffered from its own regional divisions especially in the case of Macao, Hong Kong as also much of its western provinces of Xinjinag and Tibet. It was only in the wake of new regionalism and globalization that China finally became more comfortable with multilateral forums from where this was to become its 'strategic choice' making it synonymous to its foreign policy vision.¹⁶

Operative Policy Still Selective

In actual operations, China's theoretical formulations have found their own new challenges which have further re-defined its multilateralism. While at global forums like the United Nations or the World Trade Organization, China has been pursuing the principles of democracy and equality amongst nations, it has used this principle primarily to ensure restraint on the behaviour of the United States which is seen to increasingly negate international norms and institutions. But at the regional level China's multilateralism seems to become less consistent with these values and vision and has become more region specific as also guided by its interests and leverages and by the changing ground situations.

Multilateralism, for example, remains effective as well as original in Shanghai Cooperation Organization (SCO). This is one organization that was evolved by China—along with Russia and three Central Asian republics of Kazakhstan, Tajikistan, Turkmenistan—and has shown impressive results in resolving border disputes and inter-state equations in this region. China has always projected it as an 'alternate paradigm' of achieving security and peace and this has evolved mutual confidence to such an extent that SCO now debates evolving common forces and joint strategies for exploitation of resources and so on. This has since

been possible also as the new Russian Federation had been busy evolving its new profile and equations giving China the leeway to lead. The SCO has since been joined by Uzbekistan as its sixth member and is likely to expand further.

China's equations with the ASEAN represent another success story of its multilateralism. This is partly because ASEAN itself has been the guiding light for promoting multilateralism in this region. The best part is that China's transformation towards multilateralism since the last decade or more has facilitated China-ASEAN ties thereby eroding their confrontations though some of the irritants like claims on South China Sea remain critical in defining their relations. Unlike China's engagement in SCO, China's multilateralism with ASEAN remains restricted to promoting confidence-building measures and a common security agenda. This has also been guided more by China's desire to limit the US influence on ASEAN and to ensure that the US does not dictate decisions in this region. Therefore, China has often been urging autonomy of ASEAN from that perspective. However, it still remains largely a talking shop and China has been reluctant to take any hard decisions. In the end, this has since transformed China-ASEAN ties which remains a positive outcome.

In comparison, China's multilateralism remains almost non-existent in its ties with either West Asia—where it has stayed at a safe distance knowing fully well the US interest and influence in that region—or South Asia where for a long time Pakistan had been its main partner and their aim was to keep India tied down to South Asian politics. Though, China's policy towards India has since moved from supporting insurgencies to evolving state-to-state ties and evolving a series of confidence-building measures, China's interest in South Asia's multilateral forum like SAARC remains minimal and sporadic. China, however, continues to put a premium on bilateral relations with both West Asian and South Asian countries.

But China's leading the six nation talks on North Korea has lately been seen as a shot in the arm for China's fourth generation leaders' vision of multilateralism. Amongst others, this is seen as a US endorsement of China's commitment and competence in leading the multilateral discussions on the nuclear proliferation crisis. Beginning from November 2002, these talks have been repeatedly hosted by Beijing. Even when this recent period has witnessed North Korea becoming more difficult to deal with and bolder (even reticent) about its nuclear capabilities, this period has witnessed US not yet backtracking from its expressed faith in Beijing continuing to lead these negotiations. Following the terrorist attacks of 11 September, the US is also willing to cooperate with China's multilateralism. But the expanding US military presence in China's periphery during this period has also made China circumspect about how far it should proceed in accommodating the US and this has since seen new emphasis in multilateral forums like the strategic triangle of Russia-China-India and Beijing becoming far more active in coordinating their joint responses at the United Nations and on other issues—all being aimed at putting a restraint on the US.¹⁷

CHINA'S 'ALTERNATIVE PARADIGM' THESIS

At the most fundamental level, beginning from the early 1980s, China has gradually retreated from its old habit of confronting the West. Taking a cue from Khrushchev's 'peaceful coexistence' but more particularly from Gorbachev's perestroika and 'new thinking', Beijing had gradually come to accept supremacy of the United States in the international system. China today seem to have little discomfort in accepting the US power, and in many ways China is now trying to compete with it by using the same instruments and institutions. But, at the same time, China has also been working gradually to undermine the institutions and norms that make US the sole surviving superpower of the 21st century.

China continues to strive in order to ensure that it is able to contribute to the popular desire to put restraints on the manner in which the United States has come to use its power. And, China's expressed intent of providing the world with alternative paradigms for building security and peace seem at least partly driven by this deep-felt need to undermine the US supremacy. For this purpose, China has been trying to dig at the very premises that make United States such a powerful country. For example, it has sought to gradually and imperceptibly challenge the very understanding and relevance of power-politics of military alliances and sought to replace this zero-sum game of inter-state relations with new alternative paradigms based on mutual accommodation and benefit.

In this, China's approach of multilateralism has since come to be recognized as its primary instrument of re-organizing international relations for the coming times. It is this interpretation of China's multilateralism that seems to make it quite a revolutionary proposition as the status quo seems to be one of US unilateralism. External realities of the collapse of the former Soviet Union, Russia's close relations with China, Russia's sporadic enthusiasm to build bridges with Asian neighbours and the process of unification of European states all seem to have also facilitated China's drive towards multilateralism. In fact, the whole new trend of regionalism in international relations also seems to provide favourable groundings for the rise of multilateralism as an effective instrument of foreign policy and several new players seem to be finding their echo in China's alternative paradigm of multilateralism. This obtains China some confidence to be able to pursue its quest for multilateralism with minimum compromises as also to use it effectively in ensuring its place in international decision-making.

CONCLUSION

To conclude, therefore, China seems to have had its own share of challenges and opportunities as also its own set of limitations and leverages in dealing with forces guiding its course amongst a whole range of possible alternatives for making its

policies. It is in this context that China has gradually moved from the ideology of Marxism to the ideology of pragmatism thus making multilateralism the core of its foreign policy since the reign of Deng Xiaoping.

In operative terms, of course, beginning from China's entry into the United Nations, a new era of China's participation in multilateral forums had begun though this was to remain subdued for a long time. It was only later, from the mid-1990s, in the face of US unilateralism, that this was to take shape of China's quest for multilateralism as a means for achieving its foreign policy objectives. To quote a Chinese scholar:

China believes in a set of principles in international affairs, while consideration of its national interests causes Beijing to make a pragmatic compromise from time to time. Beijing has long been accustomed to dealing with others in bilateral settings while the post-Cold War era is witnessing a rise of multilateralism in international politics, which is bringing more and more pressure on China's traditional diplomacy.¹⁸

Lately, Russia has been particularly active in promoting multilateralism in order to revive its earlier stature. And, in all its such efforts, China remains its major partner in pushing for strategic partnerships and multilateralism. Towards the end of 2004, President Putin had made several important visits to some of the emerging major power like Brazil, India and China professing Russia's belief in evolving multilateralism as instrument of achieving peace and order. Amongst several such initiatives, President Putin's joint statement with Indian Prime Minister had included a whole paragraph on the subject of evolving a strategic triangle amongst Russia–China–India which clearly indicates to this strengthening trends for multilateralism. To quote from that India–Russia joint statement:

The sides note with satisfaction that the trilateral meetings at the foreign ministers level of India, China and Russia have been taking place regularly. These meetings have been useful in promoting an understanding and exploring areas of possible cooperation at a trilateral level and at an international level. The trilateral meetings have also reflected a strong concern against terrorism anywhere and in any form. The sides express their conviction in favour of progressive increase in the trilateral cooperation, which could also result in social and economic development amongst the three countries.¹⁹

To sum up, therefore, it is not just the US which has over time begun to endorse certain strands of China's multilateralism, other powers like Russia and India (also European states) have also come to accept its credentials on multilateralism. Meanwhile, following the return of Hong Kong and Macao, China has also consolidated its internal regional provinces and it feels far more secure in dealing with its immediate neighbours as also with other major players in the international system. All this clearly augurs well for the future of China's continued quest for evolving multilateralism as the key principle and instrument in its foreign policy.

However, how much of this will be a Chinese contribution or how much of it will be like aping the West will remain open to questions and interpretations for a long time.

NOTES

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2. Hongying Wang, 'Multilateralism in Chinese Foreign Policy: The Limits of Socialization', *Asian Survey*, Vol. 4, no. 3 (May–June 2000), p. 481. Most proponents say that China has been far more forthcoming in its multilateralism when it comes to regional and economic forums than to several security forums that continue to be cautious and sceptical.
3. Robert Keohane, 'Multilateralism: An Agenda for Research', *International Journal*, Vol. 45, no. 4 (Autumn 1990), p. 731; Robert Keohane, *International Institutions and State Power: Essays in International Relations*, Boulder, Colorado: Westview Press, 1989; John Gerard Ruggie, 'Multilateralism: The Anatomy of an Institution', in Ruggie (ed.), *Multilateralism Matters: The Theory and Praxis of an Institutional Form* (New York: Columbia University Press, 1993), pp. 6–11.
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5. Zhang Baijia, 'Gaibian Ziji: Yingxinag Shijie' (Changing Thyself, Influencing Thy World), *Zhongguo Shehui Kexue* (Chinese Social Sciences), No. 1 (2002), pp. 4–12.
6. Wang Yizhou, 'Introduction', in his (ed.) *Mo he zhong de Jian gou: Zhong guo yu Guoji Zu zhi Guanxi de Duo shi jiao Tou shi* (Construction in Contraction: A Multiple-Insight into Relationship between China and Key International Organizations), Beijing: Zhongguo Fazhan Chubanshe, 2003), p. 23.
7. For the evolutionary history of China's international relations theory and practice, see Wang Jisi, 'International Relations Theory and the Study of Chinese Foreign Policy: A Chinese Perspective', in Thomas Robinson and David Shambaugh (eds), *Chinese Foreign Policy: Theory and Practice*, Oxford: Oxford University Press, 1994, p. 493; also see Samuel Kim, *China, the United Nations, and World Order* (Princeton, NJ: Princeton University Press, 1979).
8. Martha Finnemore, *National Interest and International Society* (Ithaca, NY: Cornell University Press, 1996), p. 2. This explains how this 'socializing' aims to make target state 'embedded in dense networks of transnational and international social relations that shape their perceptions of the world and their role in the world.'
9. Yan Xue-tong, 'Guoji Guanxi Lilun yu da duo guanxi yanjiu' ('International Relations Theory and Study of Big Power Relations'), *Shijie Jinji yu Zhengzhi* (*World Economics and International Politics*), No. 5, May 2003, p. 36.
10. Zi Zhong yun, 'Guoji Guanxi Li lun yu Zhongguo: bijiao yu jiejian', Yantao hui fayan xuan deng (xia), ('International Relations Theory and China: Comparison and derivations', Conference Selection of Speeches [Part II]), *Shijie Jinji yu Zhengzhi* (*World Economics and International Politics*), No. 5 (May 2003), p. 34.

11. Ibid., p. 35.
12. Yan Xue-tong, op. cit., p. 36.
13. Chen Yugang, 'Huidao weilai: 9/11 hou de guoji zhixu yu xin zhongshi ji zhuyi' (Back to the Future?: The International Order after 9/11 and the Neomedievalism), *Shijie Jingji yu Zhengzhi* (*World Economics and International Politics*), No. 6, June 2003, pp. 33–37; also see Ni Shixiong et al., *Dangdai xifang guoji guanxi lilun* (*Current International Relations Theories of the West*), Shanghai: Fudan Dexue Chuban She, 2001, p. 419.
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Madhavi Bhasin

The post cold war global scenario has created a conducive atmosphere for a stronger India–EU partnership. We do not have any fundamental political disagreements, which could impede the dynamic growth of our economic cooperation. On the other hand, there is much that unites us, and provides a firm basis to construct a strong edifice of a long term, mutual reinforcing economic relationship.¹

From being the Third World's Trojan Horse into the Community² to emerging as a 'key partner'³ in the present century, India's relations with the European Union (EU) has undergone a qualitative transformation. Since the European Union has emerged as a powerful economic and political force in today's world,⁴ relations with the EU as a group and with individual countries of the European Community (EC) occupy a significant place in India's foreign policy. The traditional partnership between India and EU assumed greater vitality and substance after the thaw in the Cold War. With the fall of the Iron Curtain and the emerging solidarity within the EU after a prolonged phase of internal adjustment, the European countries have become more favourably inclined towards building extra-continental relations. At the same time, the Indian foreign policy was preparing to adapt to the new international environment where it had lost a favourable ally—the USSR—where global trends were moving towards multipolarity and open regionalism, where security threats were more inclusive and emanating from non-state actors. One of the vital features of the Indian foreign policy in the post-Cold War era has been the greater emphasis on multilateral networking. India has been enthusiastic in seeking entry into groupings like the Association of South East Asian Nations (ASEAN), the Gulf Cooperation Council (GCC) and Asia-Europe Meeting (ASEM); strengthening links with EU, Mercosur, Organization of African Union (OAU) and rejuvenating the Non-Aligned Movement (NAM), South Asian Association for Regional Cooperation (SAARC) and the Indian Ocean Rim

Association. The convergence of these orientations in India and the EU has set the stage for a durable and dynamic partnership between the two.

The present study attempts to analyze the India–EU relations in the post-Cold War context and seeks to examine its influence on the current dynamics of international politics. The objective of the study is to understand the manner in which India's partnership with EU would respond to global concerns of economic growth, political stability, military security and social cohesion. How far can the India–EU relations affect the power equations of international politics? Is there a possibility for graduating the partnership to a higher and more significant level? The current trends in India–EU partnership are analysed to evaluate its catalytic potential in determining the future orientation of international politics.

The first section provides a brief historical context of the India–EU relations since the inauguration of formal diplomatic links in 1963. The following four sections analyze the economic, political, strategic and socio-cultural dimensions of the India–EU relations with specific reference to current global trends. The final section evaluates the potential, actual and realized, of the emerging India–EU relations and its ramifications on the global scene.

THE HISTORICAL CONTEXT

The relations between India and the member states of the European Union have a long history. India–EU relations began to assume shape in 1963; India was amongst the first developing countries to establish diplomatic relations with the European Economic Community (EEC). Institutional links between India and the EU⁵ evolved through three broad phases each covering about a decade. In the first phase from 1962 to the early 1970s, India's relation with the EC was strongly influenced by the possibilities of UK joining the EC. Consequently the relation remained fairly low key during this period. The second period between the early 1970s to early 1980s saw the establishment of a network of institutional links providing the framework for a regularly functioning dialogue and the start of a modest aid programme. The third phase from the early 1980s onwards has seen a gradual intensification of dialogue and an expansion of institutional links as well as increases in the aid programme.⁶

In 1965, the European Parliament unanimously voted for the opening of bilateral negotiations and ensuring an extension of trade relations between the countries of the Community and India. Subsequently, the Commercial Cooperation Agreement (CCA) was signed in 1973 and the joint commission held its first session the following year. The CCA was concluded in response to the loss of Commonwealth preferences, under which Indian exports enjoyed preferential access to the UK market. The CCA was the first of a whole generation of agreements and was an advance on, and different from, classical trade agreements. The two

principal objectives enshrined in it were, 'the development and diversification of the Community's imports from India and India's imports from the Community'.⁷ Christopher Soames, the then EC Commissioner for external relations remarked that, 'the CCA provides the juridical basis for two demographic configuration in Asia and Europe to make a contribution to a new phase of international economic cooperation commensurate with their human, intellectual and material resources'.⁸ In June 1981, the existing trade provisions and economic cooperation were extended with the signing of the Commercial and Economic Cooperation Agreement (CECA).

Over the years, India and the EU have developed a close relationship that covers key areas such as political ties, trade and investment, economic and development cooperation as well as cultural exchanges. A strong impetus came from the Cooperation Agreement on Partnership and Development, which was signed between the EU and India in December 1993 and came into force in August 1994. The 1994 cooperation agreement provided for an EC–India joint commission as the central guardian mechanism to oversee and inspire the entire range of cooperation activities between India and the EC. Three separate sub-commissions, on trade; economic cooperation; development cooperation, covered a detailed agenda and was expected to report directly to the joint commission. In July 1996, the European Commission presented a communication, 'EU-India Enhanced Partnership' which suggested a number of steps to reinforce this relationship. The council as well as the European Parliament subsequently endorsed the recommendations of the Commission and stressed the importance of developing relations between the European Union and India efficiently, through regular ministerial meetings, systematic exchange of information, and by using the instruments provided for in the framework agreement.

INDIA–EU SUMMITS

A quantum leap occurred in the India–EU relations in June 2000 in Lisbon with the first-ever India–EU summit. On this historic occasion, both sides expressed their resolve to build in the 21st century a new strategic partnership founded on shared values and aspirations, characterized by enhanced and multi-faceted cooperation. During the summit both sides decided to work more closely to promote peace, stability and security in their respective regions and beyond through bilateral dialogue and confidence-building measures among the countries concerned. A decision was also taken to hold regular summit meetings in future.⁹

In an attempt to broaden institutional contacts the second summit in 2001 favoured regular interaction between the Indian Parliament and the European Parliament in promoting bilateral relations. According to the assessments made at the summit, the first round of 'India–EU Joint Initiative for Enhancing Trade and

Investment' contributed immensely in the sectors of food processing, engineering, information technology and telecommunications. During the summit both sides resolved to strengthen their bilateral economic cooperation with the aim to enhance trade and investment flows between India and the EU. Experts on trade defence were to meet for the first time to discuss economic issues critical for both sides. A decision was taken to expand cooperation in new areas through an agreement on cooperation in science and technology, India–EU joint vision statement on ICT, exploratory talks on the feasibility of having an agreement on maritime transport and creation of an 'EU–India' Cultural Forum in 2002.

A decision was taken at the third summit to implement through an action plan the joint recommendations made in the first round of the 'EU–India Joint Initiative for Enhancing Trade and Investment'. Both sides decided to intensify cooperation to promote the reconstruction of Afghanistan. Emphasis was laid on building the EC–India trade and investment development programme and taking steps for the speedy implementation of the 'EC–India Partnership for Progress'.

The fourth summit in 2003 commended the successful conclusion of an Indo–EU Customs Cooperation Agreement, India's imminent participation in the development phase of the Galileo Project and the launching of negotiations for an Indo–EU Maritime Agreement. A decision was taken for an early launch of the EU scholarship programme for the masters and doctoral level and a Euro 10 million disaster preparedness programme.

The fifth summit in November 2004 officially endorsed the launching of an EU–India strategic partnership and decided to prepare an action plan for its implementation as well as a new joint EU–India political declaration, to be presented at the sixth summit in Delhi in 2005. This was a qualitative transformation in the way India and the EU would engage as equal partners and work together in partnership with the world at large. According to British Prime Minister Tony Blair, the India–EU strategic partnership sets relations between the two at 'a new, higher and more intensive level'.¹⁰ The first-ever EU–India cultural declaration was also adopted, a proof that the relationship extended well beyond politics and trade and paved the way for deepened interaction in this area.

In addition, the fifth summit produced the following 'deliverables':

- creation of an India–EU energy panel;
- launch of an EU–India environment conference;
- €33 million Erasmus Mundus Window for some 1,000 Indian students to receive a scholarship for post-graduate studies in Europe;
- joint workshops in automotive engineering, genomics and life sciences and nanotechnology;
- cooperation between the European Space Agency (ESA) and the Indian Space Research Organization (ISRO) in developing the country's un-manned lunar exploratory mission, Chandrayaan-1;¹¹

Table 10.1 India–EU Strategic Partnership: Joint Action Plan, 2004

Strengthening dialogue and consultation mechanisms.	Maintain dialogue at summit and ministerial level; exchange views on regional issues and the international situation at the official and ministerial level; review at the senior officials meeting and EU–India joint commission the effective implementation of decisions taken at the political level.
Political dialogue and cooperation.	Dialogue on regional cooperation in EU and SAARC; democracy and human rights; effective multilateralism; peace keeping, peace building and post-conflict assistance; disarmament and non-proliferation of WMD and security dialogue; fight against terrorism and organized crime.
Bringing together people and cultures.	Migration and consular issues; parliamentary exchanges; education and academic exchanges; civil society exchanges, cultural cooperation; increasing mutual visibility.
Economic policy dialogue and cooperation.	Industrial policy; science and technology; finance and monetary affairs; environment; clean development and climate change; energy; information and communications technology; transport; space technology; pharmaceuticals and biotechnology; agriculture; customs; environment and social policy; business cooperation and development cooperation.
Developing trade and investment.	Agreed to establish a high level trade group; strengthening dialogue on Doha Development Agenda negotiations; promoting public–private partnership; establish appropriate dialogue to discuss intellectual property rights and related issues; working group on technical barriers to trade/sanitary and phytosanitary issues; exchange of information on regulatory policy and public procurement policy.

Source: <http://www.number-10.gov.uk/output/Page8144.asp>

At the sixth summit, both sides committed themselves to strengthened dialogue and engagement as strategic partners. In acknowledgement of the strategic partnership and shared responsibility to contribute to international peace, security and prosperity, India and EU adopted a comprehensive and forward looking action plan.¹²

The seventh summit in 2006 presented India and EU with another historic opportunity. In pursuance of their common fight against terrorism, India and EU during the summit proceedings welcomed the adoption of the first UN Counter-Terrorism Strategy by the General Assembly. Energy emerged as an important area of on-going and future policy dialogue and practical cooperation between the EU

and India. Review at the summit level reflected the significant progress being made within the framework of the EU–India energy panel and its working groups. Both sides agreed that the first EU–India energy business conference was an important step in bringing together various stakeholders in the process. They also expressed satisfaction over the establishment of a fourth new working group on petroleum and natural gas. Within the broad context of the EU–India economic cooperation, the leaders supported the establishment of a regular macro-economic dialogue, which would allow both parties to discuss economic developments and policy challenges in their respective economies as well as developments in the world economy at large.¹³

POLITICAL DIALOGUE

India–EU political partnership is consolidated by their common commitment to the values of democracy, the respect of human rights and fundamental freedoms, shared endeavour to promote peace, stability and security and the collective encouragement of socioeconomic development and prosperity in their respective regions and beyond. The deepening of the political partnership is embedded in a strong institutional architecture which consists of annual summit-level meetings; annual ‘troika’ ministerial meetings; interactions between senior officials and experts on specific issues—twice yearly meetings of COTER Troika, a political working group on anti-terrorism, consular affairs working group; regular exchanges between parliamentarians and biannual meetings of the India–EU Round Table.

The political relations between the two sides received a major boost with the initiation of summit-level meetings in 2000. Peter Ludlow, the director of The Centre for European Policy Studies (CEPS), emphasized the need for India and EC to build a political understanding on global issues like poverty, environment, narco-terrorism which would provide a context for cooperation.¹⁴ The current EC–India cooperation agreement provides for a political dialogue and commits both sides to defending democracy, human rights, peace and a stable, just international order in line with the UN Charter.

Based on their common shared values, both sides recognize the need to build a coalition of interests in order to meet the challenges of the 21st century. They view each other as important partners in shaping the emerging multi-polar world. It is in this context that efforts are made to enhance political dialogue, to promote mutual understanding and to improve coordination on political and economic issues of bilateral, regional and multilateral dimensions. Both sides seek to pursue regular contacts, within the framework of the political dialogue and to address security issues of common concern.¹⁵ In order to broaden institutional contacts, the Indian Parliament and the European Parliament are encouraged to cooperate in promoting bilateral relations.

ECONOMIC INTERACTION

Trade and investment remains a cornerstone of the India–EU relationship. The European Union is convinced that the process of economic reform and liberalization in India and the gradual integration and enlargement of the EU provide an excellent opportunity to launch a new phase of a constructive and mutually beneficial partnership. In the 1990s, attempts were made to have an upgraded economic relationship. The European Union has emerged as India's first partner in terms of trade and actual investment inflows and is in the front rank of its partners in the fields of development cooperation. The total FDI inflow from the EU into India is about \$8 billion. India is the second most important Asian investor in Europe. These facts clearly highlight that both sides enjoy a mature relationship.¹⁶

A new India–EC agreement was signed in December 1991. Its main objective was to 'enhance and develop the existing cooperation programme, through dialogue and partnership, in order to achieve a closer and upgraded relationship'. The new agreement differs from the 1981 agreement in several ways. It puts much greater emphasis on the private sector, recognizes India's continuing need for development aid¹⁷ and expresses support for infrastructure development in India including telecommunications, energy, transport, roads, airports and ports. The EU has pledged to extend its cooperation to enable India to unlock the full potential of its economy, induce better returns on its vast economic assets through regulatory reform, privatization and fiscal reform.¹⁸

Both sides share the commitment towards an open, equitable and non-discriminatory rule-based multilateral trading system and sought to work on ways and means to strengthen India–EU traditional cooperation within the WTO.¹⁹ In 2003, an Indo–EU Customs Cooperation Agreement was signed. The India–EU summit the same year announced the launch of a Euro 14 million 'Trade and Investment Development Programme' (TIDP) to enhance bilateral trade and investment.²⁰ TIDP aimed to enhance mutual business by addressing day-to-day problems concerning sanitary and phyto-sanitary standards, intellectual property rights, investment facilities and customs procedures encountered by traders from both sides. A large majority of EU investors in India consider their experience to be a success, whatever the undeniable difficulties. India is a key location.²¹

The sixth India–EU summit in 2005 decided to create a high level trade group to report to the next summit in 2006, including the possible launch of negotiations on a broad-based trade and investment agreement.²² India and the European Union were expected to begin negotiations in December 2006 for an ambitious and comprehensive bilateral trade and investment agreement though the gestation period for the pact may be approximately two years. Moreover, the EC is currently drafting a country strategy paper 2007–2013 for India, which outlines priorities and provides the financial framework for funding cooperation activities in India. In this context an action plan support facility is being established to kick-

start activities in selected areas of priority. Modalities are being worked out to launch a macroeconomic dialogue between India and EC.²³

Strategic Partnership

The bilateral relations have further matured as India–EU strategic objectives have converged. An important element of its security strategy where EU has decided to put greater emphasis is efforts to work with partner countries around the globe. As things stand now, neither the Union nor any member state is alone capable of addressing the threats. Multilateral cooperation and bilateral partnerships with key actors are a priority and a necessity. The EU has recognized India, among others, as a major partner in this quest.²⁴ At the first summit in 2000, both sides agreed to address security issues of common concern within the framework of the political dialogue.

More than a year before the 9/11 attacks, when terrorism became a ‘global’ concern, India and the EU had condemned terrorism in all its forms at their first summit and had proposed a comprehensive convention on international terrorism. India and EU have laid down the basic principles and objectives of their joint campaign against terrorism in the Declaration on International Terrorism, 2001. Terrorism is recognized as a threat to peace and stability and a major challenge for open, democratic and multicultural societies. The fight against terrorism is not a crusade against any community or religion. India and the European Union supported the adoption on the basis of international law of decisive measures against all states, individuals, and entities, which render support, harbour, finance, instigate or train terrorists or promote terrorism. Denying any religious ethnic, ideological or any other justification of terrorism they pledged to fight against international terrorism, wherever it occurs and regardless of its motives. Both sides favour the strengthening of the international legal basis for effectively combating the global menace of terrorism.²⁵

The EU welcomes India’s current voluntary moratorium on nuclear explosive testing and its willingness to move towards a *de jure* formalization of this basic obligation of the CTBT. India is engaged in discussions on a range of issues including CTBT. India remains ready to bring these discussions to a successful conclusion based on the creation of a positive environment as it works towards building the widest possible consensus domestically. India and the EU reiterated their resolve to jointly work to prevent the proliferation of nuclear weapons and their means of delivery.²⁶ Emphasis was laid on promoting universality, full implementation and—where needed—the reinforcement of multilateral instruments relating to the nuclear issue to which India and EU member states are party, and start negotiations on Fissile Material Cut-off Treaty (FMCT), banning future production of fissile material for nuclear weapons or other nuclear explosive devices in early 2002 as well as to address the issue of ballistic missile proliferation.²⁷

Both sides welcomed the adoption of UN Security Council resolution 1373 on 28 September 2001 and called for its full implementation by all member states. Both sides favour the central role of the UN in a wide framework of international consultations to promote peace, stability and reconstruction in Afghanistan. A joint commitment was expressed for the people of Afghanistan and its long-term reconstruction needs after the return of peace. EU favoured the development of a bilateral dialogue between India and Pakistan which could lead to 'positive developments' on non-proliferation. The EU warmly welcomed Prime Minister Vajpayee's extending the hand of friendship to Pakistan in April 2003 and the following peace initiatives. According to India and the EU, the nuclear tests by the Democratic People's Republic of Korea jeopardized regional peace and stability and highlighted the importance of countering proliferation.

The EU and India launched a strategic partnership in autumn 2005 and agreed to a senior-level meeting for a security dialogue. The first meeting of EU–India senior officials security dialogue, held in New Delhi on 22 May 2006, saw a useful exchange of views on global and regional security issues, disarmament and non-proliferation. Contacts have been established between Indian officials and representatives of EU Secretary General Javier Solana for non-proliferation. The two sides are considering the possibilities of exchanging views on the respective export control systems.²⁸ India's defence cooperation links with the EU strengthened as France has of late emerged as India's major alternative supplier of defence equipment and hardware—Russia being the most important source in this field.

SOCIO-CULTURAL COLLABORATION

As the two largest democratic entities in the world, India and the EU share a common respect for ethnic, linguistic and religious diversity, a vibrant civil society and a commitment to sustainable development. These are common values that both sides seek to jointly promote in all parts of the world.²⁹ The India–EU Round Table of eminent non-official personalities and a network of EU and Indian think tanks has been initiated since January 2001. Several round tables covering diverse areas of mutual interest have been successfully held, promoting cooperation between political parties, trade unions, business associations, universities and civil society (including think tanks and NGOs); developing the India–EU Civil Society Internet Forum, enabling enhanced exchange of ideas between civil society actors; continuing to work for the integration of the round table into the institutional architecture of the India–EU relationship.³⁰ These are important steps for preparing the grounds for better people-to-people contact and understanding, which is an essential element of a dynamic and durable partnership.³¹

The aim of development cooperation is to intensify India–EU collaboration in key areas including elementary education, health services and environment. The EU has been closely associated with two important social projects—Sarva Siksha Abhiyan and the National Rural Health Mission of the Government of India. Educational cooperation is also increased through the facilitation of academic exchanges, such as Erasmus Mundus, and encouraging the development of EU studies in India and Indian studies in the EU.³² Cultural, academic and media exchanges are fostered under the EU–India Economic Cross-Cultural Programme.

Referring to the 2004 joint EU–India Declaration on Cultural Relations, India and the EU during the seventh summit in 2006 stressed the importance of cultural diversity and of the early ratification and implementation of the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, as well as the growing importance of dialogue among cultures and civilizations in the new millennium.³³ In the context of the opportunities and challenges flowing from the large-scale movement of people between India and the EU, dialogues on migration and consular issues are held by both sides.

SHARED PRINCIPLES WITH DISTINCT PERCEPTIONS

The EU and India have upgraded their relations in both quality and depth in the last few years. In a rapidly evolving international environment, India and the EU have to play intelligently on the basis of their many common interests. The emerging global concerns demand ambitious common responses in the framework of a multilateral system to which India and the EU are committed. The future depends on their capacity to work together with shared determination to deal with all the common challenges that they face.³⁴ In response to these exigencies, the Commission proposed in 2004 a strategic alliance to enhance relations with India and promote an effective multilateral approach.³⁵ Hence, the influence of global realities on India–EU bilateral relations are an important dimension of their emerging partnership.

The EU and India have developed institutional mechanisms to exchange ideas on regional issues. With India's support EU has been granted observer status in SAARC in August 2006. EU's experience in regional cooperation could prove beneficial to SAARC as the organization ushers in a new era of 'controlled open regionalism'. On the other hand, the ASEM enlargement in September 2006 opened doors for India's entry into the group. India's participation is expected to further increase the representativeness, dynamism and innovative character process, which is the main forum for dialogue and cooperation between Asia and Europe.³⁶

Terrorism, issues of comprehensive security, strains between unipolar and multi-polar trends, threat to multiculturalism given the emerging popularity of the

clash of civilizations doctrine are defining features of international relations in the present century. It has been asserted that India and the EU need to develop and strengthen a framework in which both would confront and eventually overcome these global challenges. It is important to assess the manner and degree to which India–EU multi-dimensional cooperation responds to these wider global developments.

The two sides recognize the fact that terrorism constitutes one of the most serious threats to international peace and security, and reaffirm their condemnation of all acts of terrorism in all its forms and manifestations as criminal and unjustifiable, irrespective of their motives. Logistical bases for Al Qaeda cells have been uncovered in the UK, Italy, Germany, Spain and Belgium. India has since long been the centre of terrorist activities. Whether it is the 7/7 attack in London or the 7/11 Mumbai blasts, India and the EU are victims of terrorism. As part of their joint efforts to fight terrorism, contact has been initiated between the Indian and EU counter terrorism coordinators, and efforts are being made to block access to terrorist financing and cooperate in the fight against money laundering. Political dialogue between India and the EU has been intensified in order to address the consequences of the terrorist attacks of 9/11. In 2005, India and EU decided to work towards blocking access to terrorist financing.

The two sides share a common belief in the fundamental importance of multilateralism and in the essential role of the United Nations for maintaining international peace and security, promoting the economic and social advancement of people and meeting global threats and challenges. The most visible specimen of India–EU collaboration in promoting UN reforms and greater multilateralism is the common bid by India and Germany for the UN Security Council permanent membership recently. India and the EU have sought to promote effective multilateralism and strengthen UN peace keeping and peace building through exchanging best practice and engaging in joint training.³⁷ Both sides sought to ensure that the fight against terrorism is conducted in accordance with the rule of law³⁸ thereby re-emphasizing the central role of the UN in the anti-terrorism campaign. While reviewing the developments in Iraq both sides stressed the importance of the central role to be played by the UN in restoring peace and normalcy and the reconstruction and rehabilitation of that country. The joint declaration emphasized the urgency of the adoption of a clearly laid-out political process within a realistic time-frame in order to allow the Iraqi people to determine their own political future and retain an effective control of their economic resources.

With the current global crisis over religious extremism and the alleged ‘clash of civilizations’, India and the EU stand out as success stories of synthetic cultural and social coexistence. India is a microcosm of the globe with a population that accounts for nearly one-sixth of the humanity and the second largest Muslim community in the world. India is an example of how various religions can flourish in a

plural, democratic and open society. The EU, with its expanding geographical boundaries and diversifying demography, is one of the most demographically diverse entities in the world and yet able to synthesize the diversity of its member states into a coherent whole. India and the EU can in communion popularize the doctrine of social and cultural coexistence. Realizing this fact India and the EU initiated a dialogue on pluralism and diversity with a view to sharing experiences and enhancing mutual knowledge of the cultural and linguistic diversity existing within them.³⁹

With the increasing democratization of foreign policy and constrained political will, Track Two is gaining greater prominence around the globe. From issues of conflict resolution to environmental projection; from the World Economic Forum to the World Social Forum, the civil society and NGOs are redefining agendas and implementing projects. The creation of the Round Table in 2000 by India and EU was recognition, at the highest political level, that civil society has an important contribution to make to the official decision-making process. The Round Table has direct access to India–EU summits, and its recommendations form non-binding inputs for decision-making by the Government of India and European institutions. The range of subjects discussed at the Round Table is vast and includes issues like contribution of the civil society in coping with globalization and sustainable development in a multi-polar world, cultural and religious pluralism in democratic societies, barriers to trade and investment flows between India and the EU, cooperation in training and education.

The EU is closely involved in various issues of India's regional security concerns. The alignment of India and EU policy objectives in South Asia has in many ways helped to dilute apprehensions about India's alleged hegemony in the region. India and the EU support the process of seeking a negotiated settlement acceptable to all sections of Sri Lankan society, consistent with democracy, pluralism and respect for individual rights, within the framework of a united Sri Lanka and called for an early resumption of negotiations.⁴⁰ EU is involved in the Sri Lankan crisis as a co-chair peace process and calls for a political solution within the framework of a united Sri Lanka. In December 2006, former French Minister Bernard Kouchner was nominated as the EU 'Eminent Person' on the International Independent Group of Eminent Persons (IIGEP) in Sri Lanka. The IIGEP is being established to observe the work of the national Commission of Inquiry into recent human rights violations. Though all members will act in their independent capacity, it is important to note that the group will be chaired by Justice Bhagwati from India.

The European Parliament has recently passed a resolution which states that in view of the parliamentary elections scheduled for late 2006–early 2007, systemic reforms in Bangladesh were necessary to re-establish the principles of good governance so that the election commission and the caretaker government could operate independently. Although it remains non-intrusive, India supports free and

fair elections in Bangladesh. In Nepal, both supported a settlement of the crisis, based on multiparty democracy and constitutional monarchy. From branding the LTTE as a 'terrorist' organization to banning the Lashkar-e-Toiba, the EU is extending the anti-terrorist campaign into South Asia. In the words of Mr Vincenzo Giummara, leader of the European parliamentary delegation to India, 'India is a factor for the stability and protection of democracies and human rights in the South Asian region'.⁴¹

India is yet to develop a coordinated approach with regard to EU's strategic regional objectives. Whether it is the case of peace-building in the Balkans or responding to the European neighbourhood policy, Indian response has been found to be lacking and incoherent. The evolution of the Barcelona process for engaging EU's Mediterranean partners and concerns over problems of Southern Caucasus barely managed to capture the attention of Indian foreign policy-makers.

It is important to realize that the India–EU strategic partnership is not bereft of obstacles. A strategic partnership depends on common values and interests and can withstand ups and downs in the relationship. It also implies coordination and a high-level of interaction before taking any major decision. The EU–India relationship has a long way to go before it can be termed strategic.⁴² The EU has not yet emerged as a single political union following a common foreign and security policy. For instance, deep divisions were evident within the EU on the issue of Iraq, with the UK and Spain backing the United States and France and Germany emerging as staunch critics of the US action in Iraq. With such divergences, India finds it difficult to evolve a common politico-strategic approach towards the EU as a bloc. Moreover, in several areas of mutual and global strategic concerns, the Indian foreign policy objectives contradict those of either the EU or some of its members. According to Prof. R.K. Jain of JNU, 'the post-modern EU is of marginal importance to us on security issues'.⁴³

The immediate response to India's nuclear tests in 1998 reflected the underlying schism in strategic concerns. According to the EU the tests posed a grave threat to international peace and security and were a serious setback to global efforts towards nuclear non-proliferation and disarmament. The EU appealed to India and Pakistan to refrain from any further nuclear tests, to sign and ratify the Comprehensive Test Ban Treaty as it stands and to accede to the Non-Proliferation Treaty.⁴⁴ Several EU countries like Germany continue to be critical of India's nuclear programme.

On the issue of non-proliferation there is a trend of convergence between the EU and the Indian approach but still there are some open questions. India is considered to have had a better record than Pakistan on horizontal non-proliferation and has acceded to other treaties on non-proliferation of chemical weapons and biological weapons. Unlike India, all the EU member states support the nuclear non-proliferation treaty and want stronger export controls on nuclear equipment and technology. While recognizing India's refusal to accede to the

non-proliferation treaty, the EU considers that ‘it is important that now India supports multilateral export control regimes and is ready to comply with the guidelines’.⁴⁵ During the first summit in 2000, both sides expressed their resolve to work together to prevent the proliferation of nuclear weapons and their means of delivery. The summit declaration also voiced an unequivocal commitment to the ultimate goal of a complete elimination of nuclear weapons under strict and effective international control. It is interesting to see how this resolve will translate on the ground in the face of Pakistan’s involvement in the proliferation network, Iran’s alleged nuclear programme and North Korea’s recent nuclear tests.

The vote on the resolution sponsored by EU-3 for a referral of the Iran nuclear programme to the United Nations Security Council in mid-September 2005 was an unexpected event of convergence in the EU–India strategic objectives. Though 12 countries, including China, Russia, Sri Lanka and Pakistan abstained from voting, India unexpectedly voted in favour of the EU resolution. Pakistan’s involvement in assisting the Iranian nuclear programme has been established beyond doubt and its covert as well as overt nuclearization has remained an issue of great concern for India. Going by the Iranian case and EU’s commitment on non-proliferation, democracy and human rights, India could expect support from the EU in putting pressure on Pakistan. The EU observation mission had reported serious misgivings about some aspects of the October 2002 general elections in Pakistan. But the emerging EU–Pakistan relations reflect how realpolitik can create a compromise in strategic partnerships. Despite noting Pakistan’s failure in the areas of non-proliferation, democracy and human rights the European Union has concluded a new ‘third generation’ Cooperation Agreement on Partnership and Development with Pakistan in 2003. The agreement would seem to serve the EU’s strategic interests in Pakistan, in trade terms, as an ally in its war against terrorism and for its regional role, including with Afghanistan and Kashmir. A clear justification of the EU action was reflected in the statement of the chair of the foreign affairs committee, Elmar Brok: ‘Pakistan’s support in fighting terrorism overrides the EU’s human rights concerns, serious though they may be.’⁴⁶

In December 2006, the UN Security Council voted unanimously to impose sanctions on Iran, targeting Tehran’s trade in sensitive nuclear materials and technology in order to stop enrichment work that could also be used in making bombs. India’s response to the resolution was the reassertion of the central role of the IAEA in the process of dialogue and negotiations for resolving the issue. With the Iran nuclear issue approaching a crisis stage, India’s foreign policy will have to respond to simultaneous compulsions of traditional friendship with Iran and strategic partnership with EU; its commitment as a champion of nuclear non-proliferation and ardent supporter of developing nuclear energy for peaceful purposes. Any decision that India takes will have a major impact on the India–EU strategic partnership.

On seeking the EU support for the Indo-US civilian nuclear deal, Indian efforts are similarly handicapped by the absence of a common EU stand on the issue. While Britain and Italy have supported the Indo-US civilian nuclear deal, Germany despite softening its stand has refrained from extending wholehearted support for the deal. Nordic countries, including Finland which held the EU Presidency till December 2006, have expressed grave anxieties over the deal. The EU does not view the India-US deal as recognition of India as a nuclear-weapon state. EU seeks to disconnect the two issues and refuses to 'recognize a specific status for India as a nuclear weapon state'. The EU wants to see what kind of safeguard agreement India will conclude with the IAEA. It is also important for the EU that civilian nuclear cooperation does not free up further capability for nuclear military programmes.⁴⁷ This is despite the EU support for India's membership in the International Thermonuclear Experimental Reactor (ITER). The ITER project is expected to provide cheap and abundant power by around 2050, but fusion reactors involve tritium—which is also an ingredient in nuclear weapons. The ITER was expected to enable New Delhi to establish a new benchmark for its participation in international civilian nuclear initiatives. The EU will have to reconcile its divisions on the Indo-US civilian nuclear deal with its support to India in the ITER programme.

In terms of the UN, India has pushed hard for a permanent seat on the Security Council but, given EU divisions on that subject, it has not been able to support India. Though India and Germany were members of G-4 that pushed for gaining UN Security Council permanent membership in 2005, no concerted efforts were made on the lines of the India-EU partnership to support the claim. Given the ambitions of Italy and Germany in that direction, some observers think that an EU consensus on Security Council permanent membership is difficult to emerge. The EU has also not been able to agree to India joining the Nuclear Suppliers' Group (NSG). India's interest to diversify its nuclear supplies to benefit from nuclear energy is being considered vis-à-vis EU's commitment to non-proliferation programme which received a major setback given North Korea's nuclear tests. Though Britain and France supported India's membership of the NSG, the EU was not able to evolve a consensus till October 2006.

Contradictions are also evident on the issue of promoting democracy. India and the EU have adopted opposite stands with regard to the military junta in Myanmar. India's regional security sensitivities demand engaging the authorities in Yangon; while the EU seeks to exert pressure through isolating the regime. EU's compromise with regard to Pakistan on its campaign for democracy has been highlighted above. India is also critical of the EU's assessments on violation of human rights in the India-administered Jammu and Kashmir. More recently, the EU is jointly campaigning with the Amnesty International seeking the abolition of death penalty in India. The proposal to establish an International Criminal Court finds India and the EU on different sides of the fence. The EU is a staunch promoter of the

International Criminal Court, a critical milestone in the evolution of international human rights, and does not share India's fears on sovereignty abridgement.

Despite the growing economic interaction India accounts for just 1.7 per cent of the total EU exports and imports. India has been pressing since long for ensuring that the EU provides greater access to its market by dismantling non-tariff barriers. India's commercial relations with the EU were strained given EU's textile quotas, which have been phased out since January 2005. But the psychological impact of these differences along with the continuing disagreements on how to bring the Doha Round to a successful conclusion still challenge EU–India relations. The Indian press has also been critical of what they see as scarcely veiled racist European reactions to an Indian tycoon's bid for the Arcelor steel company. India feels that a range of issues from anti-dumping measures to manufacturing standards need to be looked at with a sense of proportion.⁴⁸

The divergence in India–EU socio-cultural concerns is also unavoidable. Whether it is the decision to ban the use of headscarves in schools or sending the French ship *Clemenceau* to India for scrapping, the differences in approach by India and EU are evident. India's historical experiences of nurturing socio-cultural harmonization and status as a developing economy have resulted in a perceptual difference with regard to the EU's socio-cultural agenda. India still follows a soft policy to achieve the socio-cultural objectives of its foreign policy while relying on the harder military options for securing its strategic goals. In contrast, the EU follows a softer human security approach, while taking harder decisions on the social and economic agenda of its foreign policy.

India and Europe face common challenges on a global scale which require them to work together as partners and emerge as poles of stability in an unstable world.⁴⁹ Bilateral relation between India and the EU undoubtedly draws strength from their common commitment to the values of democracy, the rule of law, human rights and security. But evolving a comprehensive partnership beyond the realms of enhanced economic and scientific interaction, may land India and the EU in trouble. The EU is seen in India as an important global player in trade, financial and economic matters. When it comes to issues of security policy, India focusses on developing bilateral relations with countries such as Britain, France and Germany, partly because of a continuing lack of clarity in the European strategy in this area.⁵⁰ However the relationship between India and Europe cannot be built solely through bilateral cooperation. A further test is how they will work together in addressing global issues.⁵¹

India–EU relations are based on multifarious institutional structures and certain agreed principles as discussed above. Given the shared democratic culture, the global vision of both sides encompasses social, cultural, political and economic commonalities. But with dissimilar historical experiences, different levels of economic development and specific regional strategic compulsions, India and the EU cannot be comfortably clubbed as 'natural partners'. India–EU relations are a

unique example where both protagonists agree on the basics of their partnership but disagree on the specifics. Nevertheless, by banking on the basic synchronization of political values, an impressive India–EU partnership can be cultivated through sustained and prudent efforts.

NOTES

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India–Pakistan relations have been in a state of constant flux. The ceasefire on the Line of Control (LOC) in Kashmir and the general warm rhetoric flowing across the Radcliffe Line in 2005 marked a radical transformation in the state of India–Pakistan relations. However, the bitterness creeps into the relationship after every terrorist attack, sparking accusations and counter-accusations that tend to hinder the peace process. The current developments are even more striking if viewed against the nine-month military standoff following the 13 December 2001 attack on the Indian Parliament. India–Pakistan relations in recent times—starting from the Lahore peace initiative to the current peace process that continues despite a spate of terrorist attacks—has exhibited a resilience that would have been inconceivable just a few years ago.

This paper attempts to examine the current phase of India–Pakistan relations, namely the peace process initiated by the National Democratic Alliance (NDA) regime under Atal Behari Vajpayee’s leadership. The argument is embedded within the Indian state’s aspirations of great power status and is located in India’s South Asia policy. It is Pakistan’s low-intensity conflict in Kashmir and the general challenge to Indian superiority that has boxed India within South Asia. In an effort to free itself from the region to concentrate on the global level, the Indian government continues to make efforts to reach a settlement with Pakistan with little success. The paper will also briefly examine the state of trade relations between the two South Asian states.

The history of bickering relations between the two successor states of what was the British Indian Empire has been amply dealt with and repeated *ad nauseam*. The facts on the ground was that the ceasefire line in the 1948 war divided the erstwhile princely state of Jammu and Kashmir (J&K) into Pakistan Occupied Kashmir (POK), or Azad Kashmir, and J&K, or Indian Kashmir. The 1965 and the 1971

*This chapter reflects developments up to 2006. Changes after that year have not been incorporated.

wars did not change the status quo on the LOC. The Pakistani state, under the euphoria of the successful *jihadi* struggle against the Soviet Union in Afghanistan, applied the same formula first in Punjab and then in J&K. Over the years beginning in 1989, the low-intensity conflict shocked and sent the successive governments in New Delhi into a hapless frenzy. This low-intensity conflict in tandem with the growing nuclear capabilities of the two countries made South Asia the 'most dangerous place' in the world and resulted in four advanced nuclear crises.¹

The conflict has taken its toll on India for over 15 years and there seems to be no peace at the end of the spiralling violence. In fact, since the mid-1990s, the Indian government toyed with the idea of adopting a policy of 'active pursuit' but this was espoused only after the Kargil war.² 'Active pursuit' would have involved chasing the terrorists into POK and destroying the *jihadi* infrastructure that spawned them. It appears this policy was not followed through because of the fear that the low-intensity conflict could escalate to the nuclear level.³

After the subcontinental nuclear tests in 1998, the then Prime Minister Atal Behari Vajpayee attempted reconciliation with Pakistan and visited Lahore in February 1999, when Nawaz Sharif was at the helm.⁴ The effort was wrecked by the intrusion of the *ihadis*, backed by the Pakistan military, in Kargil which resulted in what is known as the Kargil War. Some remnants of the Lahore peace process still remain, namely, the Lahore–Delhi bus and the general confusion as to who was responsible for Kargil and how much was Prime Minister Sharif privy to the military's plans. The Lahore Declaration is also important in the events that led to the Pakistan army *coup d' état* in 1999 that brought the army back to power for the third time.

By the time of the Agra summit in 2001, the situation in Kashmir had not improved as the violence continued unabated. The conventional military balance in South Asia, coupled with the absence of any effective American pressure on Pakistan and Pakistani insistence on the centrality of Kashmir in the dispute resolution talks with India, precluded any valuable outcome from the summit. It would be important to mention that the issues of trade and granting of Most Favoured Nation (MFN) status to India were discussed but they were subsumed by the magic K-word.

The stalemate would have continued had it not been for the momentous and haunting figures of 9/11 that found their way into our vocabulary. The 11 September 2001 attacks on America apparently by Al Qaeda terrorists, affected the world as significantly as the end of the Cold War. Terrorism was the new war, the world's hyper-power was going to fight and it began in South Asia, to be exact in Afghanistan. The links between the 9/11 attackers and Osama Bin Laden may be steeped in controversy, but the links Osama Bin Laden, the Taliban, and Pakistan's Inter Services Intelligence (ISI) had with the Kashmiri militants were not.

An upswing in Indo-US relations after President Clinton's visit, together with some imaginative diplomacy and the increasing economic profile of India, made

the Americans aware of the Taliban–ISI–Kashmir links. The phrase, ‘your terrorist is my freedom fighter’ attained notoriety for being politically incorrect and put Pakistan’s low-intensity conflict policy in Kashmir in the doldrums. Thus, the war on terrorism can be flagged as the most decisive and important pointer to the change in the Pakistani military mindscape. The establishment in Pakistan could no longer persist with its earlier policy, especially in the post-9/11 scenario, as that would have meant going against the United States ‘war against terror’. The global ‘war on terror’ together with the Indian military mobilization in the aftermath of the December 2001 attacks on Parliament produced two promises from Musharraf in January and May 2002 to end terrorism in Kashmir by dismantling the Kashmiri terror infrastructure in Pakistan.

SOUTH ASIA: REGIONAL ORDER

South Asia can be historically seen as a contiguous civilizational area which is bound on the south by the seas and in the north by the Himalayas. The eastern and the western boundaries of the region can be found in the inhospitable Karakoram and the Hindu Kush ranges in the west and the tropical forests and the Arakan Yomas in the east. The region gained unity and legitimacy over centuries through the various empires in the South Asia demarcating its geographic and civilizational reach. The British Colonial Empire (BCE) in India was probably the most hegemonic and successful in bringing this vast swathe of land under a single sovereign space.

India’s defence policies and strategic vision since Independence has been tied umbilically to the legacy of the British Empire in India. However, there were remarkable spatial differences in the post-Partition Indian state and the BCE and for that matter in South Asia. The strategic unity that the British gave to the subcontinent was broken in the east (East Pakistan and later Bangladesh and also Myanmar) and, the west (Pakistan). Second, the ancient Chinese empire found its feet and, by the early 1950s, was knocking on the doors of Tibet. These two factors are most crucial to understanding the challenges to the defence of India in the new geo-political world. With the Chinese integration of Tibet, the strategic insulation of South Asia from the China had changed forever.

Despite these differences with the BCE, India is the largest power in South Asia in terms of size, population and resources. India is also bigger than the rest of the South Asian states combined together. Moreover, none of the South Asian states have common boundaries with each other and India borders all the states in the region. Apart from its sheer size, the geographic constraint makes India the most important state in the subcontinent. In a region, the dominating power is expected to define the configuration of regional order according to its own ideology and identity. The importance of a regional order in an anarchic, self-help world cannot be underestimated especially so in an era where regional forces have been on the ascendant since the end of the Cold War.⁵

The success of the economic reforms and the nuclear tests in 1998 has turned the spotlight on India once again. India is a *de facto* nuclear power, its economy is driven by the success of the information technology industry and it is the home to one-sixth of the world's population. This new perception of India is in sharp contrast to the world of Nehru or his immediate successors. India then was seen as a land of tigers and snake charmers, of teeming poverty and a non-violent Mahatma. But those are bygone days and, if the current growth rate of 6 to 8 per cent per annum can be sustained, by the middle of the 21st century, India will become the third largest economy in the world. Economic powers, taken together with military power i.e. nuclear capability and long-range delivery systems, makes India a rising power, knocking at the gates of great power status.

The political elite in India has always believed that the country should aspire to be ranked among the great powers of the world—with that belief anchored in its superior attributes including its geo-political status, hegemonic presence in South Asia, the perception of its potential economic and military capabilities, and civilizational ethos. With such aspirations, India has in the last 50 years managed to be an emerging though still a minor player in the world order with substantive influence in certain sectors while lagging behind in others. But what has been remarkable is India's efforts to protect its influence in South Asia. In the past half a century, India has been obsessed with security concerns within the region and especially so in the smaller states like Nepal, Bhutan and Sri Lanka. Indian influence in the domestic politics as well as foreign relations of these smaller states has been crucial factors in the internal configuration of power. In the steps towards the elusive great power status, it is very important that India manages its neighbourhood to achieve its ends and secure the region for itself.

Regional order can be maintained in two ways.⁶ The first is when the pivotal or the dominating power acts as the security manager for the entire region. The dominating power draws its legitimacy by providing public goods for the other members of the system. The pivotal, or the pre-eminent, power has hegemonic or managerial aspirations. This pivotal/ pre-eminence provides coherence to the system by arranging the security concerns of the region around its ambition and capabilities. Such powers have the potential to dramatically exacerbate the contours of conflict if disputed or challenged. In the absence of consensus and challenges to its legitimacy, the region will suffer from chronic instability. In simple terms, a pivotal power gives a region cohesiveness, provides a sense of security and keeps interfering external powers out. The second path to regional order stems from equal powers contending with each other to maintain stability by checking each other's ambition.

The situation in South Asia is that none of these conditions holds true. Neither has India succeeded in dominating the entire region nor has the Pakistan challenge managed to countervail India's superiority. This gap between the two positions is what is responsible for the instability in the region which precludes predictable

behaviour or successful resolution of disputes. India's position in the region has been variously described as that of 'weak unipolarity' or 'arrested unipolarity'.⁷ The contested unipolarity has been as much a result of an underdeveloped economy as much as it has been a result of the challenge from Pakistan. The challenge from Pakistan came through external alliances with the United States and later with China. In the aftermath of the 1971 war and the emergence of Bangladesh, it was assumed that the challenge from Pakistan was over and India would be able to regain its pre-partition position of pre-eminence. However, the changes in the post-1971 period ironically went against India, as the United States established ties with the People's Republic of China through the good office of the Pakistanis. And militarily, West Pakistan without the eastern province was better defensible.

THE PAKISTAN CHALLENGE: BRINGING EXTRA REGIONAL ACTORS

Pakistan has often been described as an 'insecure state' that perceives itself not only as small and disadvantaged but also on the defensive against a real and present threat, with its survival at stake.⁸ Thus, a central element of Pakistani policy has been to reach outside South Asia to find support that might offset Indian dominance within the South Asian security system and to avoid bilateral arrangements that would put Pakistan in a one-on-one relationship with India. While Pakistan recognized the fact of overwhelming American predominance in an essentially unipolar world of 1947, it was only in the 1950s that Pakistan looked seriously for strategic support from the USA.⁹

The source of political backing and for modern military equipment were soon found when Pakistan joined the Central Treaty Organization (CENTO) and the Southeast Asian Treaty Organization (SEATO). However, the US–Pakistan ties suffered a temporary setback when Washington saw a chance to draw India closer to itself through economic assistance and support against the growing Chinese threat in the aftermath of the 1962 Sino-Indian conflict. But this was also the window of opportunity for Pakistan and Zulfikar Ali Bhutto recognized it immediately.¹⁰

The deteriorating relations between India and China also created an opening for Pakistan. Beijing responded in kind, and the foundation was laid for a remarkable political relationship. But amid all these adventures, Pakistan maintained close relations with the United States, which remained Pakistan's only substantial source of support, howsoever unreliable. Pakistani ties to the United States have been extremely profitable for Islamabad and were especially important in giving it a secure basis from which to operate in the early years.

Pakistan's relationship with China has been a steady prop, especially valuable in filling the gaps that the American relationship left behind and, apparently, in the

nuclear and missile areas where the Chinese support has been critical. At the start of the China–India crisis in 1959 over the road across Aksai Chin, Zulfikar Ali Bhutto's sharp political mind recognized this simmering conflict as a major source of potential diplomatic advantage for Pakistan if properly exploited. At the UN Session in 1960, Bhutto broke ranks with the US position on China, by abstaining rather than voting against Beijing's membership in the world forum. In the face of US dissatisfaction, when the foreign minister Qadir retracted Bhutto's discretionary powers on future UN votes, Bhutto wired back, 'I feel that the time has come for Pakistan to adopt an attitude in the United Nations more consistent with its recognition of the Peking regime than has been the case since 1954'. Bhutto bolstered his China argument by noting how important it was to 'strengthen our position' among the third world Asian Africans. He viewed Sino-Pakistani friendship not only as a counter to Indian hegemony but as one part of his blueprint for an Afro-Asian 'third force'.¹¹ Bhutto's first major achievement as foreign minister was to conclude a Sino-Pakistan boundary agreement on 2 March 1963 that became the cornerstone of Pakistan's strongest, most important Asian alliance. 'We have our friends.... we have assurances also from other countries that if India commits aggression against us, they will regard it as an aggression against them ... we shall never be alone in facing aggression'.¹² Thus, Bhutto laid the foundation of an enduring relationship, which flourished especially with regard to defence transfers.¹³

In the past decade, despite the hiccups caused by the nuclear tests, India has managed to work around the relationship with China. While the intractable border dispute remains a source of potential danger, the two governments have shown the political will to work out the modalities of its resolution. The Chinese and the Indian governments have also decided to move ahead in other sectors which will move independently of the border dispute and the quantum leap in trade ties as well as general cooperation at multilateral forums are an indications of their vast potential. Whatever the past, the future of the Sino-Pakistani relationship looks to be more limited. The Cold War compulsions were responsible for Chinese attachment to Pakistan are no more and, for Beijing, India is more interesting as a negotiating partner than as an enemy shared with Pakistan.

BACK TO THE FUTURE: THE PEACE PROCESS

The current process of rapprochement began in April 2003 when former Prime Minister Vajpayee extended a hand of friendship towards Pakistan while delivering a speech in Srinagar.¹⁴ The two sides took tentative and slow steps towards improving relations. These steps included the appointment of high commissioners, the resumption of the Delhi–Lahore bus service, ceasefire along the LOC and along the Actual Ground Position Line (AGPL) at the Siachen glacier as well as the resumption of air links and over flights. The formal agreement for resumption

of the composite dialogue process between the two countries was signed by President Musharraf and Vajpayee on 6 January 2004.¹⁵

The composite dialogue process is based on the working groups identified during the foreign secretary-level talks held in June 1997. The working groups were: (i) peace and security including CBMs and Jammu and Kashmir; (ii) Siachen; (iii) Wullar Barrage project; (iv) Sir Creek; (v) Terrorism and drug trafficking; (vi) Economic and commercial cooperation; and (vii) promotion of friendly exchanges in various fields.¹⁶

Soon after the composite dialogue agreement, general elections in India led to the replacement of the NDA by a Congress-led coalition government at New Delhi in May 2004 with Dr Manmohan Singh as the Prime Minister. Although the change in government at New Delhi was not expected to wreck the peace process, there were concerns regarding its continuity even though the Congress had backed the peace process when it was in the opposition. The doubts were laid to rest when the common minimum programme of the Manmohan Singh government was released on 26 May 2004 stating that dialogue with Pakistan would be pursued systematically and on a sustained basis.¹⁷

RECENT DEVELOPMENTS

Over the course of almost three years since the 6 January 2004 statement, India–Pakistan relations went through the usual cycles of troughs and crests. So far there has been no transformative event to either wreck the ongoing peace process or provide it a major boost. In the immediate past, there have been two incidents that threatened to disrupt the peace process—the first was the attack on the make-shift temple at Ayodhya on 6 July 2005 and the other was the serial blasts in Mumbai on 11 July 2006. The Indian establishment regarded both of them as ‘major incidents’ capable of disrupting the peace process. During an interaction with the press, Prime Minister Manmohan Singh made it clear that the success of the peace process depended public opinion and support and that an incident like the Ayodhya attack would seriously undermine the Indian government’s ability to carry the people’s support.¹⁸ On the Mumbai blasts issue, in reply to a question in Parliament, the Minister of State for External Affairs, E. Ahamed, stated that ‘India has conveyed to Pakistan that the dialogue process between the two countries can be sustained and carried forward only if Pakistan takes effective action to dismantle the infrastructure of terrorism.’¹⁹ The Havana statement²⁰ is an important marker as it came after the devastating Mumbai blasts in July 2006 which led to the postponement of the secretary-level talks. New Delhi suspended the peace process and demanded that Pakistan demonstrate its commitment to the various assurances it had given to India since January 2004. The statement which condemned the terror attacks started the stalled peace process once again.

July 2006 also saw the implementation of the South Asian Preferential Trade Agreement (SAFTA) concessions. The frost and thaw in the relations bring forth the contradictions that exist between the peaceniks (pro-trade, seeking interdependence in South Asia) and the hardliners (conflict groups that perpetuate higher levels of conflict and mistrust in South Asia). These entrenched interest groups fear that regionalization and greater Indo-Pakistan bonhomie will adversely affect their domestic coalitions and erode their privileges. Therefore, moves towards mutual cooperation have repeatedly been sabotaged but what is true is that there has never been such sustained and focussed discussions on the crucial issue of Kashmir as in the past two-and-a-half years.

The Indian state has repeatedly conveyed to Pakistan that it continues to violate its most fundamental commitment of 6 January 2004 to curb terrorism against India and that India has 'concrete' evidence of cross-border terrorism and the supporting infrastructure.²¹ From the Pakistani perspective, it appears that terror remains a key policy to keep India at the Kashmir table. In 2005, a series of meetings were held between the two sides on commercial and economic cooperation, nuclear and conventional CBMs and the two home secretaries met for the third round of talks on issues of terrorism, narcotics and organized crime.²² The month of August 2005 saw the end of the second round of composite dialogue between the two countries. The foreign secretaries met at the end of the month to review the progress and assessed the developments in bilateral relations since the last review meeting of the composite dialogue held in September 2004. Both sides expressed satisfaction with the results at the end of two rounds.²³ The year 2006 saw constant interaction over the working groups on the various issues agreed to in the composite dialogue process. There was a hiccup due to the Mumbai blasts but the talks continued after some damage control exercise by both countries.

SIACHEN

The negotiations relating to the Siachen dispute are locked in a stalemate as both sides have stuck to their respective positions. The Indian stand was that any withdrawal from the glacier was possible only after authentication and demarcation of the Actual Ground Position Line (AGPL) as they fear a Kargil-type occupation after withdrawal. This position is opposed by Pakistan as it believes that the issue of Siachen is tied to the core issue of Kashmir and views that demarcation and delineation of the AGPL as legitimizing what it calls Indian aggression and treachery. The Siachen case is an important test to build trust and move the peace process forward and is seen as the simplest and the perhaps the most urgent, but trust seems to be lacking between the two sides. The ninth round of negotiations on the Siachen Glacier issue between the defence secretaries of India and Pakistan took place in May 2005.²⁴ The one positive outcome of the talks was the decision to continue the ceasefire in force in the Siachen areas in Jammu and Kashmir since

November 2003. There have been no developments in the Siachen issue. The foreign secretaries exchanged views on Siachen in their meeting on 14–15 November 2006. The two sides exchanged ‘some ideas’ on the Siachen issue at the last round of foreign secretary talks in Delhi, and it would be taken up at the next round in February 2006. It has been suggested in the media that the Indian Prime Minister has been discussing the Siachen issue with the Indian military keenly and wishes come to an agreement when he visits Pakistan in March 2006.²⁵ The Indian army is deeply suspicious of a violation of the agreement if they withdraw and Dr Manmohan Singh does not want to go ahead without the express concurrence of the military.

TRADE

The collapse of communism and the Soviet Union ushered in an era of free trade promoted by the multinational corporations backed by US foreign policy. The days of the command economy were over and the world witnessed an exuberance of liberalized trade policies from formerly closed economies like China (it would be pertinent to point out that the Chinese economic reforms began much before in 1978) to a mixed economy like India (the process began in early 1980s but it was the reforms of 1992–93 which set India on the road to liberalization). The world had decided to put economics over politics and the current wave of globalization spread its roots.

In the period prior to Partition and Independence, the economies of India and Pakistan were complementary as they were part of the same economic and political unit.²⁶ Despite the Partition and the strife-ridden relations, India and Pakistan have continued to trade except in the years 1965–72, though it should be mentioned that the trade volumes have been low.²⁷ In the period 1947–65, India was Pakistan’s most important trading partner: 60 per cent of Pakistan exports found their market in India, which exported 17 per cent of its total exports to Pakistan.²⁸ Trade resumed in 1974 when the two countries signed a protocol for resumption of trade following the Simla Agreement in 1972. In this period, early trade was carried on mainly through governmental corporations and the role of private sector in the bilateral trade has been extremely limited.

After the opening up of the Indian economy and the liberalization of governmental controls, the subsequent release of economic energies sought opportunities in Pakistan. India granted MFN status to Pakistan in 1995. But the cycles of crisis between the two nations and the political uncertainty owing to the low-intensity conflicts together with Pakistan’s non-cooperation with regard to trade issues blocked any impetus for economic cooperation. By 1999–2000, India’s share in Pakistan’s global trade was an abysmal 0.3 per cent.²⁹

This state of affairs was deplorable considering the economic logic. The physical proximity of India and Pakistan meant lower transportation costs, shared ethnic and cultural similarities taken together with the product complementarities, and the general availability of basic infrastructure of the pre-Independence times could reduce communication and transaction barriers drastically. The economic advantage for Pakistan appears astounding as it imports goods from as far as the United States, Germany, Brazil and trades in Indian goods through third countries.

According to experts, there are a number of problems which hinder trade development between India and Pakistan. First, Pakistan insists that the intractable Kashmir issue be solved before it permits significant growth of trade and economic ties. Then, there are numerous structural problems which limit trading, for example, the presence of indigenous companies and MNCs which have taken advantage of the situation to create monopolies. These companies are major barriers to trading with India and it suits their interests to link trade issues to the Kashmir issue. Second, some experts point to the fact that foreign economic aid to Pakistan is largely tied to its foreign trade and of the total foreign economic assistance available in December 1980, over 91 per cent was tied to specific projects and commodities. This meant that Pakistan had to import a number of its products from these aid donors.³⁰

But there are hopes for a better trading future. While the Indian establishment has been proactive on the issue of trading across the western frontier, the business and trading sections in Pakistan have also shown considerable initiative in this regard. It was during Vajpayee's 1999 Lahore visit that the India–Pakistan Chambers of Commerce and Industry (I-PCCI) was formed with the objective of strengthening bilateral economic relations and to provide a common officially recognized platform for promotion of economic activities. At the Agra Summit too, President Musharraf and Vajpayee reiterated the importance of restoring trade ties.³¹

Since the mid-1990s, trade between the two countries achieved significant levels. In fact, trade volume reached its peak during the year of the nuclear test in 1998 at \$354 million. Some writings on the trade potential between the two countries assert that there is no relation between political tensions and the level of bilateral trade. The 1998 figures are touted as an example, but it would be pertinent to note that despite the exceptional year of 1998, the following years saw a drop in total trade by over 50 per cent, back to the levels in 1996.³² What is not disputed is the estimates of informal (through third countries and others through smuggling) trade between the two countries that place the figures at \$2 billion!³³

The Indian goods in demand in Pakistan are machinery, cement, tyres, tea, medicines, videotapes, alcoholic beverages, chemical products, steel utensils, iron ore, transport equipment including scooters, motorcycles, cars, plastics, textiles, coffee and agricultural products. In the informal trade of low-cost mass produced

goods, Indian branded goods are in high demand. The Pakistani products which can find a market in India are food items, synthetic fibres and some chemical products.³⁴

The most talked about area of cooperation between the two countries can be in the energy sector. Pakistan's role in this instance would be a transit route for energy-deficient India from Iran and the Central Asian oilfields. The two countries have set up a joint working group on pipeline projects to explore and study the feasibility of gas transfer from the oil rich Central Asian states as well as Iran. The Iran–Pakistan–India pipeline, which has received much media attention, is to be the pilot project and a test case for Pakistan. The 2,670-km gas pipeline is expected to deliver Iranian gas to India. The estimated \$4 billion pipeline would run about 1115-km in Iran, 705-km in Pakistan and 850-km in India. A successful negotiation of the terms of the agreement and the other aspects of the deal would make the pipeline operational by 2010, thereby satisfying the growing energy needs in India. A successful settlement of this pipeline is expected to feed beneficially into the Indo-Pak peace process and make larger economic cooperation mutually beneficial to the South Asian neighbours. However, there are a number of issues with regard to the pipeline; the first is the American opposition to the pipeline and the possible confrontation over Iran's nuclear ambitions. The second is the Indian hesitation over the pipeline despite Pakistani enthusiasm.

BARRIERS TO TRADE

The first and the most important barrier to trade between India and Pakistan is the Pakistani propensity to link economic and trading cooperation to progress on the Kashmir issue. While hindering progress, this also has the potential to undermine the ongoing dialogue between the two countries.³⁵ The Pakistani government has also tried to limit trade between the two countries by 'cherry picking'³⁶ items of economic cooperation from the list of Indian proposals. The Pakistani government has been very keen on the pipeline project but has been lukewarm to most other Indian proposals.

The second problem relates to the withholding of the MFN status for India by Pakistan. While this is compatible with Article XXIV of GATT, the real reason for withholding the MFN status is said to be largely political.³⁷

The other bottlenecks in the slow development of trade ties are weak infrastructure like the absence of road trade routes, irregular railway tariff, expensive shipping as also the difficulty, delay and restrictions in procuring visas.³⁸ Both countries will mutually benefit from the regional and bilateral trading arrangements which are transforming economic activity. For Pakistan, the advantages are manifold. The Indian economy is far more robust and has been growing at about 7 per cent for the past decade and Pakistan could derive benefits from interacting

with India. Pakistan could also ride on India's successful record of negotiations of regional or bilateral trading arrangements as well as reach out to the rest of South Asia with its comparative advantages. Moreover, the India–ASEAN negotiations for a free trade arrangement would make India a part of the largest regional free trade area comprising China, Japan, Korea and South East Asia.³⁹ A successful economic rapprochement would also provide a fillip to the South Asia Free Trade Arrangement (SAFTA) which came into force in 2006 as also build trust and ties between the two countries and building a symbiotic relationship which could be expected to ameliorate political disputes.

SAFTA, paving the way for free trade of goods among countries of the region, came into force in July 2006.⁴⁰ As per the agreement, SAARC member countries India, Pakistan and Sri Lanka will bring down their customs duties to 0–5 per cent by 2013 while the least developed members Bangladesh, Maldives, Nepal and Bhutan will do it by 2018.⁴¹ Pakistan ratified the SAFTA on 15 February 2006 but trade between India and Pakistan will not be initiated under this agreement, instead it will continue under the existing import regime or the positive list mechanism.⁴² Pakistan in September 2006 included an additional 302 items in its positive list for trade with India to the existing 773 goods.⁴³ India interprets this as a ploy to continue to deny it MFN status a clear violation of the SAFTA. Pakistan has reservations about open trade with India until political issues are resolved. However, India has challenged Pakistan's stance before the SAARC Secretariat and is demanding that the latter allow it all SAFTA benefits. India raised the SAFTA benefits issue at the meeting of the SAARC Council of Ministers in April 2007. The foreign secretary's media briefing states that 'differing views on whether or not what Pakistan has done vis-à-vis India is in compliance of SAFTA or not ... There is a SAFTA Ministerial process within SAARC and that has been asked to sort this problem out.'⁴⁴

As a part of the composite dialogue process, in 30 August 2005, Indian proposals were discussed for promotion of bilateral trade and commercial and economic cooperation. The two sides announced a working group to discuss Pakistan's objections to the Indian proposals. The key points of discussion are granting transit facilities for Indian goods for export to Afghanistan and Central Asian Republics, permitting private airlines to operate between India and Pakistan, opening of Indian banks and amendment to the Shipping Protocol of 1974 to permit third country vessels to operate between the two countries.

The joint statement issued at the conclusion of the talks agreed to take steps to improve trade and commercial cooperation and upgrade shipping, rail, air and postal links.⁴⁵ The second meeting of the joint study group (JSG) is proposed to be held at an early date in Islamabad. A meeting of the sub-groups on non-tariff barriers and customs cooperation and trade facilitation will formulate recommendations for consideration by the JSG.⁴⁶

However, notwithstanding the continuing dialogue on trade issues a number of practical difficulties remain. The Pakistani establishment remains glued to its rhetorical stand on the need to resolve the core dispute of Kashmir with India for enhanced trade ties. India also requires transit rights for Indian goods to Afghanistan, Gulf and Central Asia.⁴⁷ The general pace of these trading developments are rather slow and certain reports in the media mention that leading Indian business houses namely, Bajaj Auto, Bharat Hotels and the Tata group—interested in investing in Pakistan have not been given permission to invest in ventures in Pakistan.⁴⁸

PEACE AND SECURITY: CBMs AND JAMMU AND KASHMIR

Since Vajpayee's offer of India's 'hand of friendship' to Pakistan in April 2003, a series of modest confidence building efforts were made from October 2003 onwards that built positive momentum, specifically the ceasefire along the Line of Control and at Siachen. Together with international prodding tied to economic aid and the December 2003 assassination bids on President Musharraf, there was an honest admittance on the part of the Pakistan establishment that fundamentalist elements had penetrated state institutions. The mullah–military alliance that gained ascendancy during the struggle against the Soviets made Pakistan the centre of Islamic *jihad* and this resulted in the rising sectarianism as well as the proliferation of arms and ammunition, which were financed with the narcotics trade from the North West provinces and from Afghanistan. This rising tide of *jihad* has produced greater cleavages in the Pakistani society and intensified their own internal conflicts.

Kashmir as an issue retains its central focus, but it would be imprudent to expect any solution in the near future. However, what is important is that the two sides remain in constant discussion. The most remarkable gain has been the bus service from Srinagar to Muzaffarabad in Pakistan-occupied Kashmir. The bus service began in April 2005 under militant threats and continues to operate. The two sides envisage turning the LOC into a soft border with more bus services as also opening it for trade. An important step in Pakistan's opinion would be a reduction in the Indian troops in the valley.⁴⁹ India insists that any reduction in troops in Kashmir is contingent upon the situation in the valley.

During President Musharraf's visit to New Delhi in April 2005, exactly a year since the hand of friendship was extended, the two sides in effect agreed to the formulation that the existing borders cannot be redrawn, yet the LOC cannot be made into an international border and that borders must be made irrelevant by making them soft—through people to people contact, trade and communication links.⁵⁰

Today, both India and Pakistan possess nuclear weapons and the delivery capacity by aircraft and ballistic missiles. Both countries are acknowledged to be nuclear weapons states though outside the ambit of the Non-Proliferation Treaty (NPT). Even while the capabilities remain in a state of non-deployed, non-weaponized state, CBMs are expected to 'contribute to generating an atmosphere of trust and mutual understanding'⁵¹ between the two countries. This is a new mindset and is reflected in the two sides setting deadlines to the CBM measures planned and have termed the peace process irreversible.

The India–Pakistan technical level talks on enhancing interaction and cooperation across the LOC were held in New Delhi on 2–3 May 2006.⁵² The operation of the Srinagar-Muzaffarabad bus service and of the five crossing points was reviewed. It was also agreed to start the Srinagar-Muzaffarabad truck service to facilitate cross-LOC trade in the first half of July 2006 and a indicative list of goods for trade was exchanged. The two sides agreed that Poonch-Rawalakot bus service would commence from 19 June 2006.

In an interview with an Indian news Television, President Musharraf went yet another step forward in his efforts to draw closer to the Indian position when he stated that Pakistan opposes Kashmiri independence.⁵³ The four-point agenda mooted was: withdrawal of both armies from the region; neutralization of Kashmiri borders without changes in the Line of Control; self-governance, with both countries patrolling the region; and neutralization of the LOC. The Indian establishment has welcomed the proposal.

NUCLEAR CONFIDENCE-BUILDING MEASURE (CBM) TALKS

The expert level meeting on 5–6 August 2005 in New Delhi on Nuclear CBMs was the third round of dialogue between India and Pakistan. The last two meetings were held in June 2004 and December 2004. The past talks remained inconclusive because of disagreement on exchange of information on specification of weapons, exact launching time of missiles, their type and range etc.⁵⁴ The meeting finalized agreements under negotiation and putting new proposals on the table. The agreement is aimed at enhancing mutual confidence and engendering predictability and transparency of intent between the two actors. The joint statement issued by the two sides has three crucial elements, first is the understanding on the proposed agreement on pre-notification of flight testing of ballistic missiles.⁵⁵ Under the existing system, too, the two sides inform each other of a scheduled missile test. But after these talks, the two countries have agreed to have a structured procedure. The testing of Babur, a cruise missile, within a week of the nuclear CBM talks led to consternation among the Indian media. Though it would be pertinent to clarify that during the negotiations Pakistan had sought to expand the agreement to

include the launch of cruise missiles but India was focused on ballistic missiles since they remain the primary delivery system for nuclear weapons.⁵⁶ Cruise missiles have introduced a new, uncertain and dangerous variable in the India–Pakistan strategic balance.

The second is the operationalization by September, of the hotline link proposed to be established between the foreign secretaries and the third was the discussions on their respective security concepts and nuclear doctrines and which also included a draft agreement undertaking national measures to reduce the risks of accidental or unauthorized use of nuclear weapons under their respective control.

The Pakistani delegation did not agree to the Indian proposal of a series of CBMs which covered exchanges like holding of seminars between academics and research institutions dealing with strategic and defence-related issues. The Indian proposal also called for exchanges, lectures, seminars between the defence training establishments like the National Defence Colleges.⁵⁷

The fourth round of Pakistan-India expert level dialogue on nuclear CBMs was held on 25–26 April 2006. Both countries continued, ‘consultations on security concepts and nuclear doctrines to develop measures for confidence building. They reiterated their desire to keep working towards further elaboration and implementation of nuclear CBMs within the framework of the Lahore MoU’.⁵⁸ There was satisfaction on the signing of the agreement on pre-notification of flight testing of ballistic missiles and the operationalization of the hotline link between the two foreign secretaries. More importantly detailed discussions were held on the draft text of an agreement to reduce the risk from accidents relating to nuclear weapons, and agreed to work towards its finalization. The nuclear CBM’s would be discussed, reviewed and monitored by the periodic expert level talks as is stipulated in the Lahore MoU.

Conventional Confidence-Building Measure (CBM) Talks

The talks on conventional CBMs were held in New Delhi on the 8 August 2005. The two sides have so far produced two conventional military CBMs in the last 15 years: prior notification of army exercises of a certain size near the border and a commitment by the two air forces not to violate each other’s airspace. The joint statement issued after the 8 August talks reflected the concurrence between the two sides.⁵⁹

The first was that both sides agreed to periodic flag meetings of commanders at designated points on the Line of Control (LOC), as well as measures to reduce inadvertent crossing on the Line of Control. The monthly flag meetings, between local commanders, would be held at Kargil/Olding, Uri/Chakothi, Naushera/Sadabad and Jammu/Sialkot sectors. They would enable speedy return of inadvertent ‘line’ crossers, and to work out a comprehensive framework to that end.

The second was the decision to 'upgrade the existing hotline between the two Director Generals of Military Operations by the end of September 2005' and not to develop any new posts and defence works along the LOC. This is to be seen as a separate issue to the fencing of the LOC, which Pakistan has allowed India to go ahead with. The joint statement also said the two sides 'exchanged views on their respective security concepts'. They reaffirmed their commitment to uphold the ongoing ceasefire along the LOC and in Siachen and implement the 1991 agreement on air space violations in letter and spirit. The statement finally concluded with a pronouncement to periodically review the existing CBMs.

The conventional CBM talks received a fillip from the successful negotiation of the pre-notification of missile tests. While some of the differences between the two sides remained intact, the agreement has laid the foundation for a more durable and trusting relationship between them.

The third round of Pakistan–India expert level dialogue on conventional Confidence-Building Measures (CBMs) was held on 27 April 2006.⁶⁰ Security concepts continued to be discussed to build confidence aimed at avoiding conflict. As indicated in the joint statement of 18 January 2006, the Pakistan side presented a draft agreement to the Indian side on the prevention of incidents at sea in order to ensure safety of navigation by naval vessels, and aircraft belonging to the two sides.⁶¹ The two sides agreed on the following CBMs aimed at avoidance of conflict:

- (i) Finalization of border ground rules for implementation along the international border,
- (ii) Modalities for holding flag meetings quarterly and on a needs basis of sector-level commanders in specific sectors. Modalities for communication in this context would be further discussed.
- (iii) Elaborating, consistent with its intent, the agreement reached on no development of new posts and defence works along the LOC.
- (iv) Finalization of an agreement on speedy return of inadvertent line crosser(s).

Other Issues

Beyond the crucial issues on which this paper is focussed, India and Pakistan also continued talks on Sir Creek in May 2006, the third round of talks on terrorism and drugs trafficking, on 'promotion of friendly exchanges in various fields', a discussion on the Wullar Barrage and Storage Project/Tulbal Navigation Project.

The foreign secretaries met on 14–15 November 2006 to review the progress in the third round of the composite dialogue. In pursuance of the Havana Joint Press Statement,⁶² they discussed terrorism and the need to effectively deal with it. They agreed to set up a three-member anti-terror mechanism to be headed by the

additional secretary (international organizations) from the ministry of external affairs of India and the additional secretary (UN&EC) from Pakistan's Ministry of Foreign Affairs. Its mandate would be to consider counter terrorism measures through regular and timely sharing of information.

CONCLUSION

Pakistan remains India's greatest foreign policy challenge and it has to be managed as it is crucial for the success of internal developmental goals as well as for external policy benefits. Over the past decade, India has tried almost every strategy to bring Pakistan around. The Narasimha Rao government ignored it, Deve Gowda and Gujral tried to embrace it, Vajpayee threatened it and yet a settlement has been elusive.⁶³ A safer neighbourhood and amicable relations with the neighbours would go a long way in achieving domestic stability and pursuing the path of economic development. Economic interaction and cooperation within the region would also generate a number of positive political and economic externalities.

The peace process in itself generates a lot of passion in the two countries and the media reflects the ambiguity that surrounds the chances of its success. The overarching belief in both the countries is that the current peace initiative is quite fantastical and probably the most successful effort. The process is real in the sense that there is a quid pro quo involved with India agreeing to a discussion on Kashmir and Pakistan making efforts to reduce visibly its support to militants operating in Kashmir. However, the difference or the cynicism is expressed in the differing goals each side sets in store.

India believes that Pakistan is not sincere in its efforts to reduce infiltration across the LOC or destroy the *jihadi* infrastructure in PoK and is merely soft pedalling the issue to keep India talking. For Pakistan, the infiltration gun pointed at the Indian head ensures Indian engagement. Pakistan also believes that the Indians see the peace process as an end in itself and that India wants to carry forward a host of issues while delaying any substantial movement on the Kashmir front. Doubts have also been raised in India regarding the continuity of the peace process in the event of a fundamentalist-backed army coup.

But we do have a number of reasons to be animated about the current engagement. First, the level of people to people contact owing to flows across the borders is unprecedented. The exchange cricket series between the two countries, Pakistanis travelling to India for medical treatment, pilgrims travelling across the borders and cultural groups, students, lawyers, old associations have come alive and in many respects civil society groups are instrumental in playing an important role in maintaining and keeping the acceleration. The changed mindsets are also reflected in the discussions for bus service between Amritsar–Lahore, Kargil–Skardu and the rail link between Rajasthan–Sindh.

Second, the change in mindsets also has resulted in increasing attention in Pakistan on India's international profile. With the economy in high gear, driven by the information technology engine and the international media discussing India as the next big thing after China, Pakistan is envious of the Indian success story. The current phase of globalization and the forces of economic regionalization could also propel this benign view of India and foster cooperation.

The third point is President Musharraf's effort at institutionalising the role of the armed forces in the formal power hierarchy. This could be an extremely important development. With the Pakistani army at the centre of domestic action *de jure*, hopefully the bogey of the Indian threat may be dispensed with. This is based on the assumption that in the past, to stay central to Pakistani polity the army harped on the Indian threat. But with the institutionalization of its domestic role, the military will dispense with this high cost option of demonizing India.

Fourth, in the current process too, both sides have expressed willingness and have charted a mid point between the extreme posturing positions. For example, the earlier Indian insistence to use passports for the Srinagar–Muzaffarabad bus service gave way to use of local identity papers as travel documents. The second important example was Pakistan's insistence on tying progress on all issues to Kashmir which has purportedly been dispensed with as their call for a definite time period to achieve results.

Fifth, it can be said that positive outcomes from the peace process generates trust and confidence which was earlier lacking. This would be remarkable in coming to an agreement on the otherwise contentious issues of Siachen and the Sir Creek, where the two sides are said to be inches away from a solution.⁶⁴ The economic and commercial agreements while being an end in themselves can also have positive spin offs on political issues.

It would not be inaccurate to state that the international environment is not conducive to the earlier Pakistani policy of low intensity conflict in Kashmir but the hobble of the peace process has given rise to numerous speculations. One dominating account believes that the current Pakistani engagement has a purpose and that is only to keep a lull until the situation changes in its favour.⁶⁵ However, despite the negativities being expressed, it may be more cogent to focus on the gains even though small through the CBMs and the general peace along the LOC in Kashmir.

In conclusion, the Pakistan challenge through external balancing has for over 50 years boxed India into its immediate region. For an aspiring global power, it is important to secure its immediate region to exercise and influence power in other regions. An amicable settlement on Kashmir can also be expected to have a domino effect on the other festering self determination movements across India as well as boost its international reputation as a responsible and an influential state.

Table 11.1 India's Trade with Pakistan

Values in million

Year	2002– 2003	2003– 2004	2004– 2005	2005– 2006	April 2006– Dec 2007
EXPORT	206.16	286.94	521.05	689.23	1,349.60
%Growth		39.18	81.59	32.28	–37.88
India's Total Export	52,719.43	63,842.97	83,535.94	103,090.54	126,361.46
%Growth		21.10	30.85	23.41	–71.78
%Share	0.39	0.45	0.62	0.67	1.47
IMPORT	44.85	57.65	94.97	179.56	323.26
%Growth		28.54	64.75	89.06	–54.29
India's Total Import	61,412.13	78,149.61	111,517.44	149,165.73	185,749.30
%Growth		27.25	42.70	33.76	–72.56
%Share	0.07	0.07	0.09	0.12	0.20
	251.01	344.59	616.03	868.79	510.23
%Growth		37.28	78.77	41.03	–41.27
India's Total Trade	114,131.56	141,992.58	195,053.38	252,256.27	70,027.15
%Growth		24.41	37.37	29.33	–72.24
%Share	0.22	0.24	0.32	0.34	0.73
	161.31	229.29	426.08	509.67	346.08
India's Trade Balance	–8,692.70	–14,306.65	–27,981.49	–46,075.19	–11,842.96
Exchange rate: (US\$ = Rs)	48.3953	45.9513	44.9315	44.2735	45.4708

Note: The country's total imports since 2000-2001 does not include import of petroleum products (27,100,093) and crude oil (27,090,000)

Source: <http://commerce.nic.in/eidb/iecnt.asp>

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In the contemporary interdependent and globalizing world, domestic upheaval in one country usually produces side-effects that impacts not only its own security and foreign policy, but also those of other countries, especially those which have close geographic, social and historical ties with it. Domestic sources of foreign policy and threat to national security have gained significance in the post-Cold War era.¹ While the end of superpower rivalries, which had complicated regional conflicts in the Third World, contributed to a diminution of these conflicts, the 'decompression' effect of the end of the Cold War gave a fillip to linguistic, religious and communal tensions, which were dormant and overlaid with Cold War rivalries and the earlier colonial dominance over the Third World. Their release exacerbated domestic conflicts in developing countries deriving from the plethora of ethno-nationalist, socio-economic and communal-religious reasons. This is clear from the enumeration of major conflicts published annually by the Stockholm International Peace Research Institute (SIPRI) since the Cold War abated; it confirms that intra-state conflicts greatly outnumber inter-state conflicts. The SIPRI Yearbook 2000 on Armaments, Disarmament and International Security, for instance, reports that out of the 27 major armed conflicts that raged in 25 countries during 1999, only two were inter-state conflicts, namely, Ethiopian, Eritrea, and India-Pakistan over Kashmir. The mitigation of rivalries between the two superpowers and the disappearance of block politics thus shifted the focus of conflict from the external to the internal sphere and, more certainly, to the Third World.

In addition, if domestic environment means the situation within the jurisdiction of a sovereign state, then it must be submitted that this sovereignty itself stands compromised in many ways after the Cold War. One can easily notice the shrinking space of state and sovereignty due to both external and internal factors. External factors include globalization of the economy, emergence of strong regional

*This chapter reflects developments up to 2005. Changes after that year have not been incorporated.

organizations, rise of interdependent issues of terrorism, drug trafficking, environment degradation, and human rights, which need to be tackled with external cooperation. Internal factors, on the other hand, include the rise of sub-nationalism, economic liberalization, the emergence of non-governmental organizations as strong actors, and above all, explosion of knowledge and democratic aspiration due to the revolution in information technology, which, in turn, has led to increasing questioning of traditional authorities including the state. The erosion of the authority and sovereignty of the state thus reflects, to an extent, an explosion of awareness, aspirations, and identities brought about by technological advancements.

All the consequences of this triple explosion of knowledge, aspirations and identities for South Asia,² the most populous region of the world are, of course, not negative. There is, for instance, a creative upsurge to find new answers to lingering questions. People are increasingly asserting their rights and seeking access to the avenues of empowerment to improve their living conditions and change their lifestyles. Institutions are being reformed and streamlined to cope with the pressure generated from below. Not surprisingly, South Asian countries have made considerable progress in their respective process of democratization, though not free from setbacks. During the last decade of the 20th century democratically elected governments emerged in Bangladesh, Nepal and Pakistan and peaceful transitions of power took place in several South Asian countries. Despite the fragility of the democratic process in these states, including India, and the overthrow of the civilian rule in Pakistan in 1999 and the ousting of the elected government in Nepal in October 2002 and declaration of emergency in that country in February 2005, recent trends are refreshing. People have changed the governments in Bangladesh and Sri Lanka respectively in 2001 and 2004 through the ballot rather than the bullet. Fortunately for India, the democratization of politics in some of the South Asian countries has contributed to an improvement in their ties with India.

In the economic sphere, indicators of policy changes have been stronger than ever before throughout South Asia, as all of them have initiated bold and positive measures for economic liberalization followed by some notable steps towards promoting economic interdependence. Nearly every county of the region embarked in a rather big way on the process of privatization and promotion of free enterprise to keep pace with the winds of change sweeping the globe. Culturally, new cultural forms are finding expression that identify with this process of constructive change and transformation.

But as indicated earlier, there is another side to this transformation as well. The above mentioned triple explosion of knowledge, hopes, and distinctiveness has also created new and intensified prevailing social tensions, which have taken the forms of agitations and protest movements, on the one hand, and violent conflicts and organized insurgencies, on the other, along religious, political and ethnic lines.

While agitations and protest movements are part of the political process and have to be addressed by the governments within the given framework of political and administrative decisions, the insurgencies and violent conflicts threaten to tear the structure of the state apart.

If the globalization and liberalization of the economy, emergence of interdependent issues such as democracy, human rights, and environment, and the Information Technology (IT) revolution have strengthened the triple explosion of awareness, aspirations and identities, these transformations have also weakened the governing capabilities of weak governments. Consequently, though external or military threats to a nation's territory have receded and compulsion to seize territory to obtain resources is no longer the driving force, internal dissent and claims to autonomy and ethnic recognition by sub-national entities have intensified. These claims are forcefully being pushed through armed conflict.

This uniquely affects India and South Asia. India is unique in the region by virtue of sharing a border with each of the SAARC states—other than the Maldives—while none of the others share a border with each other. This coincidence is compounded by the presence in each of the states of the region of population segments, which have ethnic and communal linkages with population elements in the other. In other words, the Indo-centric nature of South Asia, i.e., India's predominance in the region in terms of geographical size, strategic location, natural resources, economic and technological advancement, and political stability as well as India's close geographical, societal and cultural linkages with her neighbours, means that domestic turmoil in India's neighbourhood influences her security environment and foreign policy. Unlike the West, where nation-building took place before state-building, South Asian states are trying to build a political nation after forming a state in the post-colonial era. The task of nation-building is therefore still in progress and it is in this sense that that domestic dimensions of security and foreign policy in South Asia assume critical significance.

SOUTH ASIA: BRIDGING THE ETHNIC AND SECTARIAN DIVIDE

We have therefore made an attempt in the present paper to examine the implications of domestic environment in South Asia for India's security and foreign policy. As explained by this author elsewhere,³ foreign policy capability and security of a state crucially depend upon a healthy and progressive domestic environment. A state plagued with poverty and other indicators of economic backwardness, social conflicts, smaller size, adverse geographical location, lack of a sense of national pride, and poor leadership can rarely play a significant role in international relations. In the real world one can, of course, hardly find a country, which is bestowed with all positive indicators of domestic environment, which are called as elements of national power. On the other hand, one can also scarcely find a country that is plagued with all negative attributes of domestic environment. The issue of linkages

between domestic environment and foreign and defence policy of a country must therefore be viewed in relative or comparative terms rather than in absolute terms.

Viewed thus, most of the South Asian states are still plagued with domestic problems of various kinds, degrees and intensity, which have implications across the border. Almost all of them are confronted with the challenging task of not only safeguarding their territorial integrity but also creating a stable structure that can accommodate a bewildering range of ethnic, linguistic and religious groups. Most of them also inherited a legacy of unevenly developed social, economic and political structures upon independence. The process of nation-building in South Asia was from the beginning accompanied by fierce competition for scarce resources, generating uneven political, economic and cultural development among different ethno-linguistic and religious groups. The concentration of economic resources and political power among a privileged few only served to deepen the existing contradictions in all South Asian societies on regional, ethnic and religious lines. Under the circumstances, the task of nation-building was rendered more difficult by an increasing quest by the less privileged groups for more equitable participation in the nation-building process, on the one hand, and the dominant elites' apathy to the legitimate aspirations of such groups for their share, on the other. Pressures from diverse ethnic, linguistic and religious groups steadily acquired increasing political and economic manifestations. It is thus essentially the political and economic demands of minority groups or deprived sections of the society for political representation and resource allocation, often mobilized on ethnic lines, which lie at the root of a growing polarization in all countries of South Asia, though the assertion of ethnic nationalism, basically a function of complex interaction of politico-economic changes in society, has over the years become more strident with greater incidence of internecine violence between communities, religions and ethnic groups.⁴ Had there been visionary statesmen at the helm of affairs in these countries, they could have retrieved the situation to a large extent. Unfortunately, the inability of selfish ruling elites to mediate conflicts for their narrow and short-term gains has compounded the problem by eroding the legitimacy of political class in these countries.

This has complicated the task of bridging ethnic and sectarian divides within South Asian countries. The task of nation-building has thus been rendered more difficult by the state's role in managing the complexities of integrating heterogeneous groups in the mainstream of nation policy. The response of state to diverse ethno-national demands has either been vacillating or inadequate. Misdirected policies of deliberately undermining the ethnic, linguistic and religious identities or minorities in the face of entrenched majoritarian interest / identity have only caused concern to the minorities regarding their own future in the existing political setup. In some cases, short-sighted policies of seeking single national identity by assimilation of disparate identities through suppression of cultural pluralism has led

to internecine violence between communities religious and ethnic groups with alarming frequency. Not surprisingly, almost all South Asian states are confronted with challenges emanating from diverse ethno-linguistic and religious groups. Sustained and at times militant assertion of ethno-sectarian forces poses a serious challenge to nation-building in these countries. The quest for identity on the basis of religion and ethnic consciousness is sharpening ethnic strife and conflict.

It is relevant to note in this context that ethnicity per se is not a problem for the security of a state. It becomes a security issue only when it is politicized. In the case of politicization of an ethnic group, which consists of cross-country migrants, security risks are of three types. It may, in the long run, pose a direct threat to the state by initiating ethno-regionalism or creating local political and social tensions in pursuance of their interests. The domination of the migrant ethnic community in a particular region may give rise to conflict between local people and outsiders. The local people may resist the economic and political rights of the migrant community. Since these migrants have a cross-country ethnic affiliation, it may therefore lead to the involvement of their counterparts across the national boundaries or even a direct conflict between the concerned states. In general, the politicization of ethnic groups may lead to disruption of socio-economic and political structures; creation of law and order problem and other troubles such as arms and drug trafficking; social and political tensions between migrants and the local people; involvement of politicized ethnicity in local politics; competition between locals and outsiders, thereby disrupting social harmony; and paving a way for the interference of external powers in regional affairs. In the case of South Asia, the situation is quite complex because of ethnic, religious and linguistic overlap between different states of the region.⁵

Not surprisingly, the increasing role of the ethnic diasporas in supporting and funding ethnic wars has assumed critical proportions in South Asia, especially in the case of Sri Lanka's Tamils and the Kashmiri Muslims. Accordingly, no South Asian domestic conflict is confined internally. Each one of them spills over into the neighbourhood. Depending on the nature of bilateral relations and the phases of evolving conflicts, support and encouragement have flown to the internal conflicts from the neighbourhood. On the other hand, neighbouring countries too have been adversely affected by such conflicts. In addition to external dimensions of ethnic conflicts in Afghanistan, Kashmir and Sri Lanka, insurgents in India's northeast, too, have got support from external forces. There are, for instance, reports of arms and money flowing to Bodo, the United Liberation Front for Assam (ULFA) and Naga insurgents through private channels from China through Myanmar. On the whole, South Asia is characterized by weak political institutions, internal strife, backwardness, poverty and terrorism, the problem of border management, and illegal immigration, thus making it an unstable region, which in turn adversely affects economic cooperation in the region.

INDIA: THE IMAGE OF A SOFT STATE

Although India is the tallest among all South Asian countries in many respects, it too is afflicted by internal conflicts and problems, which have a bearing on its security and foreign policy. Though this country has so far sustained a credible democratic federal framework and managed to defuse pressures from diverse and contending religious/linguistic and cultural groups, it is finding it increasingly difficult to do so. Questions of restructuring Union-state relations and demands for greater autonomy for states are gaining salience in the political discourse. Indian federation is getting frayed at the edges as it comes under increasing pressure from diverse quarters. The dawn of coalition era though not an unwelcome development in itself, has considerably weakened the federal authority.⁶ Growing demands by states for substantive autonomy are making for strains on the existing federal structure. Incipient threats to Indian federal polity are increasingly coming to the fore with Kashmir and to extent the Northeast representing the extreme instances of such threats.⁷

Ethnic and religious conflicts in India, for instance, not only erode the foreign policy capability of this country by sapping its attention and energy in managing these conflicts, but these discords also enable India's hostile neighbours to exploit these internal turmoil to the great detriment of its interests. Internal conflicts apart, narco-terrorism, crime-politics nexus, crisis of governance, erosion of values and a corresponding rise in corruption, and economic disparity are other internal sources of insecurity in India. In other words, the domestic sources of India's security concerns include insurgency, terrorism and religious fundamentalism, communalism and related riots which affect our image outside, caste discrimination that has acquired international dimension especially the conference of the World Social Forum, child labour, lack of women empowerment, AIDS, the role of the press and intellectuals, growing political and social unrest, fragility of successive weak federal governments, progressive decline of political institutions, growing criminal-political nexus, worsening law and order situation across the country, corruption and growing regional disparities. It is also increasingly apparent that the system can hardly cope with the role of the NGOs that lack the required transparency with regard to their sources of funding, but have become an important instrument for interfering in a country's internal affairs. In addition, the new paradigm that is sought to be imposed can increase external intervention in the name of human rights.⁸

Finally, the image of India as a soft state has been one of the significant reasons behind several security problems confronting this country. On the one hand, the state ignores the genuine demand for autonomy and good governance while, on the other, it surrenders to dictates of terrorists and fundamentalists. In spite of having the largest army, we have not been able to manage our borders well. This has partly been because of our inefficiency and partly because of our federal structure.⁹

PAKISTAN: A GENERAL TRAPPED IN HIS LABYRINTH

The domestic environment in Pakistan includes the mindset of the rulers of that country built around the Two-Nation theory;¹⁰ military rule and the weak democracy; Islamic fundamentalism and the terrorist infrastructures; and of course, the centrality of Kashmir in their relationship with India. There has been a perception of Pakistan as a failed state and hence the danger of nuclear proliferation. Traditional sectarian and ethnic conflicts apart, the present Pakistani military ruler Pervez Musharraf's strategic decision to align with the West to dismantle its own creation in Afghanistan has generated an extremist backlash against the government in Pakistan. As the preoccupation of Pakistani rulers with the politics of sustenance and survival at home, and Pakistan fragile economy have often influenced that country's policy towards India, General Musharraf too cannot be by tailoring expected to disregard his compulsions of political survival his India policy.

This is evident from his unwillingness or inability to dismantle the terrorist infrastructure in Pakistan, which was created in the period when the US was financing resistance to the Soviet presence in Afghanistan in the 1980s, and that infrastructure was later diverted towards India, especially, Jammu and Kashmir after the Soviet withdrawal from Afghanistan and of course after the collapse of the Soviet Union. There is this whole mindset that has developed in Pakistan around the Kashmir issue, very carefully and studiously nurtured by the Pakistani regimes so as not to allow the reconciliation between India and Pakistan.

It is, of course, heartening to note that of late General Musharraf has been talking in a different tone. He has now reciprocated India's peace initiative and expressed willingness to solve the border dispute between the two countries not by changing the border on the basis of religion but by making the border irrelevant by cross-border travel and trade. The expression of this view, manifested in a joint India-Pakistan statement issued during General Musharraf's New Delhi visit in April 2005, has however evoked an unusually hostile reaction in Pakistan, in part because of the perception that Islamabad has conceded too much. Changing the country's external borders has been an article of faith for decades in Pakistan. So, the General's call for the border to be made irrelevant has understandably caused consternation among many in Pakistan. He has also come under fire for suggesting, while in New Delhi, that the separatist leaders were marginal to the bilateral dialogue process.

Even liberal elements in Pakistan are finding it hard to deal with his declaration that Kashmir cannot be resolved on the basis of religion and that borders have to be made irrelevant for the ultimate solution. While the peace elements have no quarrel with the General's quest for peace with India, their main worry is over what are increasingly seen as 'unilateral,' though much-needed corrections, in Pakistan's India policy. They are concerned over the sustainability of such a policy without involvement of various stakeholders, nurtured by the establishment for decades.¹¹

Those elements within Pakistan, who have so far been brought up on the staple of slogans like 'Kashmir *banega* Pakistan' (Kashmir will become Pakistan), are feeling restless as the establishment unveils elements of its new approach to India. As a result, there is a growing feeling that the military establishment is in a great hurry to buy peace with India under external pressures. A meeting of the Kashmir representatives chaired by President Musharraf before his India visit in April, best illustrates this point. Most of the Kashmiri representatives at the meeting wanted to know why an impression had been allowed to gain ground that Pakistan was in haste and why 'unilateral' concessions were being made to New Delhi. A defensive Musharraf merely appealed to them to have trust in him.¹² This clearly shows the dangers ahead in India and Pakistan's march on the road to peace.

It is therefore necessary for President Musharraf to educate those elements within Pakistan who have been trained to hate India to revise their mindset in the interest of peoples of both the countries. If he does not do so at the earliest, we can assume that he is not serious about the peace process.

As regards India, her interest lies in encouraging the modernist forces in Pakistani society. It is in this sense that New Delhi's recent decision to allow General Musharraf to play host to the Hurriyat leaders in Islamabad and other cities of Pakistan for a whole fortnight, needs to be commended. This is likely to help the General to fend off domestic critics whose cries of 'sellout' help none. New Delhi's decision to allow the Hurriyat to visit Pakistan is thus a major and dramatic confidence-building measure. It is low in risk and high in symbolism and will allow General Pervez Musharraf to tell the Pakistani public that India too is prepared to display a new attitude to Kashmir. The fact that the predecessor government in New Delhi led by the Bharatiya Janata Party (BJP) had initiated the current peace process between India and Pakistan and the Leader of the Opposition in India, L.K. Advani, has extended strong support to this peace process during his tour to Pakistan reflect domestic consensus within India about beginning a new chapter in India-Pakistan relations. This should help the General to allay apprehensions in this regard within his country.

The Government of India should also sponsor a study on the psychology of Pakistan's army, as several factors have made the military in Pakistan to play the most important role in political, social and economic spheres. Such a study can, therefore, provide policy inputs for India to plug loopholes in her dealings with Pakistan.

NEPAL: HIMALAYAN PROBLEMS

The domestic environment of Nepal is characterized by a poor democratic base; Maoist insurgency; lack of development and low per capita income. This Himalayan state is also plagued with the problems of infiltration: the recent sprouting a number of mosques and *madarsas*, and thriving smuggling. Nepal is thus

passing through a turbulent phase in its history marked by the continuously expanding influence of the Maoists, political uncertainties and growing international interests. While constraints of time and space prohibit us from going into the details about the domestic crisis in Nepal, suffice it to say here that, on the one hand, the Maoists have been successful in gradually pushing their agenda through violence and intimidation, while on the other, the lust for power displayed by the former monarch, King Gyanendra, and the disarray among the political leadership have aggravated the domestic turmoil in Nepal.¹³

In fact, the king has been more interested in exploiting the situation in his favour than showing prudence and statesmanship in dealing with the Maoists rebels. First, he dissolved Nepal's Parliament on 22 May 2002, and then dismissed the Sher Bahadur Deuba government in October that year, accusing him of being incompetent in running the government at a time when it was beset by an increasingly deadly Maoist insurgency. While street rallies and protests organized by the main opposition parties forced the King to repeatedly change his nominated Prime Ministers, the inability of these parties to come out with a consensus candidate for the post of Prime Minister during the interim period strengthened the monarch's position.¹⁴ He used the inability of the Deuba government (which was reinstated in June 2004) to tame the Maoists as an excuse to once again dismiss it and impose emergency in February this year. Though the king has announced the lifting of emergency in Nepal on 29 April 2005, i.e., soon after his meeting with the Prime Minister Manmohan Singh, in Jakarta, he did not withdraw the draconian executive orders suspending fundamental rights. The king governed the country directly while the political leaders continued to languish in jails, all in the name of controlling the Maoists. But this enabled them to gain more legitimacy and strength as the authoritarian measures of the king turned the ire of political parties against the king rather than the Maoists.¹⁵

India that shares a 1,500-km long border, which is even more open and porous than that between the US and Canada, as well as close social ties with Nepal, and it cannot remain unaffected by domestic turbulence in Nepal. This is especially true in the context of Nepal's Maoist rebels, who have an anti-India bias. The document adopted at the third plenum of the CPN (M) central committee in March 1995 declared that the armed struggle was specifically against 'Indian imperialism'. It also voiced opposition to the recruitment of Gurkha soldiers in the Indian Army. It is alleged that the Maoists are being trained by the ex-Gurkhas in the Indian Army. Further, the Maoists demand the abrogation of the India-Nepal Treaty of 1950 and the Mahakali Treaty.

Moreover, the Maoists, masquerading under various names such as the People's War Group (PWG) and Maoist Communist Centre (MCC), are very active in Indian states like Andhra Pradesh, Bihar, West Bengal, Sikkim and Assam. The other side of the coin is that the Nepali Maoists, when under pressure from the Nepalese Army, try to escape to adjacent Indian territories and seek sanctuary in the

hideouts of their counterparts.¹⁶ The arrests of top Maoist leaders in 2004 in Siliguri and Patna clearly indicated their links with Indian militants. The Director General of Police of Sikkim, T.N. Tensing, observed that the authorities were aware that the Maoists from Nepal could enter the border states like Sikkim and West Bengal. This forced these states to sound an alert to check infiltration of these rebels into Indian territory.¹⁷ By establishing its links within India, the Maoists, in combination with the PWG and MCC, are thus in a position to pose a security threat to at least four Indian mainland states.

The Maoist insurgents in Nepal have also forced some Indian companies to move out of Nepal. A host of top Indian firms led by Dabur and ITC temporarily shut down operations in Nepal after Maoist rebels bombed a luxury hotel in August 2004, raising fears about safety of conducting business in the Himalayan kingdom. The attack came on the eve of a deadline set by the rebels to shut down 10 companies including Nepal's oldest Indian luxury hotel, accusing them of adopting unfair labour practices—a charge that these companies have denied.¹⁸

The socio-political turmoil in Nepal has thus a spillover effect in India. The anti-India sentiments of the Maoist rebels, the unbridled use of India–Nepal border by the Maoists for shelter, training, supplies and arms smuggling, and their deepening links with the Indian left-wing extremist and Northeast extremist groups pose a serious security threat to India. Further, there is an apprehension that Pakistan's Inter-Services Intelligence (ISI), active in border areas, could forge links with the Maoists to destabilize the region. Not surprisingly, India has had been among the forerunners in extending both moral and material support to the Nepalese authorities in their fight against the Maoist menace. With political turbulence rocking Nepal and political parties decaying, India, under the NDA rule, saw a clear interest in preserving the institution of monarchy as a stabilizing force in the restive Himalayan state. India's then minister for external affairs and defence, Jaswant Singh, therefore, visited Nepal in August 2001 to establish a personal rapport with King Gyanendra. Besides, India extended diplomatic support to declaration of emergency in Nepal in November 2001 and condemned violence by the Maoists.¹⁹

Soon after the collapse of the ceasefire in Nepal in November 2001, Prime Minister Atal Behari Vajpayee, spoke over the telephone with his Nepalese counterpart, Deuba, on 8 December. He assured India's full support and cooperation to Nepal at all levels in meeting the challenges posed by the Maoists. New Delhi declared that it would include the Indian Maoist groups in its list of terrorist organizations and would step up action against them. India supplied helicopters that the Nepali security forces required immediately in meeting the challenges. The border areas were kept on 'high alert' to check the movements of the Maoists. Their possible hideouts in the border districts and towns were searched, and some of the Maoist activists, who were undergoing treatment, were handed over to the Nepali police.

When the then Nepalese Prime Minister, Sher Bahadur Deuba, visited India in March 2002, New Delhi offered him help to face the ongoing insurgency in Nepal. But at the same time, it clearly expressed its desire to see him address its concerns about misuse of Nepalese territory and hospitality by some forces inimical to India's national interests. The Nepalese leader reportedly showed his sensitivity to India's concerns about the Himalayan kingdom's vulnerability to penetration by some anti-India forces. Both the countries decided to intensify their efforts and cooperation to combat terrorism and cross-border crimes including sharing intelligence and information regarding the terrorists' movements.²⁰ The National Democratic Alliance (NDA) government in India, thus, showed no hesitation in endorsing the steps taken by the Nepalese government to contain the Maoists.

The United Progressive Alliance (UPA) government, which came into power in India in May 2004, continued with the policy of the previous government. The joint statement issued at the end of the visit of the Nepalese Prime Minister, Sher Bahadur Deuba, to India in September 2004, for instance, reiterated the determination of the countries to combat terrorism and further intensify cooperation in curbing the activities of the extremists and terrorists. Prime Minister Deuba thanked the Government of India for the timely and substantive support provided by India in Nepal's efforts to deal with the Maoist insurgents. In response to India's expression of concern over the increasing anti-India activities of Pakistan's ISI and the Dawood Ibrahim gang in Nepal, Deuba assured India of his determination not to allow any anti-India activities in Nepal. This prompted New Delhi to agree on 9 September to upgrade its security assistance to Nepal, including a fresh consignment of military hardware, training to Royal Nepalese Army and intelligence sharing between the two countries.²¹ This prompted the Nepalese Maoists to launch a scathing attack against India. In a press statement posted on their party website (www.cpnm.org), the CPN (M) chairman, Prachanda said that Indian 'expansionism' backed by US imperialism was directly impinging on the 'people's war' launched by the Maoists in Nepal.

This government faced a dilemma when the Nepalese king imposed emergency in Nepal in February 2005. Since this step invited the ire of the Maoists as well as all democratic political parties in Nepal, the present regime in New Delhi rightly suspended military aid to Nepal. This was in consonance with India's long-cherished tradition of opposing autocratic rule in India's neighbourhood. At the same time, this policy enabled India not only to align with democratic parties and intelligentsia in Nepal, but also avoided needlessly alienating the Maoists. As the UPA government rightly realized that Maoists could be tamed by military action alone, it did not hesitate to abandon its half-century old policy of bilateralism in its dealing with Nepal and built a common front with the US, the UK and the European Union to bring additional pressure to bear on the king to restore democracy and allow the political leaders to resume negotiations with the Maoists.²² Within three months of this bold move to use its leverage in Nepal to make the king see

reason, the UPA government, however, made a U-turn in its Nepal policy. Not only did Prime Minister Manmohan Singh meet King Gyanendra in Jakarta in April 2005, but he also promised to expedite the delivery of arms suspended at the time royal coup. But what did India get in return? As stated earlier, though the king announced lifting of emergency, he did not annul draconian executive orders suspending fundamental rights. Worse, the two countries learnt about the U-turn in India's policy only from the king, who chose to make public Manmohan's assurances to him during their Jakarta meeting. It took the Government of India 17 days to confirm something that the Nepalese monarch had already announced. While constraints of time and space prohibit us from going into reasons for this volte face in India's Nepal policy, suffice it to point out here that this dangerous flip-flop is a betrayal of the Nepalese political parties' struggling for the restoration of democracy.²³

India's ill-advised decision to resume supply of arms to Nepal has provided a shot in the arms for the King. Spurred on by New Delhi's support, the Nepalese security forces are likely to go all out to find a bloody 'military solution' to the Maoist question, and intimidate democratic opponents and critics in the bargain. India's decision to go back to playing ball with King Gyanendra could increase the disarray in the democratic camp. This is why the king was so eager to go public with the U-turn in Indian policy immediately after his Jakarta meeting with Prime Minister Manmohan Singh. The arms matter less to him than the legitimacy India has bestowed on him and his not-so-secret project to turn the clock back to the bad old days of the Panchayat system.

New Delhi will, therefore, be well advised to be on its guard even as it considers helping the Nepalese military forces in combating the kingdom's Maoists in their new identity as terrorists. As India's smaller neighbours, including Nepal, have been confronting the crisis of identity and suffering from the 'big-neighbour-small-neighbour syndrome,' it is all the more necessary for this country to be extra cautious in extending a helping hand to Nepal lest it be misunderstood as interference in its internal affairs.²⁴

Despite the direct threat to India by the Maoist insurgents of Nepal, a military intervention by New Delhi is not a real option. India would gain little by getting embroiled in a prolonged anti-guerrilla operation in its neighbouring country. India must not forget the lessons learnt from its ill-advised policy of dispatching the Indian Peace Keeping Force in Sri Lanka in 1987 for bringing peace and protecting the Tamil minority, which invited the ire of both the Sinhalese as well as the Tamil groups in Sri Lanka leading to assassination of the Indian Prime Minister, Rajiv Gandhi, by Tamil extremists. In any case, the Nepalese, fiercely proud of their own military traditions, would not like Indian troops on their soil. The manner in which the Palace, which controls the Army in Nepal, reacted to the suggestions of Indian military help to beat the blockade by Maoists in August 2004,²⁵ is a useful pointer

to which way the wind blows on this question. Any move to go against this would only give added voice to the anti-India constituency in Nepal. Under the circumstances, India can only insist that Nepal gets its act together to resolve the insurgency as quickly as possible. Since the Maoist insurgency has real economic and social roots and this problem cannot be solved only by the use of force, New Delhi must employ all its diplomatic skills to persuade the king to make up with the political parties and jointly deal with the Maoist menace. Nepal's fractious political parties must also show greater unity of purpose than they have done so far.

BHUTAN: BENEFITS FROM COOPERATION

Another Himalayan state, Bhutan, too is facing domestic problems in the form of ethnic democratic movement launched by the Bhutanese people of Nepalese origin. In 1990, these Bhutanese dissidents launched a movement against the Royal Government of Nepal. A large number of these people went to Nepal where they stayed in refugee camps. Some of them came to India. Rongthong Kunley Dorji is such a Bhutanese dissident. He claims to be the chairman of the five-party United Front for Democracy in Bhutan. Since the Bhutanese King regards these dissidents as a greatest security threat to his country in the contemporary era, the Bhutanese government requested India to extradite him to face criminal charges in Bhutan for his alleged financial irregularities. New Delhi arrested him in 1997 under the Extradition Act, but he was released on bail due to pressures from the human right groups.²⁶ Apart from creating this dilemma of protecting its friendly country versus honouring human rights, the resurgence of the Nepalese ethnic group in Bhutan, which has alarmed the Bhutanese government by demanding a greater Nepal, has also posed a challenge to Indian diplomacy to find a way to bridge the divide between Nepal and Bhutan on this issue as New Delhi has to maintain friendly ties with both neighbours.

Another important issue in the domestic environment of Bhutan, which has a bearing on India, is the presence of insurgents from India's northeast, who took shelter there and operated against India. Fortunately for India, the Bhutanese King has shown an extremely positive attitude towards India and its interests. As against the Nepalese kings, who have played the China, Pakistan and US cards against India, the Bhutanese king, for a variety of reasons, including avoiding trouble for him, is very wise in this regard. The Bhutanese king actively acted to expel anti-India insurgents operating in Bhutan. He thus showed the way to others in the region to cooperate with India and to promote cooperative security in the region. We can only hope at this stage that Bangladesh would learn a lesson from this.

In the case of energy too, Bhutan is setting a wonderful example, which may be emulated by countries like Nepal. Like Bhutan, Nepal too can have a win-win arrangement with India. Nepalese fears that India will exploit that country if it

engages with the Water Resources Corporation of India have been thoroughly dis-proved by the Indo-Bhutan cooperation in this area. Bhutan has been able to derive enormous benefits from its cooperation with India. After the latest hydro-electric project conference, Bhutan has achieved the highest per capita income in South Asia: \$1,100–1,200 per month. This is phenomenal and Bhutan's policy of cooperating with India in the field of water resources has undoubtedly contributed to this impressive growth.

BANGLADESH: THE NEED TO BREAK A MENTAL BLOCK

Like Bhutan, India's other next-door neighbour, Bangladesh, has turned into a sanctuary for Indian insurgents in the northeast. However, unlike Bhutan, it has never taken any steps to expel these rebels operating from Bangladesh soil against India. Dhaka has even refused to acknowledge that such a problem exists. Besides, illegal immigration from Bangladesh into India is a matter of grave concern for this country, as it is changing the demographic profile of several border districts in the Indian provinces of Bihar, West Bengal and Assam. India must, therefore, consider amending its laws concerning the verification of the status of immigrants as the present Indian law obliges the government to prove the illegality of immigration into India and, thereby, exacerbates the problem.

Moreover, the Bangladeshi elite uses anti-India feelings to sustain their support base at home. They have to demonstrate that they are not pro-India when in the opposition. When they come back to power, they have to project themselves as anti-India.²⁷ It creates a difficult situation for India. The management of Indo-Bangladesh relations is really a big challenge for the makers of India's foreign policy.

India is also alarmed by the free run that the fundamentalists have in Bangladesh and especially the growing activities of the Pakistan's ISI; that insurgents operating against India in Assam and other parts of the northeast are receiving millions of dollars of arms and safe haven from Bangladesh; that political opponents of the ruling regime in Dhaka have been killed; and that government-to-government business has become farcical. India's pulling out of the SAARC meet scheduled to held in Dhaka in February 2005 was, therefore, not only directed against the proclamation of emergency in Nepal, but was also intended to send a signal to Dhaka to set its house in order. New Delhi feels that this message has gone loud and clear to Dhaka.²⁸

But what is not clear is whether the Bangladesh government will act in a meaningful way, especially on the serial killings of Opposition leaders. According to an official in New Delhi, 'Bangladesh is not willing to engage with us. If Dhaka does not accept, there is a problem; then, how do you even begin talking about it?'²⁹ In fact, Dhaka denies the presence of terrorist training camps in its territory; it denies

the existence of even a single illegal immigrant from Bangladesh into India (India estimates the number at 10 million); and it denies a rise in fundamentalism in the country even though the newspapers there have been extensively reporting the phenomenon. What is more, Dhaka denies India transit rights, and it is opposed to setting right trade imbalances through a more spirited trade policy that includes sale of gas to India.

This is surprising in view of the fact that India and Bangladesh really have no fundamental differences, except a mental block in Dhaka, to greater cooperation with India. This is also evident in the field of economic cooperation. They use trade deficit with India to negate economic cooperation between the two countries instead of bridging this gulf by exporting commodities like natural gas to India, which is abundant in Bangladesh. Dhaka cannot sell gas to New Delhi because hardliners in Dhaka are against India–Bangladesh cooperation. Yet, they complain about the trade deficit with India. New Delhi must, therefore, give up its traditional policy of maintaining strong links only with the Awami League, which led the struggle for liberation of Bangladesh. Instead, it must engage in a sustained dialogue with moderates of all significant political formations in Bangladesh, as the removal of the Awami League from the seal of power has denied India of influence in the Bangladesh government in the current situation.

SRI LANKA: MAKING RATIONAL DECISIONS

In the southern part of South Asia, the present phase in India–Sri Lanka relations can be termed as the friendliest era in relations between the two countries. Despite domestic problems that leaders in Sri Lanka are facing, they have been able to see the long-term benefits accruing from its economic relationship with India. With all the differences between President Kumarathanga and the Prime Minister of Sri Lanka, they are capable of taking rational long-term decisions, which are beneficial for both Sri Lanka and India. They are very keen to economically integrate Sri Lanka with India. Steps have been taken in that direction and we are going to enter into a comprehensive economic partnership agreement with the island nation. They have also sought guidance and advice on how to deal with domestic conflict.

The internal milieu of Sri Lanka, however, is still a source of worry for Colombo as well as New Delhi. Though the sub-nationalist movement in Sri Lanka has had an indigenous character, which was not influenced by the Tamil Nadu factor in any substantive manner, India cannot afford to be a bystander in the violent ethnic conflict that has erupted in Sri Lanka. The ethnic links between Indian and Sri Lankan Tamils obliges this country to ensure the safety, security and dignity of Sri Lankan Tamils. At the same time, India's interest lies in the unity and integrity of Sri Lanka as the disintegration of Sri Lanka is bound to encourage numerous separatist movements within India.³⁰

India must also take note of the past record of the Tamil Tigers, which shows that if they were able to create the Tamil *Eelam*, there would be no honoured place for the Tamil-speaking Muslims and Indian Tamils. The eastern Tamils would be treated as second-class citizens. For all those who consider that multiple identities can and should coexist in a plural state, the goal of a separate Tamil state is a reactionary concept.

New Delhi, therefore, must not remain a silent spectator to the growing military might of the Liberation Tigers of Tamil Eelam (LTTE), which has flouted the spirit of the peace process with total impunity to strengthen its ability to wage war against Colombo. India must not forget that it was the LTTE, which masterminded and executed with full precision the assassination of former Prime Minister, Rajiv Gandhi, after the Indian Peace Keeping Force (IPKF) pulled out from Sri Lanka. Moreover, Triconamalee is strategically important for us, and the Indian Oil Corporation has invested in Triconamalee in the Sri Lankan oil sector. So, what happens in the northeastern part of Sri Lanka and impacts the peace process is again directly linked to both the security and foreign policy interests of India.

Needless to add, whether we like it or not, India cannot escape the responsibility of being the guarantor of peace and stability in Sri Lanka. If things go out of hand in Sri Lanka, one cannot visualize a situation where the Government of India will not be compelled to be more active than it is at present in terms of dealing with the situation. It is, therefore, high time that the Government of India came out with a detailed and unambiguous statement on the various aspects of Sri Lankan issues including the LTTE, the Tamil right to be their own masters in a federal Sri Lanka, and the peace process. Otherwise, the LTTE would only be encouraged to strengthen its armed capability much to the detriment of peace in this part of the subcontinent.

CONCLUSION

To sum up, South Asia is emerging as a new epicentre of both global trade and, paradoxically and unfortunately, global terrorism and internal conflicts. While countries on India's periphery are racked by terrorism, insurgencies and separatist movements and are, therefore, inherently unstable, India too is not free from serious domestic troubles.

Much of the regional instabilities in South Asia have emerged from lack of democratic governance leading to severe mal-governance. India perhaps remains, paradoxically so, the only 'thriving democracy' within the region. Most of its peripheral neighbours including Bangladesh and Sri Lanka are democracies only in name. The lack of good governance has led to severe resource scarcities leading to acute environmental degradation and underdevelopment in several parts of South Asia. Underdevelopment and related security issues have therefore led to mass

displacement and migration of people within the region and beyond. Lack of secure borders, has placed India at the receiving end of refugees and economic migrants, which has not only put an acute strain on India's existing infrastructure, but has also forced her to shape its foreign and defence policy accordingly.

The inability of most South Asian countries, including India, in many respects to evolve into viable nation-states has also serious implications for India's security and foreign policy. In Pakistan, for example, the emphasis is on Islamic identity, which influences Islamabad's disposition towards South Asia and has led to a debate within Pakistan whether to project itself as a South Asian or Middle Eastern state. In this context, Pakistan, one of the pivotal states in the region, has unfortunately been unable to articulate a strong sense of South Asian identity and has therefore been perhaps the most reluctant member of the region.

The task of nation-building has been further complicated by the emergence of newer and contesting identities within the region. In India, for example, newer regional identities are emerging. The urge to build a national identity distinctive from an Indian identity that overwhelms the region, partly owing to historical legacies, has also led to sort of a love-hate relationship between India and its immediate neighbours.

As regards Pakistan, the military remains the prominent institution. A paradigmatic shift in Pakistani policy towards India has not been witnessed in the past half-a-century, even under democratic governments. This, therefore, underscores the fact that the challenge to India's foreign policy-makers lies not in whether there should be a military or democratic government in Pakistan, but whether Pakistan is a strong or a weak state. A careful thought on this question reveals that a strong Pakistan would be in the interest of India, as confident Pakistan would be more forthcoming improving ties with India.

Besides, New Delhi must downplay the prominence of Indo-Pak relations in its foreign policy concerns. While discussing internal dynamics in South Asia, Indo-Nepalese relations for instance, cannot be viewed merely as an outcome of Indo-Pak tensions. Indian foreign policy-makers, therefore have to reconfigure India's security concerns and foreign policy in such a way that other peripheral states figure as importantly as Pakistan. One way to do is to move both India and Pakistan away from territorial security and arms build-up against each other and to redefine the parameters of security issues in play between the two countries. There is a need to emphasize that national security does not depend merely on military strength and readiness. This also involves social cohesion through more people-to-people contacts and increased trade and diplomatic support. In other words, the levels of analysis to understand India's foreign policy imperatives and challenges have to be broadened to include the societal, political, intra and inter-regional. Finally, since countries of the region are grappling with intense ethnic and religious tensions, they must embark on a careful path of social accommodation and good governance. India's success as a modern, powerful, secular and democratic state

would inspire its kneeboards to move in similar direction and thereby check the growth of fundamentalism, militarism and authoritarianism, and promote the formation of a cooperative, peaceful and law governed order in the region.

NOTES

1. Other expressions used to describe the post-Cold War era include 'a world transformed', 'turbulence in world politics', 'end of history', 'end of geography', 'back to the future', 'clash of civilisations', etc. See, for instance, R. Tucker, S. Hoffman, K. Keller and W. McNeil, *Foreign Affairs* (New York), Vol. 69, No. 4, 1990; James N. Rosenau, *Turbulence in World Politics* (Princeton, 1990); Francis Fukuyama, 'The End of History', *The National Interest*, Vol. 16, Summer 1989; Takshinouguchi, 'Dialectics of World Order: A View from Pacific Area', in Hans-Henrik Holm and George Sorenson, eds, 'Whose World Order: Uneven Globalisation and the End of Cold War' (Boulder, Colorado: Westview Press, 1995); John Mearsheimer, 'Back to the Future: Instability in Europe after the Cold War', *International Security*, Vol. 15, Nos 1–3, 1990; and Samuel P. Huntington, 'The Clash of Civilisation', *Foreign Affairs*, Summer and Fall 1993.
2. The conventional definition of South Asia that includes seven countries (India, Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka and Maldives) has been questioned by several scholars, as they think countries like Afghanistan, Myanmar, China, etc., who have a very significant impact on South Asian polity, security and economy, should also be treated as a part of South Asia, which may be termed as Southern Asia. The constraints of time and space, however, prevent us from including these countries in our study.
3. Nalini Kant Jha, Chapter 1 in *Domestic Imperatives in India's Foreign Policy* (New Delhi: South Asian Publishers, 2002).
4. Nancy Jetly, ed., *Regional Security in South Asia: The Ethno-Sectarian Dimensions* (New Delhi: Lancers Books, 1999), pp. v–vi.
5. Ramakant and B. C. Upreti, 'Inter-State Migration, Ethnic Politics and Security in the Himalayas', in *ibid.*, pp. 480–81.
6. For an analysis of the impact of the coalition government on India's foreign policy, see Nalini Kant Jha, 'Coalition Governments and India's Foreign Policy', in Mahendra Pratap Singh and Anil Mishra, eds, *Coalition Politics in India: Problems and Prospects* (New Delhi: Manohar, 2004), pp. 295–325.
7. For an analysis of the roots of the Kashmir problem and the possible way out, Nalini Kant Jha, 'Kashmir: Need for a Balanced Peace Initiative', *Journal of Peace Studies*, Vol. 7, No. 6, New Delhi, November–December 2000, pp. 37–91. For a discussion on the separatist movements in the Punjab, Kashmir and the Northeast, see Nancy Jetly, 'India: The Domestic Dimensions of Security', in Barry Buzan and Gowher Rizvi, eds; *South Asian Security and the Great Powers* (London: Macmillan 1986); M. J. Akbar, *Kashmir: Behind the Vale* (New Delhi: Viking, 1991), and his *The Siege Within* (New Delhi, 1996); Samir Das, 'National Security and Ethnic Conflicts in India: A View from the North-East', in Arun Kumar Banerji, ed., *South Asian Security Issues Domestic and External Sources of Threat to Security* (Calcutta: Minerva Associates, 1998), pp. 102–18; and Nalini Kant Jha, 'External Challenges to Indian Nationhood', *Third Con-*

- cept, Vol. 1, No. 4, New Delhi, June 1987, pp. 18–20; and his ‘From CTBT Obsession to Basic Strategies’ *Trishul*, Vol. 12, No. 2, Wellington, Spring 2000, pp. 65–73.
8. For elaboration of this point, see Nalini Kant Jha, ‘India’s Security Concerns in a Turbulent World’, in Nalini Kant Jha and V. T. Patil, eds, *India in a Turbulent World: Perspectives on Foreign and Security Policies* (New Delhi: South Asian Publishers, 2003), pp. 31–32. Also Chapters 2 and 7 in his *Domestic Imperatives in India’s Foreign Policy*; and his *Internal Crisis and Indira Gandhi’s Foreign Policy* (Patna: Janki Prakashan, 1985), pp. 137–54.
 9. For an overview of the working of the Indian political system since Independence, see Nalini Kant Jha, ‘Realising the Constitutional Vision: Road Blocks and Road Ahead,’ *Indian Journal of Political Science*, Vol. 66, No. 1, Meerut, January–March 2005, pp. 9–28; and his ‘Indian Democracy: Hope and Reality’, *Indian Journal of Politics*, Vol. 32, Nos 3–4, Aligarh, July–December 1998, pp. 153–71.
 10. One of the most significant roots of conflict between India and Pakistan has been Pakistan’s emergence on the basis of two-nation theory (based on religion) and India’s continuing refusal to accept religion as a basis of nationhood. For an elaboration of this point, see Nalini Kant Jha, ‘Cultural and Philosophical Roots of India’s Foreign Policy,’ *International Studies*, Vol. 26, No. 1, New Delhi, January–March 1989, pp. 45–67.
 11. B. Murlidhar Reddy’s dispatch from Islamabad, ‘Musharraf’s India’s Policy’, *Hindu*, Madras, 23 May 2005.
 12. *Ibid.*
 13. For details see Nalini Kant Jha, ‘Domestic Turmoil in Nepal: Implications for Nepalese and Indian Security’, *Journal of Peace Studies*, Vol. 10, No. 2, New Delhi, April–June 2003, pp. 2–18; and his ‘Domestic Conflict in Nepal: Origin, Challenges and Prospects’, in *Asia Annual*, 2003 (New Delhi: Shipra, 2003), pp. 197–209. See also Khalid Mahmud, ‘Maoist Insurgency in Nepal’, *Regional Studies*, Vol. 21, No. 1, Islamabad, Winter 2002–2003, p. 5; Krishna P. Khanal, ‘Post-11 September Developments in Nepal: Implications for Curbing the Maoist Insurgency’, in Dipankar Banerjee et al., eds, *South Asian and the War on Terrorism* (New Delhi: India Research Centre, 2003), pp. 25–37; Smruti S. Pattanaik, ‘Maoist Insurgency in Nepal: Examining Socio-Economic Grievances and Political Implications’, *Strategic Analysis*, Vol. 26, No. 1, New Delhi, January–March 2002, pp. 119–20; Sangeeta Thapliyal, ‘Maoists in Nepal’, *The Hindu*, Madras, 18 December 2001; Chitra K. Tewari, ‘Nepal: Maoist Insurgency’, *South Asia Monitor*, No. 31, 1 March 2001, www.csis.org/saprog; Deepak Thapa, ‘Day of the Maoist’, *Himal South Asia*, Vol. 14, No. 5, Kathmandu, May 2001; and Sanjay K. Jha, ‘Nepal: Quest for Elusive Peace’, *Strategic Analysis*, Vol. 28, No. 3, New Delhi, July–September 21004, p.455.
 14. *Hindustan Times*, Patna, 4 June 2004; and Bhopal, 18 October 2004.
 15. Prem Shankar Jha, ‘Follies of the Kingdom’, *Outlook*, Vol. 45, No. 9, New Delhi, 7 March 2005, p. 40.
 16. According to Rohan Gunaratne, the Indian organizations with whom the Maoists have links include: ULFA, Northern Bihar Liberation Front, Bhartiya Communist Youth League, Bharat Ekta Samaj, All-Nepal Youth Association of India (Chennai Committee), etc. See his ‘Nepal’s Insurgents Balance Politics and Violence’, *Jane’s Intelligence Review*, October 2001, p. 33.

17. Marcus Dam's dispatch from Kolkotta, 'India, Nepal Begin Operations against Maoist Rebels', *Hindu*, 21 August 2004, and 'Nepal to Seek Help of Indian States,' *Hindu*, 24 August 2004.
18. 'Top Indian Firms Move out of Nepal', *Times of India*, Lucknow, 19 August 2004.
19. Nalini Kant Jha, 'India's Security Concerns in a Turbulent World', pp. 31–32.
20. Editorial, 'Cross-Border Bonhomie with Nepal', *Hindu*, 20 March 2002.
21. Anil Kumar Singh, 'Indo-Nepalese Relations and India's Security', *South Asia Politics*, Vol. 3, No. 7, New Delhi, November 2004, p. 7.
22. Prem Shankar Jha, 'Follies of the Kingdom', *Outlook*, Vol. 45, No. 9, New Delhi, 7 March 2005, p. 40.
23. For details concerning causes of volt face in its Nepal policy by the UPA government, see Satish Chandra, 'India's Nepal Policy: Dangerous Flip Flop', *Hindu*, 10 May 2005; Siddharth Varadrajana, 'A Policy in Search of a Rationale', *Hindu*, 14 May 2005; and V. Sudarshan, 'When It Reigns, It Pours', *Outlook*, Vol. 45, No. 18, 15 May 2005.
24. Nalini Kant Jha and Pramod Kumar, 'India and Nepal: Imperatives of a Good Neighbourliness', in Nalini Kant Jha, ed., *South Asia in 21st Century: India, Her Neighbours, and Great Powers* (New Delhi: South Asian Publishers, 2003), pp. 113–24.
25. 'India and Nepal's Insurgency', *Hindu*, 8 September 2004.
26. Kapileshwar Labh, 'Relations with the Himalayan Kingdoms of Nepal and Bhutan', in Nalini Kant Jha, ed., *India's Foreign Policy in a Changing World* (New Delhi: South Asian Publishers, 2000), p. 170.
27. See Nalini Kant Jha 'India and Bangladesh: The Track Back to Normalcy', in his ed., *India's Foreign Policy in a Changing World*, pp. 182–84.
28. V. Sudarshan, 'South Asia: With Neighbours Like These', *Outlook*, Vol. 45, No. 7, 21 February 2005, p. 24.
29. *Ibid*, p. 25.
30. For an elaboration of this point, see Nalini Kant Jha, 'Opposition to Indo-Sri Lanka Accord: Failure to Understand a Complex Reality', *Third Concept* (New Delhi), Vol. 2, No.1, March 1988, pp. 19–21, 31. Also see S. Balaji, 'Tamil Militancy in Sri Lanka: Implications for India's Security', in Nalini Kant Jha, ed., *India's Foreign Policy in a Changing World*, pp. 202–14.

Tridib Chakraborti

The first Association of Southeast Asian Nations (ASEAN) India summit, which was held on 5 November 2002 in Cambodia, in accordance with the decision taken at the seventh ASEAN summit in Brunei Darussalam in November 2001, was a watershed event in the history between bilateral relations between India and Southeast Asia since the fall of the former Soviet Union. The significance of India as a new actor in the circuit of ASEAN's economic, political and strategic process was a product of history of more than one decade. This process started in the early 1990s. The disintegration of the erstwhile Soviet Union in 1991 resulted in the emergence of a new global, political and economic scenario. To deal with this new international environment, the government, under the leadership of P. V. Narasimha Rao, announced its new economic policy in July 1991, which was guided more by economic imperative and judiciousness and less by political rhetoric. The sudden collapse of former Soviet Union compelled New Delhi to search for new trade avenues and bonds throughout the world. This resulted in a paradigm shift in India's overall foreign policy outlook. The structural similarities between the economies of the ASEAN countries and India, and the government's move to effect a partial withdrawal of the mixed economy system naturally attracted many countries of Southeast Asia. ASEAN countries now considered India a favourable economic partner and took multifarious initiatives to promote trade links with New Delhi. In the post-Cold War years, the ASEAN countries realized the growing importance of the role of economic diplomacy in relations between nations and were also persuaded to believe that India was serious about her liberalization policy. As a result, India became a 'sectoral dialogue' partner of ASEAN in January 1992 on trade, investment, tourism and science and technology. At the fifth ASEAN summit in Bangkok in December 1995, the ASEAN leaders decided to elevate India's status from 'sectoral dialogue' to 'full dialogue' partner. In the following year at Jakarta, India took part in ASEAN's annual ministerial meeting (AMM) and post-ministerial conference (PMC) as a 'full dialogue' partner for the first time.

New Delhi also participated in the ASEAN Regional Forum (ARF) in Jakarta and this helped to raise the profile of the security forum. Thus, by enhancing India's position within ASEAN orbit, the countries of Southeast Asia restored the ancient propinquity and re-established a kinship that both civilizations had in the past. India and ASEAN are no 'awkward strangers'. They have been neighbours and good friends in time, space and existence for as long as history can enumerate. There is evidence of a shared legacy in the myths and legends, religion and culture, crafts and arts, the languages the people speak and the adventurous business and trade that took place centuries ago. The advent of Buddhism and its unfolding in Southeast Asia remains a glorious chapter in itself and reminds of the ancient and historic links between India and Southeast Asia. Unfortunately, these bonds had weakened because many of these countries took different routes in their paths to progress after emerging from the yoke of colonialism.¹ The purpose of this article is to analyse the changing perception of India's ASEAN policy in the post-Cold War era.

With the end of the Second World War, the emergence of Cold War placed the Indian foreign policy-makers in a serious dilemma. In this new international environment, India developed an alternative model of survival for the newly independent countries of the world. India chose to pursue its objective of peace not by joining any military alliance, but by judging an issue on its merits. In a world where alliances and counter-alliances were the order of the day, India did not wish to be drawn into any alliance. This initiative later came to be known as non-alignment, which emanated out of strategic compulsions and socioeconomic and political requirements of the country at that point of time. New Delhi's response to the bipolar world in the post-Second World War period, therefore, evolved differently from the Southeast Asian countries, most of which were entangled in Cold War military alliances.

The Association of Southeast Asian Nations (ASEAN) was founded on 8 August 1967 in Bangkok. This regional organization was established in order to promote economic cooperation and welfare of the people in the Southeast Asian region. The members of this regional organization came under one umbrella with three main objectives in mind: to promote economic, social and cultural development of the region through cooperative programmes; to safeguard political and economic stability of the region against big power rivalry; and to serve as a forum for the resolution of intra-regional differences. This regional organization was no doubt a product of the Cold War and was set up with the expressed intention of containing communism. It started with five members (Indonesia, Malaysia, Singapore, Thailand and the Philippines) and at present consists of 10 members (Brunei joined in 1984, Vietnam in 1995, Laos and Myanmar in 1997, and Cambodia in 1999). After more than 38 years of operation, the ASEAN appears to us as the most successful experiment in Third World regionalism. The economic success of this regional organization (since 1977) attracted many countries outside the region to develop better linkages.

India and ASEAN remained maladroit aliens during the Cold War days and their ties lacked real essence. Although New Delhi maintained diplomatic relations with the association members at the bilateral level, it failed to keep a contact mechanism with ASEAN at the institutional level. This indifferent attitude of India towards ASEAN was both a result of the East–West antagonism and the Sino-Soviet rift. India's indifference in political relationships and weak economic links with ASEAN were caused due to their differences in perception and behaviour in the field of security and the related issue of great power activities in the Southeast Asian region. India's close links with the former Soviet Union and its political leaning towards Vietnam and Cambodia irked many countries of South-east Asia. Fortunately, this state of relations between India and ASEAN changed with the end of the Cold War and the consequent unshackling of the Indian economy. So, it was not a coincidence that a formal association with ASEAN came about only in the wake of such changes. Rather, it demanded the transcendence of certain important factors that had hindered their relations at various times in the past.

ASEAN: THROUGH THE PRISM OF INDIAN FOREIGN-POLICY MAKERS

India's ties with ASEAN since 1967 till the fall of the former Soviet Union remained ambivalent. India was not among those countries who fervently welcomed the establishment of ASEAN in 1967. At the same time, it did not join those countries that condemned the association. In effect, New Delhi's posture towards ASEAN during that time was rather indistinct. It regarded ASEAN as a copy of the South East Asia Treaty Organization (SEATO) though at the same time she grudgingly acknowledged it as an exposition of regional will. India's indifference towards ASEAN originated from the fact that this regional grouping was of an exclusive sort with a pronounced pro-Western orientation.² One Indian scholar³ found four important factors which were mainly responsible for New Delhi's indistinct attitude towards ASEAN. These were: (1) Indonesia, the natural and de facto leader of the ASEAN, feared India domination; (2) India's anti-China feeling may have had an adverse effect on Singapore's ethnic Chinese population; (3) Thailand and the Philippines were opposed to India's non-alignment and were pro-United States; (4) Malaysia was favourable to India's entry but could not do so organizationally and established bilateral political and economic relations with her. This indifferent attitude induced a distance between New Delhi and ASEAN. India's active interest towards this region began to grow in the context of ASEAN's Zone of Peace, Freedom and Neutrality (ZOPFAN) declaration of 1972. This proposal of ASEAN, provided the first substantial signal for New Delhi's proper estimation of the association. However, this new perception in New Delhi about ASEAN's independent posture received a big jolt when suspicion began to develop in the ASEAN capitals following the Indo-Soviet Treaty of 1971 and the onset of

hostilities in the South Asian region. Most of the ASEAN members sharply reacted to New Delhi's role in the liberation movement of Bangladesh and its pro-Soviet tilt of its foreign policy. Unfortunately, New Delhi never tried to make any diplomatic efforts to erase such an outlook from the minds of the policy-makers of ASEAN countries.

With the end of the Second Indochina War and the withdrawal of US troops from the Indochina states in April 1975, Southeast Asia seemed to be temporarily relieved of the presence of extra-regional powers. In this changed environment of Southeast Asia, India not only welcomed the new government in Hanoi immediately after its reunification in July 1976, but also hailed the ASEAN summit held in Bali in February 1976 as an effort to consolidate peace and stability in the entire Southeast Asian region, and extended its cooperation with ASEAN as a regional organization for the first since its inception.

It is true that economic cooperation is listed in the ASEAN declaration and other documents as the first aim of the regional forum, but politics has hitherto occupied the front seat in all its deliberations and in its functioning, determining ASEAN relations with outside powers including India. In normal circumstances, New Delhi and the ASEAN countries should have developed closer links; but ASEAN, as an organization, has preferred to develop relations with members of the Organization of Economic Cooperation and Development (OECD) rather than India. A system of annual dialogue with an institutionalized forum was established with the EEC in 1972, Australia in 1974, New Zealand in 1975, Japan, Canada, the USA and UNDP in 1977 and with South Korea in 1991. Although viable economic relations, including trade, continued between India and all the members of ASEAN, no formal links were established with the ASEAN in the initial years. This unwillingness of ASEAN to develop better economic ties with India was primarily due to New Delhi's closed and non-attractive economic structure. India did not figure prominently in ASEAN calculations because of its economic controls and regulations and its failure to offer sufficient incentives to the ASEAN states and thereby emerge as the natural choice for a formal dialogue partner like the others. Although some ASEAN members did maintain the idea of beneficial economic collaboration with New Delhi in specified areas, it was primarily at the bilateral and not at the organizational level. Despite this low profile accorded to India by the ASEAN, New Delhi for the first time sounded this Southeast Asian regional organization on the possibility of institutionalizing a regular India-ASEAN dialogue, under the leadership of Foreign Minister Y.B. Chavan in 1976. This dialogue initiative was perceived by New Delhi as facilitating potential economic links in the area of joint industrial ventures. Unfortunately, this dialogue initiative was short-lived and it did not extend a formal invitation for dialogue to New Delhi.

Meanwhile, in March 1977, the Janata Party had come to power by defeating the Congress led by Indira Gandhi in the sixth Lok Sabha elections. Soon after

assuming power, Prime Minister Morarji Desai explained the Indian foreign policy by stating: 'Foreign policy should not be based on the fear that its pursuit might annoy others.... An honest straightforward and principled approach is always the best way of securing national interest'. He then said that the main purpose of India's foreign policy was to establish world peace and from this followed its policy of non-alignment. He asked the ambassadors and high commissioners to 'offer' friendship and not to 'impose' it.⁴ At the meeting of the coordinating bureau of non-aligned countries held in New Delhi on 4 April 1977, Morarji Desai said India would remain non-aligned 'in the real sense of the term'. India's policy of non-alignment represented a national consensus and was a 'national article of faith', he added. The Janata Party firmly reiterated that they would follow a policy of 'genuine' non-alignment. While explaining the real meaning of the term 'genuine', Foreign Minister Atal Behari Vajpayee said:

When we decided to use the adjective 'genuine', we had two things in mind. First, the entire non-alignment has to be developed on the basis of fundamental principles which have guided the movement since its inception. Second, the basic philosophy of the movement is that all international issues should be judged on merit. The concept of neutrality has to be positive. The policy must be pursued in such a manner that the countries of the world should feel that India is really nonaligned. We not only have to be nonaligned but we must appear to be nonaligned.⁵

Based on this foreign policy approach, the Janata government during its short tenure tried to develop better political and economic links with ASEAN and maintain its momentum through various bilateral agreements with many ASEAN members. ASEAN responded to this overture by sending its then Secretary General, Datuk Ali bin Abdullah, on an exploratory mission to New Delhi in November 1978. The ASEAN secretary general held a round of discussions with the Indian minister of state, Samarendra Kundu, and Foreign Minister Atal Behari Vajpayee on 29 November 1978, and the discussions touched on how economic ties between India and ASEAN could be extended and how New Delhi could involve itself in the economic development of the ASEAN countries. The secretary general, however, noted that the ASEAN countries had an adverse balance of trade with India which he felt should be altered.⁶ After the preliminary talks, a memo was submitted by the Indian ambassador at Jakarta to the ASEAN secretariat in March 1979, formally requesting New Delhi's participation as an observer (dialogue partner) on the same basis as Japan, Australia, the US and the European Community. Unfortunately, the ASEAN leaders did not give due importance to India's request, because it was a developing country faced with many problems and unable to evolve a larger scope to develop ties with that forum. Thus, we see the Janata government was keen to keep India's ties with ASEAN members independent of its ties with external powers so as to steer clear of the distortions that such ties normally cause in a trans-regional relationship⁷ and made efforts to seek a firm

link with this regional body. However, this initiative by New Delhi fell short of its mission for reasons beyond its control due to certain power alterations in both South and Southeast Asian region.

On 7 January 1979, the pro-Chinese Pol Pot government in Kampuchea was overthrown by the Vietnamese army and the Heng Samrin regime came to power. Following this event, China invaded Vietnam in February 1979. These developments in the Indochina region were viewed with great alarm by the ASEAN, which abandoned its neutral stand and firmly called for the 'immediate and total withdrawal of foreign forces from Kampuchean territory.' From 20–25 January 1979, the Malaysian Prime Minister, Dato Hussein Bin Onn, visited India with the objective to procure support in favour of ASEAN countries stand on Kampuchean crisis. But the mission failed. Two months later, the Malaysian foreign minister again visited New Delhi. Unfortunately, this mission also failed to receive any positive commitment from the Janata government with reference to the Kampuchean problem, and New Delhi remained firmly non-committal on this issue. During this year, a number of other high-level delegations from different Southeast Asian countries visited India, but New Delhi's lukewarm response greatly upset some members of ASEAN. New Delhi's neutral stand on the Kampuchean problem irked the ASEAN states and they branded this decision as 'a blow to ASEAN'. This stand of New Delhi led the ASEAN members to postpone the consideration of India's request for a dialogue partnership at the informal meeting of the ASEAN foreign ministers in Kuala Lumpur in August 1979 since it had irritated and frustrated the ASEAN members.⁸

During its short tenure, the Janata government had neither recognized the Heng Samrin government in Kampuchean nor did it continue to recognize the so-called Democratic Kampuchea led by Pol Pot. The overall policy of the Janata government towards the Kampuchean problem clearly revealed the nature of its non-aligned foreign policy. It was critical both of the Chinese invasion of Vietnam and the presence of the Vietnamese troops in Kampuchea, though it was more emphatic in its condemnation of the former than the latter. It acknowledged neither the right of Pol Pot nor of Heng Samrin to represent Kampuchea. Although it was critical of India's special leaning towards the Soviet Union during Mrs Gandhi's period, it did not take any step to antagonize Moscow, and failed to support the Soviet policy on the Kampuchean issue. It thought in terms of bilateral relations, and not in terms of supporting or opposing the global strategy of any big power. It, thus, appears that the Janata government tried to judge every issue separately on its merits and with reference to India's national interests. This bilateral approach and the policy of judging the merit of every issue separately may not be conducive for lasting friendship with any power and may create difficulties in developing an integrated foreign policy, but that was possibly the meaning of the Janata's 'genuine non-alignment.' Such a non-aligned policy was applied to the Kampuchean issue also.⁹ The Janata government's firm commitment to its policy

of 'genuine non-alignment' virtually derailed plans for any dialogue relationship with ASEAN and, by the end of 1979, it had become crystal clear that ASEAN was severely reluctant to examine the issue of a dialogue partnership with India in exclusive terms and chose to link it with New Delhi's overall policy towards Kampuchea.

INDIA'S PRO-KAMPUCHEA SHIFT IN POLICY AND ITS IMPACT ON ASEAN

In January 1980, the seventh Lok Sabha elections took place and Indira Gandhi's Congress Party returned to power. In its election manifesto, the Indian National Congress (Indira) party promised that, if returned to power, it would 'recognize the new revolutionary Government of Kampuchea'.¹⁰ The inclusion of recognition question of the new government of Kampuchea within the election manifesto was of the Congress party was an awkward issue in India's election history. Therefore, the victory of Mrs Gandhi in the seventh Lok Sabha elections was clearly the first important step in the process of recognition of the Heng Samrin government in Kampuchea and no doubt generated uneasiness among the ASEAN members. The ASEAN countries (mainly Malaysia and Singapore) tried to restrain New Delhi from following such a policy and immediately prompted their hectic diplomatic activities. As soon as Mrs Gandhi assumed power, the deputy prime minister of Malaysia, Mahathir bin Mohamad, handed over to her a note on behalf of ASEAN and requested New Delhi not to recognize the Heng Samrin government. The ASEAN officials also expressed their fear that any Indian decision to recognize the Heng Samrin government might result in other non-aligned countries making similar moves and thus undermine the ASEAN efforts to bring about a political solution of the Kampuchean problem. S. Rajaratham, the deputy prime minister for foreign affairs of Singapore, in an interview at Singapore said that India's recognition of the Heng Samrin government would have 'grave implications'. Being the largest non-communist country in Asia, which still wielded moral and political influence on many, India's recognition, he pointed out, would amount to endorsing aggression and forcible installation of puppet regimes. He regretted that India had not been able to take an independent stand on Kampuchea because of its close links with the Soviet Union. The purchase of a huge quantity of military hardware and other items had made New Delhi heavily dependent on Moscow. India's stand on the issue had become highly suspect of being 'too pro-Soviet' to the non-communist countries and its credibility as a nonaligned country was gradually eroding. Finally, he pointed out that India was doing everything to promote the Soviet line, though he had expected India to take an independent line 'which would be vital for our survival'.¹¹ Amidst such apprehension, the ASEAN members for the first time extended a formal invitation to India to institute a 'dialogue', possibly to dissuade New Delhi from recognizing the new Kampuchean regime.

In May 1980, Eric Gonsalves, secretary in the ministry of external affairs, visited Malaysia. Indian efforts were directed towards seeking some understanding from the ASEAN countries so that negotiations between ASEAN and the Indochina states could be more effective. It was in the wake of these expectations that the first ever official-level meeting between ASEAN and India was held in Kuala Lumpur on 15–16 May 1980. During this meeting, the five ASEAN directors general and Eric Gonsalves agreed to take several steps to increase cooperation in trade, industry, scientific and technical fields. This meeting also paved the way for a dialogue on economic cooperation between the two sides on a regular basis. It was agreed that both sides would consult each other to identify complementariness and products of import/export interest to ASEAN and India. However, the striking feature of this meeting was that it had provided an opportunity to discuss regional issues such as Kampuchea. ASEAN was more inclined to discuss this issue than the question of economic ties. Unfortunately, the differences on the question of Kampuchea scuttled all prospects of implementing what was agreed as a result of the first dialogue. ASEAN offered a dialogue in an attempt to head off the damage that could be caused by a hasty Indian recognition of Kampuchea. In felt that by engaging India in these discussions, it might be able to delay New Delhi's decision on the question of recognition.

After one month, Indian Foreign Minister P.V. Narasimha Rao was invited to join in the dialogue with ASEAN along with other partners on 27–28 June 1980. The ASEAN invitation to the third world countries would no doubt have had a symbolic significance for India. Unfortunately, at the last moment, the Indian minister cancelled his visit due to his 'mother's illness'. In his message to the Malaysian foreign minister, Tunku Ahmad Rithauden, who was also the chairman of the ASEAN standing committee, P.V. Narasimha Rao wrote 'personal circumstances have, however, developed at the last minute which precludes the possibility of my taking advantage of the valuable opportunity',¹² and regretted the last minute changes and apologized for the inconvenience caused. This event fuelled wide speculation. The ASEAN ministers thought that this was a 'diplomatic illness' and New Delhi intentionally wanted to avoid an awkward situation requiring an explanation to the assembled leaders of the ASEAN countries of India's intention to recognize the Heng Samrin regime. ASEAN's apprehensions were not groundless. Soon after that, on 7 July 1980, New Delhi announced its recognition of the Heng Samrin regime in Kampuchea¹³ and alienated what little goodwill it enjoyed in the ASEAN region. Mrs Gandhi's recognition of the Heng Samrin government bear a five-fold explanation. In decreasing order of importance, it acknowledged the reality of the regime actually in power. It reflected governmental and popular revulsion at the genocidal Pol Pot regime. It registered an essentially emotional desire to demonstrate solidarity with Vietnam. It expressed India's adversarial relationship with China. And finally least important, it comforted Moscow in its hour of need.¹⁴ The recognition issue was, therefore, a diplomatic victory for Hanoi, Moscow and Phnom Penh, which resulted in strengthening the People's Republic of

Kampuchea's (PPK) diplomatic credentials at the United Nations and in the non-aligned movement and gave the Vietnamese government a 'security relief' from the perspective of its own national interests. Expectedly, New Delhi's stand on Kampuchea was not favourably looked upon by the ASEAN countries and India's ongoing dialogue process with them received a severe setback. While the ASEAN countries perceived these developments as a serious threat to their security as well as a major challenge to its diplomatic effort, India looked at the entire matter from a different angle. In New Delhi's calculations, a dialogue partnership with ASEAN did not offer any immediate and palpable gains—political or economic. On balance, Indira Gandhi's Congress government probably felt that it would stand to gain more strategic expediency if it accorded diplomatic recognition to the Heng Samrin government.¹⁵ It is possible to argue, therefore, that unlike the Janata government, the Congress government preferred the Heng Samrin to the Pol Pot government from a moral and humanitarian point of view¹⁶ and obviously thought it prudent to take an identical stand with that of the Soviet Union because that would cater to New Delhi's national interests. The Janata government maintained friendship with the Soviet Union, but did not support the global strategy of Kremlin. It tried to judge different issues in a somewhat isolated manner and not against the general background of its friendship with the Soviet Union. Friendship with the USSR was treated simply as bilateral affairs by the Janata government, while Mrs Gandhi considered it to be the 'sheet anchor' of India's foreign policy. She judged almost all issues of international significance mainly from the viewpoint of the Indo–Soviet alliance. Her major objective was to consolidate and promote this alliance and she judged other issues in the light of this objective. India's pro-Soviet stand was not favourably looked upon by the ASEAN states and it practically negated New Delhi's chances of improving her economic relations with the regional forum. For ASEAN too, the geo-political effects of the conflict were becoming more important than pursuing a dialogue partnership with New Delhi. Thus, between the early and mid-1980s, India–ASEAN ties almost became marginalized.

THE CAMBODIAN PEACE PROCESS: NEW DELHI'S ATTEMPT TO RESTRUCTURE TIES WITH ASEAN

The political differences between India and ASEAN with reference to the Kampuchea issue prevented a head start in bilateral ties between them. In spite of this state of relations and in order to promote her own objectives in Southeast Asia and to arrest the course of ASEAN alienation, New Delhi made various attempts in the 1980s to improve relations with the ASEAN states, especially with Indonesia and Malaysia. As a part of a process to mend bridges with ASEAN, Indira Gandhi visited Indonesia and the Philippines in October 1981. Indian Foreign Minister, P. V. Narasimha Rao, also made a two-day official trip to Malaysia.

These two high-level visits were seen as evidence of New Delhi's desire to clarify its stand on Kampuchea and open a dialogue with ASEAN. After Indira Gandhi, India under the Prime Ministership of Rajiv Gandhi offered hopes for a more flexible and positive approach towards ASEAN, particularly with reference to the Kampuchean issue. Further, the liberalization policy initiated by Rajiv Gandhi and the huge Indian market created by the vast Indian middle class, provided a major incentive to find ways and means to intensify interactions between India and ASEAN. This resulted in a major shift in ASEAN's policy and, in August 1985, it invited India to exert its influence in reaching a political settlement in Indochina. During this period, India tried to play the role of an honest broker between Vietnam and ASEAN, and initiated efforts to arrive at a negotiated political settlement in Kampuchea with the cooperation of all the opposing parties. The main thrust in this direction was to reduce the gap in the perceptions between the ASEAN and the Indochina states and to foster a dialogue between the Kampuchean factions.

A momentous breakthrough in this impasse was achieved with the start of the dialogue between Prime Minister Hun Sen of Cambodia and Prince Norodom Sihanouk. The visit of the Indian minister of state for external affairs, Natwar Singh, to the ASEAN countries in April 1987 and to the Indochina states in June-July 1987, plus Prime Minister Rajiv Gandhi's visit to Indonesia and Thailand in October 1986, paved the way for a serious attempt to arrive at a negotiated settlement.¹⁷ New Delhi's diplomatic shuttle resulted in a historic breakthrough in the nine-year impasse and set the ball rolling towards a possible settlement. Peace was finally established in the Indochina states with the help of the United Nations Transitional Authority in Cambodia (UNTAC) in early 1993. In this long drawn process, New Delhi's 'shuttle diplomacy' consistently played a major and positive role, which largely compensated her hitherto pro-Soviet leanings in the eyes of the members of ASEAN and considerably brightened her image in the Southeast Asian region.¹⁸

SHIFTS IN INDIAN FOREIGN POLICY PRIORITIES AFTER THE END OF THE COLD WAR

The period between 1989 and 1991, should be regarded as a watershed in the history of world politics. The reunification of Germany, the collapse of the Communist Parties in Eastern Europe and the Soviet Union and the eventual disintegration of the latter, the end of the Cold War, and the impact of the Gulf War on the functioning of the United Nations Security Council engendered a new multipolar world and the emergence of a new global, political, economic and security order, characterized by positional shifts by and among all the actors. In order to adapt itself to this new global order, India, under the leadership of Prime Minister P.V. Narasimha Rao, designed policies to integrate the Indian economy into the

global market economy. It was guided more by economic imperatives and less by political rhetoric. Thus, the sudden fall of the former Soviet Union largely impelled New Delhi to search for new trade doorway and links throughout the world, which resulted in a drastic paradigm shift in India's overall foreign policy outlook. The evolving structural similarities between the economies of the ASEAN countries and India, and partial withdrawal of the mixed economy system by New Delhi, naturally attracted many Southeast Asian countries to develop better economic linkages with India. ASEAN now saw India as a favourable economic and strategic partner and took various initiatives to promote better ties with New Delhi. India's shift in foreign policy priority towards ASEAN was shown in bold relief when the ministry of external affairs, in its Annual Report: 1992–93, clearly stated that 'India [has] decided to give a special policy thrust to its relations with the ASEAN,¹⁹ and 'desired improved relations with individual countries in the ASEAN region and with ASEAN as a collective entity.'²⁰

Similarly, this favourable response did evince some amount of positive response from the ASEAN countries. Attracted by the new economic policy of India and with a growing and affluent middle class of about 150 to 250 million out of a total of 900 million people, the ASEAN countries in the post-Cold War globalized phase, vividly realized the growing importance of the role of economic diplomacy in relations between nations and were convinced of the seriousness of India in her liberalization policy. New Delhi became the 'sectoral dialogue' partner of ASEAN in January 1992 and was later elevated to the status of 'full dialogue' partner in December 1995. Realizing its potential to contribute to regional security and economic development, India was made a member of the ARF in 1996, and a Summit partner of ASEAN called ASEAN Plus One since 2002. With these mutually reciprocal interactions, ASEAN's closer ties with India began to take shape in world politics by displaying the decades of relative ignorance of an economically emerging, politically matured and strategically vital dynamic India in the orbit of the Southeast Asian region. Further, ASEAN's appreciation of India's presence in the Southeast Asian region was tacitly preferred as a counterbalancing force against China due to the latter's sustained penetration in the Spratly island disputes in the South China Sea and withdrawal of US military bases from the Philippines in 1992. China sees India as a potential rival to its dreams of major power status in Asia that systematically tries to depreciate New Delhi's standing and capacities in all possible ways.

INDIA'S 'LOOK EAST' POLICY UNVEILED

India's new regionalism idea in its foreign policy agenda towards ASEAN was unveiled by Indian Prime Minister P.V. Narasimha Rao through his Singapore Lecture in September 1994. In this speech, he clearly spelt out the basic outlines of India's Look East model and tried to convince his interlocutors that India was 'worth their

time and money' and that 'invest in India has been an investment in the future—a future not only for the investor but for a population of one billion which will remain a force for stability for the world', and insisted on the fact that 'in return, countries of the Asia-Pacific will find in India a reliable partner, a vast market...'²¹ Following this speech, the Government of India for the first time officially acknowledged and used the term 'Look East' as a major agenda of its foreign policy fabric. The MEA Annual Report of 1995–96 used the term 'Look East' in its report and officially accepted this policy as part of its major foreign policy agenda. While highlighting the importance of this policy, the report stated: 'As a part of India's 'Look East' policy, efforts to strengthen the already existing good relations between India and the countries of Asia-Pacific and Southeast Asia continued during the year',²² and pointed 'to the intrinsic and emerging complementarities between the dynamic and fast consolidating economies of ASEAN and the large economy of India'.²³ Thus, what we understand from the above statement is that New Delhi's 'Look East' policy has been officially professed through its ministry of external affairs report in 1995–96. However, the entire policy was actually instituted with the announcement of its new economic policy in 1991, in the context of changing global order. In other words, the 'Look East' policy was a product of New Delhi's reconfiguration of a regionalism and fundamental transformation of its foreign policy priorities. Thus, India's 'Look East' policy is only a decade old and has yet to achieve maturity. The present trend of this policy has been no doubt positive, but it has yet to show results.

On 4 September 2003, the external affairs minister of India, Yashwant Sinha, in a speech at the plenary session of the second India ASEAN business summit, held at New Delhi, officially said:

India's 'Look East' policy has now entered its Phase-II. Phase-I was focussed primarily on the ASEAN countries and on trade and investment linkages. Phase-II is characterised by an expanded definition of "East" extending from Australia to China and East Asia with ASEAN as its core. Phase-II marks a shift in focus from exclusively economic issues to economic and security issues including joint efforts to protect sea lanes, and coordination on counter terrorism. On the economic side, Phase-II is also characterized by arrangements for FTAs and establishing of institutional economic linkages between the countries of the region and India.²⁴

Elaborating on this on 5 November 2003 in New Delhi, Sinha said:

The foreign policy of any country, I suppose must aim at a comprehensive, productive, meaningful and mutually beneficial relationships with all countries in the world. But no country can afford not to be engaged with its neighbourhood. The concept of neighbourhood has also undergone a change. Today, it is not the immediate neighbourhood alone but it is the extended neighbourhood. The 'near' far as some people describe it or the 'far neighbourhood' as some others describe it. Therefore, India's engagement with this extended neighbourhood should not come as a surprise.

He then pointed out that:

It was only in the last decade of the last century that Prime Minister Narasimha Rao came out with his 'Look East' policy and after that we have been engaging countries in East Asia. We felt that if we engage the 10 countries of ASEAN, that was engagement with East Asia. And, it is also true that in some of my recent speeches, I have said that we have entered Phase-II of our Look East Policy, which is both, more comprehensive in its coverage territorially and materially. In terms of territorial expanse, besides the 10 countries in ASEAN, we are engaged with North East Asia, with Japan, with China and the Koreans. Down South, there is much greater engagement with Australia and with New Zealand. Therefore, when we talk of India-East Asia engagement we are including this whole region.²⁵

The external affairs minister of India, while further elaborating on New Delhi's 'Look East' Phase-II policy after the Bali agreement of India-ASEAN Summit in October 2003, said 'engagement with ASEAN has acquired a deeper meaning. With South Korea, Japan and China also having their own free trade agreements with ASEAN, perhaps, we are on the threshold of a much larger conglomeration of nations, perhaps, at the threshold of an Asian free trade area. Because if those countries have free trade with ASEAN, then, we are also engaging each other in a more extensive context.' He also underlined a number of other features that define the Phase-II of India's 'Look East' policy.

First of these refer to the larger geographic scope of the initiative—from the initial focus on Southeast Asia it now incorporates East Asia and South Pacific. It was felt by the Indian foreign policy-makers that South Korea's emergence as a major economic partner of India, the growing economic ties with Japan and dramatic improvement of ties with China, and the untapped potential market of Australia and the South Pacific could strengthen India's newly initiated 'Look East' policy.

The second feature was the multi-directional defence diplomacy in Asia. New Delhi felt that the movement needed to be steered away from exclusive focus on economic issues in Phase-I to a broader agenda in Phase-II that involved security cooperation, including joint operations to protect sea-lanes and pooling resources in the war against terrorism. The military contacts and joint exercises, which India started with ASEAN countries on a low level in the early 1990s, have expanded into full-fledged defence cooperation. India had also slowly started to put in place arrangements for regular access to ports in Southeast Asia. Its defence collaboration has widened to include Japan, South Korea and China.

Third, emphasis towards physical connectivity and transportation links with Southeast Asian countries remain an important component of India's revised 'Look East' policy. It was felt by the foreign policy-makers of India that little trade with Southeast Asia during the Cold War years practically withered away the consciousness of the idea of an extended neighbourhood, and there was no reason to

think of transport links to Southeast Asia. However, in the context of a rapidly changing global order, the establishment of air and land links to East and Southeast Asia have emerged as an essential ingredient of Phase-II of the policy. As part of its road diplomacy, New Delhi is building its transport corridors with the region. These include the India–Myanmar–Thailand trilateral highway and the Delhi–Hanoi railway line as part of the Ganga–Mekong project.

Fourth, the 'Look East' policy in Phase-II has opened the window for the first time since 1947, to break out of the political confines of the South Asian subcontinent that have poorly limited India's grand strategic options. The 'Look East' diplomacy has for the first time allowed India to break the artificial political barriers between the South and Southeast Asia. The First Summit of the Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC), held in July 2004, in Thailand provided the opportunity to the five nations of the South Asia (Bangladesh, Sri Lanka, India, Nepal and Bhutan) together with two countries from Southeast Asia, Myanmar and Thailand, to strengthen regional cooperation among countries on the rim of, or those seeking access to, the Bay of Bengal. It might also act as a bridge of mutual understanding and cooperation between South and Southeast Asia,²⁶ and India would be in a position to finally nullify the veto that Pakistan had exercised over economic linkages in the subcontinent through the South Asian Association for Regional Cooperation (SAARC). Moreover, the latter is now largely moribund due to a standoff between India and Pakistan.

Finally, it has been often argued that India's 'Look East' policy was driven, at least in part, by an ineluctable rivalry with China. While competition is a reality, the last few years have amply displayed the possibilities of better Sino-Indian ties. India's 'Look East' policy in Phase-II is neither driven by a fear of China nor by a desire to become a frontline state against it. The major focus of bilateral cooperation, as outlined by Indian Prime Minister Atal Behari Vajpayee, during his trip to China in June 2003, was mainly targeted at solving long-pending bilateral problems on a pragmatic basis and fully explored the new opportunities for bilateral economic cooperation.²⁷ Thus, in a nutshell, the second phase of India 'Look East' policy has been aimed at political partnerships, physical connectivity through road and railway links, free trade arrangements and defence cooperation.

Despite all this, India's ties with the economically advanced countries of Southeast Asia have not yet evolved into a meaningful partnership in which both sides have a vital stake. Trade and investments in India by the principal ASEAN nations—Singapore, Malaysia, Thailand, Indonesia and the Philippines—have stagnated after an initial spurt, part because of ASEAN's own preoccupation with the financial crisis in the region in 1997 and due to its disillusionment with New Delhi's daunting procedural requirements and an unresponsive bureaucracy. Further, a large number of important proposals, which have not been implemented even after protracted negotiations, severely damaged India's image in Southeast

Asia. Notwithstanding this, the period between the National Democratic Alliance (NDA) government (2000) to the present period, Indo-ASEAN bilateral links have received a major fillip. A thorough assessment of India's 'Look East' policy clearly displays that it was not simply meant to improve relations with Southeast Asia but there were a number of other factors too. The 'Look East' policy neglected a multidimensional outlook to establish strategic links with many individual countries, evolve close political ties with ASEAN, and develop strong economic links with the region. It was no doubt an attempt to carve a place for India in the larger Asia-Pacific and also meant to showcase New Delhi's economic potential for investments and trade.²⁸

India's 'Look East' policy in its initial years has been mainly confined to confidence-building measures towards the countries and Southeast Asia. This resulted in New Delhi, in its early years, concentrating on Southeast Asia (i.e. Singapore, Malaysia, Thailand, Indonesia and the Philippines) and not others who were economically weak, politically vulnerable, or religiously indifferent (i.e. Vietnam, Cambodia, Laos, Myanmar and Brunei). This lack of priority in the first phase of India's 'Look East' policy was mainly based on the following important reasons.

First, India's incapability to explore its geographical proximity to ASEAN and its historical and cultural footprints with the Southeast Asian regional was largely due to its sluggish pace of reforms to liberalize its economy. The major anxiety in the ASEAN region has been the slow pace of approvals for the projects and slower implementation of the approval proposals due to narrow-minded bureaucrats, elite factionalism and the lack of stable leadership.²⁹ The existence of short duration governments in rapid succession in the early 1990s confounded many countries of Southeast Asia. The need to portray itself as a genuine economic reformer and to attract the economically developed countries of Southeast Asia, thus, remained the principal agenda of New Delhi in the early years of its 'Look East' diplomacy. This accounts for India's low priority to the economically weak and geographically small countries of Southeast Asia, i.e., Vietnam, Cambodia, Laos, Myanmar and Brunei.

Second, in the initial years of 'Look East' policy, India mainly concentrated on establishing institutional links with the regional organizations. Although New Delhi could not become a member of the larger Asia-Pacific Economic Cooperation (APEC) forum and the Asia-Europe Consultative Mechanism (ASEM), it joined the ASEAN as a full dialogue partner and was later also made part of its security arm, the ASEAN Regional Forum (ARF), in June 1996. Through this membership, New Delhi established better ties with the economically advanced countries of Southeast Asia although this could not be repeated with others who were economically vulnerable and geographically tiny.³⁰

Third, the late entry of Vietnam as a new member of ASEAN in 1995, Laos and Myanmar in 1997 and Cambodia in 1999 was another pertinent reason behind the

weak economic and political links with these countries. Moreover, New Delhi's feeble economic and political relations with Brunei in the early 1990s were mainly caused by the latter's quiescent role within the ASEAN forum.

Fourth, in the early years of India's 'Look East' policy, New Delhi was basically drawing lessons from the economic success stories of the Southeast Asian region. However, the Tiger economies received a severe jolt in the wake of the financial crisis in 1997, though most of them have recovered considerably from that dark phase and returned to the high growth path. This period of uncertainty and recovery led to a natural downturn of India's overall Southeast Asia ties.³¹

Fifth, internal ethnic unrest (e.g. between Chinese and Vietnamese and Central Highland problem in Vietnam, between Hmong and Pathet Lao in Laos, and between Khmer and Vietnamese in Cambodia), unemployment, uneven distribution of income, unfavourable demographic changes, human rights violations, environmental pollution, civil war and genocide, food security problem, transnational crimes and low-intensity conflicts and underdeveloped economic structures due to the economic backwardness of Cambodia, Laos, and Myanmar prevented India from developing better economic and strategic links with these countries.

Finally, Vietnam, Cambodia, Laos and Myanmar have suffered due to the globalization process, and thus for all these countries have failed to adjust to the complex process of transition from their close economic structure to a regime of open markets. Since these countries do not stand on an equal competitive footing with the more economically advanced countries of Southeast Asia, India's 'Look East' policy towards the less developed and geographically small countries of Southeast Asia clearly constituted a low priority area for Indian foreign policy. Although, in its initial years of 'Look East' diplomacy, a number of important official visits and counter-visits took place between India and these countries, these bilateral visits failed to display any positive outcome of New Delhi's priority towards these economically weak countries of Southeast Asia.³²

INDIA'S 'LOOK EAST' DIPLOMACY: A NEW IMPETUS

India's 'Look East' policy regained its momentum around late 2000 after the signing of the Mekong–Ganga Cooperation (MGC) in Vientiane among six neighbouring countries, namely, Cambodia, Laos, India, Myanmar, Thailand and Vietnam. The basic theme of this initiative outlines cooperation and focus on rapid economic development of the Mekong region countries in the areas of tourism, culture, education, transport and communication. Thus, the Vientiane declaration has institutionalized the MGC initiative and New Delhi's integration in the Eurasian land bridge system through this initiative. This shift in New Delhi's outlook towards Southeast Asia is mainly based on several important reasons.

First, drastic development of Indo-US ties substantially altered India's ties with the countries of Southeast Asia. In March 2000, US President Bill Clinton visited India, resulting in a marked realignment of New Delhi's geo-strategic and foreign economic ties. After decades of indifference, the improvement in Indo-US ties created a major spillover effect on New Delhi's relation with ASEAN. The emergence of Bush administration, its decision to lift the nuclear sanctions against Pokhran II bomb blast in 1998 and the disaster striking the US on 11 September 2001, yielded the opportunity to realize the promise of a 'natural alliance' between New Delhi and Washington. This new equation with the US also paved the way for building better and more extensive security and political links with the American allies in the ASEAN, Japan, South Korea and Australia.

Second, the improvement of relations between India and China remains another important reason. Since late 1990s, New Delhi's movement to come closer to Washington has decisively created the basis for addressing issues that divided India and China for long. It is in the context of a rapidly expanding Indo-US cooperation, which President Bill Clinton described as 're-discovering India', the re-affirmation of India-Russia 'strategic partnership', greater uncertainty in Sino-US ties and the profound impact of the American war against global terrorism in the region that gave New Delhi and Beijing an opportunity to refashion their wary relationship. Both countries agreed on the need for a framework of broad-based dialogue on all issues of mutual concern, and accelerated the process of clarifying the Line of Control, and initiated the process of normalising their dispute over Sikkim and sought to liberate their relationship from Pakistan.³³ Furthermore, China's inclusion into the World Trade Organization (WTO), its capacity to influence foreign direct investment (FDI) and its strategic and political influence in the region were the major reasons for New Delhi to engage the ASEAN countries. This heralded a new phase of improvement in Sino-Indian ties. During the visit to China on 23–24 June 2003, Prime Minister Atal Behari Vajpayee spoke of a 'new step forward in strengthening the all-round cooperation between India and China in the new century.'³⁴

Third, India's gains in relation with China gave her the scope to rethink its hitherto Myanmar policy. The inclusion of Myanmar in the ASEAN Regional Forum (ARF) in July 1996, followed by the status of full membership of ASEAN in July 1997, gave New Delhi the opportunity to share a common land border with an ASEAN member state. India's emphasis on developing its eastward trade access to Myanmar led to the Indian government's initiative to mend and enhance its historic ties with Myanmar³⁵ in spite of knowing fully well the economic weaknesses of Myanmar. New Delhi's strategy to reshape its historical links and develop its common land border with Myanmar in order to alleviate the poverty and underdevelopment in the region has been designed mainly to reduce of chronic tensions in the Northeast region. Further, by taking advantage of Myanmar as a gateway to Southeast Asia, New Delhi seeks to covert the Northeast region from a security burden to a region of economic prosperity. Moreover, by improving the road route

between India and Myanmar via Northeast, New Delhi will eventually connect a section of the Asian highway from Singapore to Istanbul. When completed, this entire Asian highway route will link Singapore with New Delhi in South Asia via Kuala Lumpur, Ho Chi Minh City, Phnom Penh, Vientiane, Bangkok, Yangon, Chiang Mai, Tamu, Mandalay, Kalembo, Dhaka and Kolkata. India's initiative to re-activate ties with Myanmar is greatly moulded by the gains that China has reaped by forging close ties in the last four decades with Myanmar, which made Beijing a reliable strategic partner of Myanmar. India's approach has been not to challenge China's strategic position in Myanmar, but to tacitly win over the minds of the Myanmar people by supporting the pro-democracy movement and to detach the military junta from Chinese influence strategically through its 'Look East' policy.³⁶

Fourth, the drastic changes in the global order in the late 1990s, and the appreciable number of visits by foreign dignitaries visits to India from all around the world, made it clear that India's economic and political potential in the global platform has come to be recognized. The opening up of the Indian economy in the context of globalization and a stable government in New Delhi convinced the leading members of ASEAN to act more positively towards India. In the process of India-ASEAN dialogue, the leaders of ASEAN were firmly convinced that India could play a 'major role' in the region and might emerge as the 'stabilising factor or influence' to contain Chinese growing influence in the Southeast Asian region. Further, the motivation for ASEAN to welcome India as one of its partners is connected to how the regional forum is increasingly perceived by its main trading partners in the Western developed world. Since the Asian financial crisis and the threat of terrorism in the region, Western investors are generally scrutinizing potential investments in the Southeast Asian region more carefully.³⁷ Moreover, from the Indian perspective, China's strategic ties with Pakistan has always pushed India to look inward towards South Asia. New Delhi's foreign policy decision-makers perceived clearly that engagement with ASEAN, might both allow India to counter China's influence in the ASEAN region and breakout from its South Asian obsession.

It needs to be added that, the Indian Prime Minister Atal Behari Vajpayee has re-motivated interest in India's 'Look East' policy. This was evinced when he visited several Southeast Asian countries during the years 2000, 2001, 2002 and 2003. These visits were reciprocated during the same period by various dignitaries from Southeast—president of Vietnam in December 1999; president of Indonesia in February 2000 and April 2002; prime minister of Cambodia in February 2000; prime minister of Thailand in November 2001 and February 2002; prime minister of Singapore in January 2002; prime minister of Malaysia in October 2002; and prime minister of Laos in June 2003. New Delhi's renewed interest in its 'Look East' policy was met by the visit of the secretary-general of ASEAN, Rudolfo Severino, to New Delhi in January 2001. In New Delhi, Severino held discussions with the

Indian commerce minister on ways to develop trade and economic cooperation between India and ASEAN. These visits and counter-visits between India and the countries of Southeast Asia, are a testimony to India's budding political understanding with the Southeast Asian region, by way of moulding the perceptions of political leaders, and through the development of bilateral and multilevel contacts.

Besides this, the issue of terrorism brought India and ASEAN closer to each other. The countries of Southeast Asia and India had been the worst sufferers of ethnic unrest, transnational crimes, low intensity conflicts and terrorism. This social unrest, be it in the form of guerrilla war, terrorism or low-intensity conflicts, often varies from one country to another and the presence of these significant internal security challenges is indicative of the lack of legitimacy of the nation-state structures of these countries. The perception of such common suffering of India and the countries of Southeast Asia took a different direction after the 11 September 2001 incident. This new threat of terrorism has really challenged the political, economic and security environment of all these countries and for that they decided to enhance their efforts in combating terrorism and other forms of violent social unrest. This resulted in both India and ASEAN agreeing to intensify security cooperation and joint efforts in combating terrorism. During his visit to India, the Thai prime minister on 26 November 2001, in a statement, said: 'Thailand would welcome bilateral consultations and exchange of security-related information in the war against terrorism.'³⁸ He also added that: 'Thailand has always recognized the threat of terrorism to the peace, security, progress and development of all nations across international borders. Combating terrorism in all forms must be part of a worldwide regional effort.' Besides this, on 21 May 2002, the ASEAN members agreed to consider the possibility of working towards a common legislation to fight terrorism in the Southeast Asian region. India, being a 'full dialogue' partner, fully endorsed ASEAN's stand and agreed to fight against terrorism and resolve this international menace. Like the ASEAN countries, India's commitment to tackle the threats of terrorism remain amply clear, when Prime Minister Atal Behari Vajpayee, on 9 April 2002, in the 'Annual Singapore Lecture 2002,' categorically said:

We have to confront terrorism, which neither respects power, nor needs size.... We have crucial stakes in protecting our common commercial sea lanes, combating piracy, choking off narco-trade and curbing gunrunning. We need to tackle this jointly in a determined manner, through regular exchange of experiences, information and intelligence.³⁹

He further added:

We grapple with a bewildering array of security threats, of which international terrorism has recently thrust itself dramatically into our consciousness. It has become crystal clear to the international community that terrorism can be tackled and curbed only with a global and comprehensive approach.⁴⁰

India's re-looked, re-activated and re-accelerated 'Look East' policy reached its height when the first ASEAN–India summit took place on 5 November 2002 in Phnom Penh. A joint statement, issued at the end of the summit, highlighted both the principles as well as the future road map of ASEAN–India cooperation. There was a deep satisfaction that the cooperation had been taken to 'a new height'. Further, it was recognized that cooperation, which was 'rooted in close historical and cultural ties', would serve 'the fundamental interests of their respective peoples and peace, stability and prosperity of the Asia-Pacific region.' The joint statement had highlighted three main components:

- (i) Promoting regional peace and stability, which included enhancing cooperation in combating terrorism, including non-traditional security threats; deepening of confidence-building measures (CBMs); India's recognition and willingness to accede to the Treaty of Amity and Cooperation in Southeast Asia, and its support for the Southeast Asia Nuclear Weapon-Free Zone (SEANWFZ) Treaty (which represented an important contribution of ASEAN towards strengthening security and stability in the region); as well as contributing to the process of global nuclear disarmament.⁴¹
- (ii) Fostering closer economic and development cooperation, in recognition of the fact that 'economic progress would also enhance regional peace, security and stability.' Some of the concrete steps included the preparation of a draft 'Framework Agreement to enhance ASEAN–India Economic Cooperation'; strengthening of cooperation in a wide range of areas in science and technology; India's support to new ASEAN members on various initiatives, such as initiative on ASEAN integration (IAI), granting of preferential tariff treatment, developing the programme of action for the Mekong–Ganga Basin Development Cooperation (AMBDC) and the Greater-Mekong sub-region (GMS) programmes, facilitating the early entry of Cambodia, Lao PDR and Vietnam into the WTO and the need for further consolidating and enhancing 'close economic relations by promoting trade and investment, facilitating market access, improving the flow of technology and enhancing the flow of and access to trade and investment related infrastructure.'⁴²
- (iii) New directions in ASEAN–India relations, which included holding ASEAN–India summit annually, emphasized more people to people interaction not only through 'dialogue at the level of policy makers, but also through exchange programmes of youth, media personnel, academics, business people, government officials and artists.'⁴³

While highlighting this summit as a major achievement of India's 'Look East' policy, the ministry of external affair's Annual Report: 2002–03 of India, described this event as

...a significant development in our relations with ASEAN countries, as India joined the ranks of a handful of countries with which ASEAN has summit dialogues, namely, China, Japan and South Korea. This upgradation is a natural culmination of 10 years of progressive engagement with ASEAN.... It is also a vindication of India's 'Look East' policy which seeks to build on our historical and cultural ties with the region to create a mutually beneficial strategic and economic relationship.⁴⁴

In an editorial, *The Hindu* said this summit 'marks the beginning of a new approach in the country's economic relations with the rest of the world' and saw a trade pact with ASEAN as 'the best beginning since India has traditionally enjoyed many economic links with the region even if they have not grown to yield large volumes.'⁴⁵ However, to this overall positive commentary a cautionary note was also made by some analysts. Kalyani Shanker, in her article, cautioned that 'the success of Phnom Penh could be measured only on the basis of its follow up actions. It is a long road with many hurdles.'⁴⁶ Thus, the first India-ASEAN summit clearly neglected India's 'Look East' economic, political and strategic diplomacy and betrayed a far more pragmatic outlook in its operation.

India's growing proximity with the Southeast Asian countries received more dynamism, when in October 2003, Prime Minister Atal Behari Vajpayee attended the second India-ASEAN summit in Bali, and sent a strong message about New Delhi's seriousness and commitment to forge closer links with the region. At the Bali summit, three broad accords were signed on comprehensive economic cooperation, combating terrorism and facilitating India's accession to the Treaty of Amity and Cooperation (TAC) with Southeast Asia respectively. The Indian prime minister also went a step further by offering a unilateral 'open skies' policy to specified Southeast Asian airlines, which will be allowed free to operate daily flights to the four metros in India and unlimited flights to 18 tourist destinations in India,⁴⁷ and also announced New Delhi's decision to extend special and differential treatment to ASEAN countries depending on their levels of development to improve their market access to India. Taken together, these steps promise considerable improvement in economic, political and security cooperation between India and its Southeast Asian neighbours—extending from Myanmar to the Philippines.

Meanwhile, in May 2004, the United Progressive Alliance (UPA) under the prime ministership of Manmohan Singh, came into power and replaced the NDA government. This new government, like its predecessor, recognized India's continued closer ties with the countries of Southeast Asia, and initiated a foreign policy which has purposeful, result-oriented and highly pro-active. The minister of external affairs, K. Natwar Singh, on 31 May 2004, in a meeting with top Indian diplomats from SAARC and ASEAN countries, categorically emphasized on the future policy options of New Delhi and firmly reiterated the political, economic and strategic importance of Southeast Asia in India's foreign policy fabric. He said: 'We will further strengthen bilateral relations with them, as well as our interaction with ASEAN since it constitutes a major dimension of our foreign policy.' The

same tendency found further support, when K. Natwar Singh in an interview to *The Jakarta Post* on 2 July 2004 said:

India's foreign policy attaches primary importance to relations with our immediate neighbours in South Asia Association for Regional Cooperation (SAARC) as well as in ASEAN. We remain committed to strengthening India's 'Look East' policy and to constructing a long-term partnership with ASEAN. Under the framework agreement concluded last year, we have just commenced negotiation of a free trade agreement. We are also working on an India–ASEAN summit in November this year. Politically, we completely share ASEAN's vision and the principles of harmonious and good neighbouring relations established by the ASEAN Treaty of Amity and Cooperation, to which India acceded last year.⁴⁸

Thus, India's 'Look East' policy by 2004 had attained a multidimensional and multipronged outlook.

India's ASEAN policy reached its height when New Delhi, under the Prime Ministership of Manmohan Singh, participated in the third India–ASEAN summit which was held on 30 November 2004, in Vientiane. In this summit, India and the ASEAN members signed a historic partnership pact titled 'India–ASEAN Partnership for Peace, Progress and Shared Prosperity.' The pact outlines a multipronged action plan for boosting trade, investment, tourism, culture, sports and people to people contacts. The four-page partnership accord and nine-page action plan envisaged cooperation in multilateral forums, e.g., the WTO and addressed 'common challenges of economic, food, human and energy security.' The pact was signed to realize full potential of ASEAN–India Regional Investment and Trade Area (RITA), in accordance with the framework agreement on comprehensive economic cooperation signed by India and ASEAN in Bali, at the second ASEAN–India summit held in 2003. In a significant move to strengthen economic ties, India and ASEAN members have decided to set up a RITA to facilitate flow of foreign direct investment (FDI) in the region and enhance regional monetary and financial cooperation besides promoting an Asian market. The pact covers a long-term plan committed to creating a free trade area by 2011 with five ASEAN members (Brunei, Indonesia, Malaysia, Thailand and Singapore) and by 2016 with the rest of the members. It also laid special emphasis on infrastructure and transport development and cooperation in gas-related projects. As part of cooperation in infrastructure, the plan called for expediting completion of the India–Myanmar–Thailand trilateral highway and its extension to Laos and Cambodia apart from strengthening air connectivity, and focussed on investment promotion and double taxation avoidance. It also aimed to improve financial stability, regional monetary and financial cooperation apart from further developing the capital market in the region.

The leaders also vowed to cooperate in fighting international terrorism, transnational crimes like drug trafficking, arms smuggling, human trafficking,

particularly of women and children, sea piracy and money laundering and proliferation of weapons of mass destruction too. The agreement also pledged to 'build institutional linkages for intelligence and information sharing, exchange of information and cooperation in legal and enforcement matters.'⁴⁹ Thus, the Third India–ASEAN summit clearly lays out a short to medium term road map of India and ASEAN cooperation in various sectors, which, according to the ministry of external affairs of India, 'forms the inner core of countries in ASEAN's political relationship with the rest of the world.'⁵⁰ The multidimensional approach and the progress that India's 'Look East' policy achieved so far clearly display a prospective cloudless sky of bilateral ties between India and ASEAN.

INDIA'S ASEAN POLICY: THE TIME FOR STOCKTAKING

India's ASEAN policy in the post-Cold War years started with a lot of impetus but it was not a unilinear projection. One can delineate three separate phases of this policy. The first phase was marked by prodigious earnestness and a frenetic activity and exchanges. By mid-1990s, the ardour had cooled on both sides and the sentiment was further depressed by the 1997–98 financial crisis. In the third and the latest phase, interest was rekindled, and there has since been a visible strengthening of India–ASEAN ties.

As regional trade partners, India and ASEAN offer a huge and attractive interconnected, geographically contiguous market of more than 1.5 billion people. As the Southeast Asian region has some of the fastest-growing economies in the world, there is a compelling rationale for strengthening the business relationship between India and the ASEAN countries. For India, ASEAN as a region has displayed greater economic dynamism. ASEAN's share in worldwide exports doubled between 1980 and 2000. Further, both India and ASEAN as a whole have attained growth in exports, at rates higher than the global average in the last two decades. Growth in India's exports to ASEAN in the recent past has been much higher in comparison with other important destinations although imports from other regions have achieved faster growth than that from ASEAN. Thus, the economic dimension has acquired a significant place in India's relations with these countries and the trade scenario between India and Southeast Asia was strengthened due to the emerging complementariness between their economies.

The deepening of the ties between India and ASEAN countries has grown considerably over the years. This resulted in closer of trade ties between India and Southeast Asian region, which is clear from the increase in India's exports to this area. ASEAN accounted for 3.6 per cent of India's exports to the world in 1980; by 1992, it increased to nearly 6 per cent. In terms of value, India's exports to ASEAN had more than quadrupled since 1992. In later years, India's trade in terms of both imports and exports with ASEAN increased very rapidly (See Table 13.1). India's trade with the Southeast Asian countries, during the year 2003–2004 was

\$16,552.81 million and which remained four times more than that in 1992–93. However, the balance of trade, except for 1993–94, has always tilted in favour of the Southeast Asian countries, and has become more pronounced in the last six years. Such a huge gap results from the relatively higher deficits with Singapore and Malaysia and India's simultaneous inability to generate a matching surplus elsewhere in the region. Among these Southeast Asian countries, Singapore and Malaysia have been India's most prominent trading partners and India's trade with Laos has been the least in value terms (as per 2003-04 trade statistics). However, the trade turnover declined in absolute terms in 1997 and 1998, as a result of the 'East Asian financial crisis', mostly due to a sharp fall in India's exports. Since 1999, there has been a recovery and trade flows once again gathered its momentum towards the long-term trend. Thus, the increase in bilateral trade between India and the countries of Southeast Asia clearly exhibits how these countries are economically coming closer to each other in spite of the fact that some countries of Southeast Asia are over-represented in terms of New Delhi's two-way trade relationship.

Table 13.1 India's Trade with Southeast Asia

(Value in US \$ Million)

Year (April–March)	Exports	Imports	Total Trade	Balance of Trade
1990-91	748.00	1,474.00	2,222.00	–726.00
1991-92	1,022.30	1,274.60	2,296.90	–252.30
1992-93	1,508.25	2,230.24	3,738.49	–721.99
1993-94	1,981.71	1,950.00	3,931.71	+31.71
1994-95	2,326.27	3,059.50	5,385.76	–733.23
1995-96	3,177.77	3,881.88	7,059.65	–704.11
1996-97	3,353.46	4,492.58	7,846.04	–1,139.12
1997-98	2,987.21	5,177.91	8,165.12	–2,190.70
1998-99	2,090.35	5,865.13	7,955.48	–3,774.78
1999-2000	2,721.05	6,281.73	9,002.78	–3,560.68
2000-01	3,362.20	5,210.49	8,572.69	–1,846.31
2001-02	3,945.86	5,767.12	9,712.98	–1,821.26
2002-03	5,219.16	6,565.61	11,784.77	–1,346.45
2003-04	6,494.35	10,058.46	16,552.81	–3,564.11
2004-05 (April–August)	3,232.98	4,603.25	7,836.23	–1,370.27

Source : Prepared by the author from various tables and papers based on Ministry of Commerce Annual Reports, Government of India, New Delhi, April–March 1990-91 to April–August 2004.

Besides this, in terms of commodities there exists a great diversity and multiplicity in terms of India's exports to this region. India's major exports to Southeast Asian countries include oil meals, edible nuts, cotton yarn, fabrics, drugs, pharmaceuticals and fine chemicals, inorganic, organic and agrochemicals, primary and semi-finished iron and steel, machinery and transport equipment, processed minerals, iron and steel bars, textile machinery, sugar and rice.⁵¹ Further, information technology including software development, consultancy and training in both software and hardware have generated a tremendous potential to enhance India's exports. Overall, product concentration in India's imports from ASEAN has been much higher than that in India's exports to the region. Inter-temporal changes in product composition highlight the fact that India's exports to ASEAN are becoming increasingly less concentrated than its imports from the region. Further, at the second India–ASEAN summit held in New Delhi and Mumbai in 2003, targets of \$15 billion by 2005 and \$30 billion by 2007 were set for India–ASEAN trade. The target of \$30 billion was reiterated by Indian prime minister at the third ASEAN + India summit held in Vientiane on 30 November 2004.

Moreover, with economic liberalization, business in ASEAN are increasingly undertaking foreign direct investment (FDI) in India in crucial infrastructure sectors such as telecommunications, fuels, hotel and tourism services, heavy industry, chemicals, fertilizers, textiles, paper and pulp and food processing. Among ASEAN members, Malaysia, Thailand and Singapore have become the major source of FDI into India. From a negligible amount in 1991, cumulative approved FDI from ASEAN has so far reached more than \$5 billion. Compared to other regional groupings, ASEAN is the fifth most important market in the world in terms of Indian exports and fourth in terms of imports. However, compared to other dialogue partners of ASEAN, the volume of trade and investment flows between India and ASEAN remained very low. Between 1993 and 2003, India–ASEAN bilateral trade increased at an annual rate of 11.22 per cent and India accounts for less than 2.0 per cent of ASEAN's total trade and 0.2 per cent of FDI in the region. Similarly, the inflow of FDI from ASEAN during the same period was a modest figure of nearly \$700 million, which represented 3.4 per cent of total FDI flows into India. Among the ASEAN countries, Malaysia, Thailand and Singapore have been the major investors in India. Thus, acknowledging this trend and recognizing the economic potentials of closer linkages, India has already entered into free trade area (FTA) with Thailand and Singapore, besides a comprehensive economic cooperation agreement with the island nation. India has also set up joint working groups with Malaysia, Indonesia, etc., for working towards comprehensive economic cooperation agreement. This framework agreement on comprehensive economic cooperation was actually signed by the leaders of ASEAN and India, at the second ASEAN–India summit in 2003 at Bali, and laid a sound basis for the eventual establishment of an ASEAN–India Regional Trade and Investment Area (RTIA), which includes FTA in goods, services and investment. The FTA in goods was scheduled to be established by 2011 for Brunei, Singapore, Malaysia, Indonesia and

Thailand, and by 2016 with the rest—the Philippines, Laos, Cambodia, Vietnam and Myanmar.

Following the Bali summit, the third India–ASEAN summit took place in Vientiane on 29–30 November 2004. This summit provided an opportunity to take stock of the progress made in India–ASEAN relations in the past years and considered new initiatives and measures to further strengthen cooperation in various sectors such as economic, science and technology, information and communication technology, agriculture, health and pharmaceutical and people to people contacts. In this summit, the New Delhi government has placed certain specific proposals to the ASEAN countries and among them the following are most important:

- (1) Contribution of \$2.5 million to the India–ASEAN Cooperation Fund;
- (2) Extension of the proposed optical fibre link along India–Myanmar–Thailand highway to all ASEAN countries;
- (3) Launch of satellites and micro satellites from ASEAN member countries at concessional terms;
- (4) Concessional lines of credit up to \$200 million to eligible ASEAN members; and
- (5) Joint research and development of medicines, stockpiling of rarely used drugs and exchange of germplasm of tropical fruits and vegetables. Following these proposals, the Indian Prime Minister Manmohan Singh, signed an agreement on ‘Indo–ASEAN Partnership for Peace, Progress and Shared Prosperity’, with the ASEAN countries and which clearly symbolizes that ‘India now forms the inner core of countries in ASEAN’s political relationship with the rest of the world.’⁵²

Another landmark event of this ASEAN–India summit was that the Indian prime minister and ASEAN leaders flagged off the second leg of the India–ASEAN car rally in Vientiane on 30 November. (The first leg had been flagged off by the prime minister at Guwahati on 22 November 2005). This rally lasted for a period of 20 days and travelled across 11 countries covering nearly 8,000 kms. The principal objectives of this car rally are:

- (i) To demonstrate the proximity of India with the ASEAN countries;
- (ii) To develop public awareness of India–ASEAN relations;
- (iii) To promote connectivity, especially road-transport;
- (iv) To enhance trade, investment, tourism and mass links between India and the ASEAN members.

Thus, in a nutshell, the third India–ASEAN summit clearly signalled the maturing of Indo–ASEAN relationship. India’s growing economic strength and positive independent role in world affairs induced ASEAN to follow greater engagement with New Delhi.

After the Vientiane summit, the fourth ASEAN–India summit took place in Malaysia on 13 December 2005. This meeting was chaired by Malaysian Prime Minister Abdullah Ahmad Badawi and attended by all ASEAN members and Indian Prime Minister Manmohan Singh. In this meeting, the ASEAN members expressed their deep satisfaction with the overall growth of ASEAN–India dialogue relations since the upgrading of these relations to the summit level in 2002, and discussed new avenues for further enhancing their partnership. In this respect, they acknowledged the need for ASEAN and India to strengthen their economic partnership in the face of the growing challenges of globalization, terrorism, rising oil prices and the threat severely posed by avian influenza and other emerging diseases. In this meeting, the Indian prime minister put forward six point proposals before the ASEAN community pertaining to various sectors:

- (i) Centres for English language training would be set up in Cambodia, Laos, Myanmar and Vietnam. The objective would be to equip students, civil servants, professionals and businessmen with adequate skills relating to English language and communication abilities;
- (ii) A tele-medicine and tele-education network would be set up for Cambodia, Laos, Myanmar and Vietnam, and these countries would be linked with India through a satellite-based network;
- (iii) A special training course be organized for diplomats from ASEAN countries through the foreign service institute;
- (iv) An India–ASEAN technology summit in 2006 would be organised through the Department of Science and Technology and Confederation of Indian Industry (CII);
- (v) Education Consultants India Ltd would organize education fairs and a road show in ASEAN countries in 2006. Both public and private universities and educational institutions would be associated with the initiative;
- (vi) An India–ASEAN IT ministerial and industry forum would be organized in 2006 through the Department of Information and Technology.⁵³

Besides these proposals, the Indian Prime Minister Manmohan Singh said New Delhi is ready to adopt a ‘flexible and pragmatic’ approach to the proposed free trade area (FTA) agreement with ASEAN, and made a forceful plea for a Pan-Asian FTA and for establishing an Asian economic community on the lines of the European Union and NAFTA. In this meeting, the ASEAN countries thanked India for its contribution of \$5 million to the ASEAN–India Cooperation Fund and \$5 million towards ASEAN Development Fund. Finally, in this India–ASEAN summit, the ASEAN countries also welcomed New Delhi’s entry in the first ever East Asia summit and believed that India’s entry would result in ‘value addition’ to the bloc as well as the process of integration in Asia, which is poised to become the fulcrum of global economic activity in the coming days.

Before this fourth summit meeting, the Indian prime minister delivered a speech at the ASEAN Business Advisory Council in Malaysia on 12 November 2005, where he said:

India seeks closer economic interaction with ASEAN. We are committed to bringing down tariffs to levels prevalent in ASEAN countries, to dismantle unwanted barriers and to expand global capital flows. We must walk this road together with ASEAN, so that enterprises in our countries find it a mutually beneficial process, not a hurtful one. There may be losers, and there will certainly be gainers, but on the whole, we will obtain a win-win outcome and that should be our ambition to work jointly.⁵⁴

While highlighting India's current economic strength to the countries of South-east Asia, Manmohan Singh in the same speech said that

...in the past year and a half, our policies relating to investment, taxation, foreign trade, foreign direct investment, banking, finance and capital markets have evolved to make Indian industry and enterprise more competitive globally. We have launched a massive programme for rural renewal which will upgrade rural infrastructure and incomes and thereby expand the domestic market. New policies are enabling public private partnership in the modernisation of roads system, railways system, ports, airports, power and the entire urban infrastructure.⁵⁵

The Indian prime minister, on the eve of two summits i.e., the fourth India-ASEAN summit and the first East Asia summit, spelt out an all-inclusive Indian approach of its Look East Policy, and in the same speech said that the 'East Asian Community in a natural extension of the ASEAN-India engagement process. The India-ASEAN free trade agreement can become the first step in the process. The limited free trade area is a beginning but we must ensure that it leads to explosive growth—both in trade and investment. The essence of the idea is to build up closer linkages among India and the countries of the ASEAN. This we believe can be done through identifying and drawing upon each other's strengths. The key to the future is the development of new synergies.'⁵⁶

Finally, the Indian prime minister emphasized in the business summit speech that India was committed to work with ASEAN and East Asian countries and to be a constructive economic and trade partner with China, to make the 21st century an Asian Century, which he hoped would lead to the eventual creation of an Asian Economic Community, something like the European Union and NAFTA blocs. Besides this, India being a responsible dialogue partner of ASEAN, was actively playing a very constructive role on the initiatives for the ASEAN Integration (IAI) programme, launched by ASEAN to bridge the intra-ASEAN development gap between the four new entrants, namely, Cambodia, Laos, Myanmar and Vietnam and the other developed six. New Delhi's active focus on the IAI have been appreciated by ASEAN as a sign of India's commitment to ASEAN and its processes.

FROM LOOK EAST TO FURTHER EAST

One of the outstanding achievements that India has made during Manmohan Singh's visit to Kuala Lumpur in December 2005 was its participation at the first

East Asian summit. This is no doubt quite an unprecedented event in the history of the Indian foreign policy. The path to this first summit has been paved by events in recent years, especially the ASEAN plus formula. This process has brought together leaders from the 10 ASEAN members with their counterparts from the northeast Asian states of China, Japan and South Korea. Indeed, the ASEAN + 3 process has grown beyond summits to provide a framework for initial Asian cooperation on diverse transnational issues such as finance flows (with the Chiang Mai initiative) and public health. For these 13 states, therefore, the East Asia Summit (EAS) represents a logical next step forward from the ASEAN + 3 process. Yet the EAS is more than a near and next extension of the ASEAN plus. One significant difference is the effort to include other states. The criteria that has been laid down for new members includes acceptance of the Treaty of Amity and Cooperation (TAC), a central agreement on interstate relations among ASEAN states and others that agree to its, in relation to ASEAN. Based on such criteria, the EAS has been expanded beyond the ASEAN + 3 states and the new entrants are India, Australia and New Zealand. Surprisingly, the United States has been excluded altogether from this East Asia summit, and the understanding among the members is of not allowing any non-regional power to get into this group. The formation of the EAS can be termed as the first step for establishing an East Asian community on the lines of the European Economic Community. Though the idea is commendable, there are more differences than similarities between Europe and this region. Hence, this will be only in the domain of speculation at least for the coming few years.

India, being an Asian nation, has participated in the first east Asia summit held at Kuala Lumpur on 14 December 2005. Prime Minister Manmohan Singh, after attending this East Asia summit clearly said that it was important for India to be in a group that had the 'potential to play a major role in global affairs. Its composition, its evolving agenda and format give it the potential to play a major role in global affairs. India's presence in this group from its very outset is an opportunity we value.'⁵⁷ The Indian prime minister, finally described this East Asia summit 'a historic meeting.' Thus, India's presence and participation, first in a summit with the ASEAN and then in the first East Asian summit, are no doubt a good beginning to the country's ultimate integration with that region. In the East Asian summit, economy and trade were the core issues and a historic decision was taken to work towards the world's largest free trade area, covering some developed and developing economies. In the Kuala Lumpur declaration, the 16 members have committed themselves to promoting 'development, financial stability, energy security, economic integration and growth', besides narrowing the development gap through technology transfer. For New Delhi, the EAS can be seen as the penultimate step in its integration with the East, and a stepping stone to joining the Asia Pacific Economic Cooperation (APEC) forum.

CONCLUSION

Having appraised India's ASEAN policy from Cold War to post-Cold War years, it is clear that India's interaction with ASEAN before the fall of the former Soviet Union was built on an idealistic connection of Asian brotherhood based on shared experiences of colonialism and cultural ties. New Delhi's interaction with ASEAN in the Cold War period can be depicted as a narrative of over-sighted opportunities, as India declined to get confederated with ASEAN despite positive propositions from the latter. The rhythm of the Southeast Asian region today is determined, as much by trade, investment and production as by history and culture, and it was only with the formulation of the Look East policy in the early 1990s, that the Southeast Asian region has received its due importance in India's policy planning. India's altered policy towards ASEAN, since the collapse of the erstwhile Soviet Union, has been a result of conscious choice, born out of the changes in the international scenario and domestic environment. This, in turn, has led to a better appreciation of the benefits of integrating foreign and economic policies. Such an approach has naturally made the economically vibrant ASEAN countries more attractive for India, and led to the onset of a new phase of 'rediscovery and renaissance' in India's relationship with the Southeast Asian countries.

India's new ASEAN policy has grown over more than one and half decades. This new regionalism towards the Southeast Asian countries, popularly called the 'Look East' policy, was launched in response to a growing recognition that Asia was emerging as the centre of gravity with rapid speed. In support of this policy, it was argued that India and the ASEAN nations have strong civilizational links in addition to geographic proximity and political and strategic convergence. They have neither any territorial disputes nor any clash of strategic interests and have similar political value systems. The intensification of the economic ties with the ASEAN has quietly led New Delhi into a second phase of its 'Look East' policy. Its Phase-I policy was characterized by trade and investment linkages. Phase-II has been marked by arrangements for free trade areas and establishing institutional economic linkages between the countries of the region and India. The Phase-II initiative of New Delhi has a larger geographic scope—from the initial focus on Southeast Asia it now includes East Asia and the South Pacific. It is marked by an expanded definition of the 'East', extending from Australia to China and East Asia with the ASEAN as its gist. The recent East Asian summit, held in Kuala Lumpur on 14 December 2005, has been a major accomplishment for her 'Look East' policy, which can serve as forward posts for New Delhi's trade and investment initiatives towards North East Asia and Southwest Pacific. Given ASEAN's strategic importance in the Asia-Pacific region, India's present cordiality with ASEAN can be used as a springboard for making it to the Asia-Pacific region, NAFTA and other successful world trade groupings. Comprehending the potential for gains of the Asian Economic Community (AEC), India has actively pursued its relationship

with the ASEAN plus three nations by way of involvement in cooperative frameworks both at the sub-regional and bilateral levels. New Delhi's participation in the East Asian summit could provide another dimension to the efforts at regionalism in Asia, which were hitherto restricted to ASEAN. Thus, India's ASEAN policy has clearly exhibited three distinct features so far:

- (i) India has managed to develop a multifaceted relationship;
- (ii) A successful defence diplomacy has been put in place; and
- (iii) Unlike in the past, New Delhi is not averse to participating in regional multilateralism—security or economic.⁵⁸

To sum up, it can be said that India's policy of new regionalism towards the Southeast Asian countries has ushered in a new wave of understanding and forged a dense network of collaborative ties with the countries of ASEAN and East Asia. In the context of the changing world order, New Delhi is looking more towards the Asia-Pacific region with greater concern and hope. However, this outlook needs to be nursed and sustained patiently over a long period without losing the focus on the core objectives.

EPILOGUE

It is crucial to note the events unfolding at the fifth India–ASEAN summit held in the Philippines since it further reinforced India's resolve to strengthen its multilateralism vis-à-vis the ASEAN despite nagging difficulties and persisting differences of perspectives. On 13 January 2007, at Cebu in the Philippines, Prime Minister Manmohan Singh attended the fifth India–ASEAN summit and the second East Asia summit in the backdrop of the maturing 'Look East' policy of India initiated more than a decade ago. This summit took place at a time when trade, investment flows, economic cooperation and people-to-people interactions are assuming an intrinsic momentum of their own. India on Sunday, 14 January 2007, urged the 10-member ASEAN to work for the completion of a free trade agreement by July. Prime Minister Manmohan Singh said he was glad that trade ministers from both sides made progress in resolving outstanding issues in the negotiations. ASEAN trade ministers agreed to India's negative list in earlier meetings in the central Philippine province of Cebu, 585 km south of Manila. Both sides agreed that trade coverage in the negative list should not exceed 5 per cent. Singh said he believes that an India–ASEAN free trade agreement (FTA) would further boost trade between the two sides. 'India–ASEAN trade recorded an impressive growth of 30 per cent last year,' he told a meeting with his ASEAN counterparts in Cebu. 'This leave us in little doubt about our ability to achieve, and even surpass, the target of \$30 billion by 2007,' he was quoted by DPA as saying.⁵⁹

Despite the initial setback over the list of items to be excluded from tariff reduction commitments, Singh said India was 'strongly committed to its very conclusion

and implementation.' 'We should direct our trade ministers to expedite the negotiations so that the FTA can be finalized, as agreed, by July 2007,' he added. ASEAN members, especially Malaysia and Indonesia, have been pushing for India to stake on steeper commitments in liberalizing imports of palm oil, pepper, coffee, tea and rubber from ASEAN. The 10-member group has demanded that India should agree to bring down duties on palm oil to between 30 per cent and 40 per cent within five years of the implementation of the agreement. India's position calls for the duties to be reduced by 50 per cent within 10 to 12 years. Singh said aside from the FTA, India was looking forward to 'greater connectivity' with ASEAN and stressed that science and technology should be a key area of cooperation. He cited a technology summit organized by ASEAN and India in New Delhi last November as an important milestone in the cooperation. 'It shows that we can pool our knowledge, and together add to it, to create wealth and improve the well-being of our peoples,' he added.

As a part of aligning India's economic policies with those of the region, Singh said that 'we have a policy objective of aligning our duty rates with ASEAN... We would be willing to engage ASEAN authorities in a discussion on open skies policy.' Pointing to the significance of ASEAN, he said while external trade with East Asian countries accounted for a 30 per cent share, India would surpass the trade target of \$30 billion with ASEAN by 2007. 'I believe that the India-ASEAN FTA will impart even further momentum to this growth in trade. We are strongly committed to its early conclusion and implementation,' Singh told leaders of the 10-nation grouping. India was for economic integration by entering into free trade or comprehensive economic partnership pacts both with ASEAN as a whole and with individual countries, he said. The Prime Minister said that the 'web of mutually beneficial partnerships can, we believe, be brought together in a Pan Asian FTA that could light up the future of this region'.⁶⁰ Addressing the India-ASEAN summit, Prime Minister Manmohan Singh said India had examined Singapore's proposal for an open skies policy, which was aimed at greater connectivity to promote regional economic integration. 'I am happy to announce that we would be willing to engage ASEAN authorities in a discussion on such a policy,' he told leaders of the 10-member grouping.

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BRIEF HISTORICAL BACKGROUND

India's historical ties with the people of the Nile Valley, Mesopotamia and Dilmun civilizations which flourished in West Asia are well-known. Trade between the Indus Valley cities of Mohenjodaro and Harappa and Babylon in Mesopotamia flourished more than 4,000 years ago. Trade routes between the two regions were influenced by the monsoon winds. The Arab traders have been an important link between Europe and India. The Arabs married local Indians, particularly in Kerala, and their descendents are known as Mopplars. Indian cotton cloth, rice, sandalwood, spices, perfumed oils, gold and other items were in great demand in West Asia. The commercial, cultural and other relations enabled the people to interact quite vigorously and many traders settled in the two regions. With the rise of Islam in the seventh century AD the Arab traders and Sufi saints spread Islam to the coastal towns of Kerala, Gujarat and other areas of India. Many Indians also converted to Christianity and Syrian Christians (especially monks) settled in Kerala, the west coast and other parts of India. Many Jews also settled in Kerala and elsewhere in India, especially those who could escape persecution from the Romans in West Asia. 'The all embracing and accommodating ethos of our society and our benign religious tolerance made it possible for these West Asian religions to flourish'.¹ These spiritual links with Islam, Christianity and Judaism have over the centuries enriched the Indian society and life. Thousands of Indian pilgrims from all three religions visit holy sites in Mecca, Medina, Jerusalem, Nazareth, Bethlehem, Najaf, Karbala, Mashed, Mount Sinai and other holy places forming a human bridge between India and West Asia. Large number of Indian scholars resided in the Abbasid Empire (in Baghdad) whose works particularly in mathematics, astronomy, medicine were translated from Sanskrit into Arabic. The stories of the Panchatantra and other literary works were translated into Arabic.

Despite the Mongol destruction of Persia and much of West Asia including the Abbasid Caliphate's capital Baghdad in 1258 and the subsequent Ottoman domination of the region these events did not substantially disrupt the links between India and West Asia. The impact of Arabic and Persian languages on India and the birth of Urdu and Hindi reveal the literary connection between the two regions.

The discovery of sea route to India from Europe by the Portuguese sailor Vasco da Gama (with the assistance of Ibn Majid an Arab Captain) to Calicut in Kerala in 1498 and the subsequent European colonialism disrupted the close interaction India had with West Asia. After defeating Haider Ali's son Tipu Sultan in 1799 (the last Indian ruler who seriously challenged them) at Mysore, the British consolidated their rule over India.² From Bombay with the assistance of Indian soldiers, the British dominated the Gulf region, Sudan, Egypt, and encroached on the Ottoman territory in West Asia. Most people in West Asia now saw some Indians as collaborators with British imperialism. In order to defeat the Ottoman Empire, the British during the First World War signed many treaties, made many promises and too many pledges to countries and peoples. The Sykes-Picot treaty with France and Russia is by far the most notorious. French influence over Syria and Lebanon was recognized. The Jews were promised a homeland in Palestine through the Balfour Declaration. The Sheriff Hussein of Mecca was promised a United Arab Kingdom over the liberated Arab lands from the Ottoman rule. The contradictory pledges and duplicitous policy of the British lay exposed after the war as League of Nations mandate rule was established in Iraq and Palestine by Britain and France over Syria and Lebanon. The Sheriff Hussein's two sons were installed as kings of Iraq and Jordan. The Mufti of Jerusalem accused the British of having designs to settle in Iraq 'many million Hindus from British India'.³ Hundreds and thousands of Indian soldiers died suppressing the Iraqi nationalists (especially shias) opposed to imposition of monarchy and British mandate rule. In other parts of West Asia thousands of Indian soldiers died fighting for the British during and after the First World War.

INDIA AND THE GENESIS OF THE PALESTINE ISSUE

Britain, the mandatory power in Palestine, allowed large-scale immigration of Jews into Palestine with the clear view to colonizing and dominating the country at the cost of the native Palestinian Arabs. Soon after the First World War, due to Nehru's abiding conviction that India's freedom struggle was closely linked with the struggle of other colonies, he felt the need to maintain close contacts with other nationalist movements. Soon the Indian National Congress (INC) declared India's struggle for independence as being a part of the general worldwide struggle against colonialism and imperialism and accordingly established a foreign relations department in the Congress, charged with developing contacts with other National Liberation Movements. In this connection the INC passed a resolution

as early as in 1927 demanding the withdrawal of Indian troops from Mesopotamia, Persia, Egypt and other West Asian lands, as well as from all other British colonies. In the following year assurances of sympathy and support were conveyed to the peoples of Egypt, Syria, Iraq and Palestine in their struggle for freedom. Nehru maintained close ties with the Egyptian Wafd Party and invited them to attend INC's annual sessions. He also extended support to freedom movements in Sudan, Morocco, Algeria, Tunisia and South Arabia (Yemen). His approach against colonialism rested on two cardinal tenets: support for freedom and strict adherence to a peaceful method.

In April 1926, the Palestinian Arabs declared a general strike, which lasted for nearly six months in spite of every attempt by the British authorities, through military force and reprisals, to crush it. Nehru accused the British of pursuing a 'ruthless policy of destruction and killing thereby seeking to crush the Palestinian national struggle for freedom'.⁴ The Palestinian Arabs uprising during 1936–39 and the ruthless and brutal measures adopted by the British to suppress the Palestinian Arabs were condemned by Nehru. Even though he sympathized with the plight of the Jews in Europe and especially their persecution by the Christians for centuries he strongly believed that 'we must remember that Palestine is essentially an Arab country and must remain so and the Arabs must not be crushed and suppressed in their own homelands...'⁵ In subsequent years the INC during its annual sessions supported through its resolutions the cause of the Palestinian Arabs. As a mark of respect, the INC observed 27 September 1936 as the Palestine Day by holding meetings and demonstrations throughout the country as an indication of support for the Arab cause. Mahatma Gandhi had similar ideas in 1938 in the background of mounting persecution of Jews in Europe especially by Hitler. Gandhi wrote in an essay on Palestine in 1938: 'My sympathies are all with the Jews ... but my sympathy does not blind me to the requirements of justice ... Palestine belongs to the Arabs in the sense that England belongs to the English or France to the French....'⁶ In the early years of independent India, this policy towards Palestine was consolidated under the leadership of Prime Minister Jawaharlal Nehru. Since Gandhi's influence on Nehru was deep, the latter shared Gandhi's concern for the sad plight of the Palestinian Arabs and maintained that within the framework of a pluralistic though Arab state, both Jews and Arabs should peacefully work for the upliftment of the country in a cooperative manner. The British came under pressure from the US to allow immigration of Jews from Europe into Palestine, which was opposed by the Arabs. More and more Jewish groups were using violence against the Arabs and the British. Unable to control law and order, the British referred the Palestine issue to the United Nations.

As a member of the UN Special Commission on Palestine, India vehemently opposed the partition plan for Palestine as a solution and strongly urged that the independence for Palestinians should be the primary goal of any plan for the future stability of the country. Instead India favoured a Federal state in Palestine which would enable full participation of all citizens in the political system. The Indian

delegate told the UN General Assembly that partition would merely be a temporary solution for the problem and warned that it would only increase instability in the region for several years to come. India consistently challenged the view that remote historical connection of the Jews to Palestine was not a sufficient argument for creating a separate Jewish state. Ultimately, the UN accepted the majority plan and Palestine was partitioned in November 1947 by the UN General Assembly resolution No.181. The Zionists unilaterally declared Israel as a Jewish state on 14 May 1948 and in the Arab–Israeli Conflict (AIC) that followed Israel increased her territory by military conquest over and above the area allocated by the UN. Soon a large number of Palestinian Arabs were expelled by Israel who became refugees in the neighbouring Arab countries. It is interesting to note that on 23 May 1948 Nehru received a request from Dr Chaim Weizmann, President of Israel, to recognize the Jewish state. Meanwhile the UN in May 1949 admitted Israel as the 59th member. India voted against Israel's membership as it pointed out that it 'could not recognize an Israel which had been achieved through the force of arms and not through negotiations'.⁷

Nehru continued to resist the idea of according recognition to Israel but after great reluctance finally decided to recognize the Jewish state on 17 September 1950. However, India assured the Arab countries that it would continue to support the cause of Palestinians and that its stand on the status of Jerusalem remained unchanged and that recognition did not mean endorsement of Israeli position on its borders. It was pointed out that India's 'continuing natural non-recognition is not only inconsistent with overall relationships but limits effectiveness of India's role as a possible intermediary between Israel and the Arab states'.⁸ One should also keep in mind Pakistan's role in establishing a Pan-Islamic bloc with the help of the US–UK in West Asia, along with the Kashmir issue and advocacy of the rights of Indian Muslims. Israel continued to urge Nehru to establish diplomatic ties. Nehru due to several reasons refused. He finally relented partially when in 1953 an Israeli consulate was allowed to function in Bombay but India refused to post one in Israel. The Israelis, in subsequent years, kept up their pressure on Nehru through numerous ways but nothing concrete emerged out of these Israeli endeavours. India's empathy with the Palestinian cause and its friendship with the people of Palestine has since then been an integral part of India's time-tested foreign policy.⁹

INDIA AND EGYPT: NEHRU AND NASSER

In July 1952, a fundamental change took place in Egypt with the overthrow of King Farook and the emergence of Gamal Abdel Nasser as the strongman of the new regime. This was an event of momentous significance for Egypt and a landmark in the history of the Arab world. It was to have far-reaching consequences, changing the very basic structure of the region's politics. The new Egyptian leaders decided

to follow a non-aligned foreign policy and opposed the Baghdad Pact in 1955. The pact had divided the Arab world into two hostile camps: progressives and conservatives. By championing the Palestine cause, Nasser assumed the leadership of the Arab struggle against Israel. Nehru also criticized the Baghdad Pact and said it 'has in fact created in West Asia far greater tension and conflict than ever before. It has certainly put one country against another among countries that were friendly to one another'.¹⁰ Both Nasser and Nehru came to have similar views on numerous global issues. Nehru sympathized with Arab nationalism represented by Nasser as the urge of the Arab people. In supporting Nasser's Arab nationalism, Nehru cemented the ties between India and Egypt. Nehru made numerous visits to Egypt and both countries signed a Treaty of Friendship and Cooperation on 5 April 1955.¹¹ It must be stressed here that Nehru urged Nasser and other Arabs not to rule out negotiations as a means of settling the Palestinian issue. He also took care not to involve India too deeply in the dispute with Israel and at no time did he endorse the irrational claims of some Arab leaders.

Nehru supported Nasser during the Suez crisis in 1956 when Britain, France and Israel attacked Egypt to regain the Suez Canal and overthrow the regime of Nasser. Nehru publicly branded Israeli aggression as a case of 'clear, naked aggression'.¹² Through his support to Nasser in the Suez crisis a much closer rapport between the two leaders was established. Whatever little sympathy was left for Israel in Nehru's heart vanished due to its aggression on Egypt and its alignment with Anglo-French military action. Nehru concurred with Nasser on Israel, which was seen as an outpost of Western imperial interests and as a country that did not have any links in the area. India's close ties with Egypt to a large extent neutralized the Pakistani offensive against India in the West Asian and North African (WANA) region, especially over the Kashmir issue. Egypt went to the extent of declaring that Kashmir was an integral part of India and that 'Suez is as dear to Egypt as Kashmir is to India'. Pakistan was branded as the 'number one enemy of Cairo and Arabs'.¹³

Pakistan's membership in the Baghdad Pact led to its isolation in the WANA region with even Saudi Arabia denouncing the Pakistani decision. In fact, Saudi Arabia's King Saud (who had visited Pakistan in 1953 and extended Riyadh's political support to Pakistan on the Kashmir issue) was astonished to find that the 'Islamic State of Pakistan should accede to those who have joined hands with the Zionist Jews'. He called the Baghdad Pact as a 'stab in the heart of the Arab and Muslim states' and urged it 'to return to the right path', by withdrawing from the widely unpopular western military pact.¹⁴ Along with Egypt, Saudi Arabia also publicly sided with India over the issue of Indian Muslims. In a now famous public statement, the Saudi king proclaimed in December 1955: 'I desire to say to my Muslim brethren all over the world with satisfaction that the fate of Indian Muslims is in safe hands'.¹⁵ When Nehru visited Saudi Arabia in September 1956, he was given a rousing welcome with slogans of 'welcome Prophet of Peace', which naturally angered Pakistani leaders.¹⁶ A number of factors like the secession of

Syria from the UAR in 1961, Egypt's military intervention in North Yemen after the 1962 revolution, US decision to supply offensive arms to Israel under President Lyndon Johnson, emergence of Faisal as Saudi Arabia's king and his emphasis on Pan-Islamism to counter Nasser's Arab nationalism, were significant developments which made an impact on India's West Asia policy which had come to be identified as Cairo-centric. In order to contain Nasser, the US encouraged a Saudi-Iranian-Pak-Turkish alliance since 1964. Soon, Riyadh termed India as an aggressor in the 1965 Indo-Pakistan war and warned New Delhi not to take undue advantage of its close ties with the Arab and Muslim states.

THE END OF AN ERA

Egypt's defeat in the 1967 Arab-Israeli war and Nasser's death in September 1970 catapulted Riyadh as the leading Arab state influencing the politics and foreign policies of several Arab states. The Saudis under King Faisal quickly seized the opportunity by asserting their leadership in the area by reacting strongly to the damage done to the Al Aqsa mosque in Jerusalem (under Israeli occupation) the third holiest shrine of Islam, by arson on 29 August 1969. The Saudis called for a conference of Islamic heads of state or government, which was held in Rabat (Morocco) on 22–25 September 1969. The Rabat summit paved the way for the establishment of the Organization of Islamic Conference (OIC) in May 1971. For New Delhi, the Rabat Islamic Conference gave a jolt to Indian diplomacy in the region. After having been officially invited to participate in the conference at Saudi intervention, Pakistan staged a walkout from the conference due to the presence of the Indian delegation led by Industries Minister Fakhruddin Ali Ahmed. This event evoked sharp criticism from several political parties in India towards Indira Gandhi's inept handling of the entire issue. For India, it had become obvious that Pakistan would use the Islamic gatherings to raise the Kashmir issue and issues related to Indian Muslims, along with its declaration of World Islamic Solidarity.¹⁷

In order to safeguard its interests in WANA, India had extended support to the Palestinian Arabs and other Arab NLMs in the area. In the process, India came to establish close ties with secular nationalist regimes especially with Egypt under Nasser. Soon India also came to befriend, encourage and extend support to those countries, which opposed Western-sponsored military alliances like the Baghdad Pact. India's friendship with Nasser and other progressive Arab leaders to some extent neutralized the Pakistani propaganda against India, especially over the Kashmir issue, as also during the 1965 Indo-Pak war. Indian leaders were not only concerned about implications of developments in the region on India's security but also on its secular policy, which came to be appreciated gradually even by the so-called conservative states in the WANA region.¹⁸

NEW DIRECTIONS IN INDIA'S WEST ASIA RELATIONS

The Bangladesh crisis and the Indo-Pak war in 1971 had a major impact on India's ties with WANA as Pakistan sought to get closer to the Arab states. With great skill India managed to convince the Saudi and other Arab (Muslim) leaders about its desire to live in peace with Pakistan and respect its territorial integrity. The 1972 Shimla agreement and the release of Pakistani prisoners of war helped the atmosphere as Saudi Arabia's concern for Pakistan's integrity had become a major issue in India's bilateral ties. Moreover, the new Egyptian President Anwar Sadat's preoccupation with the liberation of Sinai from Israeli occupation and his growing friendship with Riyadh, as also mounting differences with Moscow, constrained him to follow a policy of 'neutrality' and 'passive posture' towards India on the issue. Egypt's posture during the 1971 crisis in the subcontinent brought home to India the harsh reality that there was little to choose between the so-called progressive and conservative Arabs in their stand towards such a crucial issue affecting Indian security. In the light of new regional developments, India had to reorient its policy from one of heavy reliance on Cairo to other power centres, which had emerged in the region, particularly Iraq, Algeria, Libya, Iran and the Arab Gulf monarchies.¹⁹ Iran continued to give diplomatic and political support to Pakistan after the latter's defeat and division in the Indo-Pak war of 1971. The dismemberment of Pakistan was perceived by the Shah as part of a larger conspiracy aimed at Iran.

Subsequent developments like the Soviet–Iraqi friendship treaty signed in April 1972, overthrow of the monarchy in Afghanistan (of Zahir Shah) in July 1973 and the secessionist movements in Baluchistan and Sind provinces of Pakistan confirmed the Shah's fears about Soviet attempts to encircle Iran. It must be mentioned that notwithstanding Iran's resistance to Pakistan's pressure to activate the Central Treaty Organization (CENTO) and provide a legal and institutional basis for its clandestine assistance revealed Iran's desire to keep contacts with India. Moreover, Iran refused a Pakistani request for US-made planes on the premise that Pakistan could not provide sufficient logistical support.²⁰ Israel's refusal to withdraw from occupied Arab lands compelled Egypt and Syria to launch a surprise military attack on Israel on 6 October 1973, crossing the Suez Canal and the Golan Heights respectively. India supported the Arab military initiative. India declared that the cause of tension in the area 'is due to Israeli aggression and refusal to vacate territories occupied by armed force. This intransigence on the part of Israel is clearly the basic cause leading to the present outbreak of hostilities. Our sympathies are entirely with the Arabs whose sufferings have long reached a point of explosion'.²¹ India refused to call the Arab action as aggression. Justifying India's support to the Arab cause, it further said the Arab cause was based on justice and demanded 'immediate implementation' by Israel of UN Security Council Resolution 242 for peaceful solution of the Arab-Israeli Conflict (AIC). Moreover, India's traditionally close ties with the Arabs required India to 'stand by

its friends in the time of their travail'.²² Israel's refusal to withdraw from Arab lands made several of Israeli supporters abandon it just before and after the 1973 AIC and the subsequent oil embargo by the Organization of Arab Petroleum Exporting Countries (OAPEC) against USA and other supporters of Israel. India did not have to make such utterly opportunistic changes in her foreign policy towards the Arabs. The Arab states due to India's unequivocal support for the Arab and Palestinian causes assured New Delhi of uninterrupted supply of oil and treated India as a 'friend'.²³ Thus, India due to its consistent support to the Arab causes managed to get assured oil supply. Moreover, the above policy also opened up significant possibilities for Indian exports. It also soon led to a large presence of Indian workers in the Gulf area. So far India's economic interaction was mainly with Egypt, Iran, Iraq and Sudan and at a low key with other Arab countries. But after the 1973 AIC, India's economic and political contacts widened especially with the oil-rich Gulf states. This partly alleviated India's balance of payments situation caused by the increase in oil prices.²⁴

INDIA AND THE GCC STATES

The Gulf crisis that was precipitated when Iraq marched into Kuwait, the oil-rich emirate, on 2 August 1990 posed a major challenge for India. Due to India's close political and economic ties with Iraq, an impression was created in the initial stages of the crisis that New Delhi tended to support Baghdad. This led to misunderstandings between Kuwait (and also with other GCC states) and India. To be correct, India strongly disapproved the Iraqi invasion of Kuwait and called it illegal and said it should be vacated, but stopped short of condemning the invasion. Since India did not openly take sides, Kuwait and other GCC states assumed that India's sympathies lay with Iraq. The Kuwait crisis affected India in many ways. New Delhi, mainly due to domestic turmoil, displayed no apparent enthusiasm to resolve the crisis. The minority government of V. P. Singh appeared to be primarily concerned with the evacuation of more than one lakh Indian citizens from Kuwait and 25,000 in Iraq. Public pressure mounted along with the decision of MPs from Kerala to sit on a day-long fast at the Parliament House on 16 August 1990 to protest against the 'inaction of the government regarding the plight of Indians' in both the Gulf states.²⁵ This forced the government to accord top priority to the safe evacuation of Indians.

It partly explains India's decision not to condemn the Iraqi action as it could have jeopardized the repatriation of Indians from the Gulf. India was also faced with the loss of crude oil supplies from both Kuwait and Iraq, which compelled New Delhi to look for alternative supplies. During 1990, Kuwait had agreed to sell India about 1.5 million tonnes of oil and Iraq 6.25 million tonnes, which included about 4.5 million tonnes that Iraq was transferring to India on behalf of the USSR against rupee payment. Before the crisis began, India had received only half the oil

from the total of about 7.75 million tonnes and it was difficult for it to immediately procure the rest. Moreover, increase in oil prices in the spot market from about \$16–17 per barrel in July 1990 to \$35 per barrel upset India's budget.²⁶ According to a conservative estimate, India lost nearly \$3 billion in foreign exchange alone. This includes \$2.36 billion for extra import of oil, \$200 million to evacuate Indians from the Gulf states, \$200 million as loss of exports to these two states and about \$200 million as loss of remittances sent by Indian workers from both the countries. All of these economic compulsions pushed India to seek an IMF loan where US support was crucial. The Indian government partly shared the fear of the West, in particular the US, that Saddam Hussein would control 50 per cent of the world's oil reserves if he were not pushed out of Kuwait. No wonder India allowed the refuelling of US military planes and went along with the sole superpower at the UN. According to K. P. Fabian, who was joint secretary, Gulf, ministry of external affairs (MEA), 'We did not join the US-led coalition as we were engaged in finding a non-military resolution. The US resented this. Its friends outside India told us that we were getting isolated. Since our principled position conveyed the impression of a pro-Iraq tilt, the decision was taken at the highest level under pressure to agree to US request for refuelling facilities'.²⁷ In reality, India became isolated due to an acute domestic crisis and also because of the regional and global factors. It had no worthwhile role to play in most of the UN resolutions which were passed before it became a non-permanent member of the UNSC. Under the leadership of Yugoslavia, NAM went along with the West and UN Resolutions and, unfortunately, India's role was marginal. Many have attacked India's approach to the Iraq-Kuwait crisis as 'malleable', 'deliberate ambiguity', 'wait and see', 'opportunism', and so on. Undoubtedly, getting back Indian workers and their welfare and safety in other Gulf states was uppermost in the minds of the policy-makers, besides securing oil supplies, but New Delhi was equally concerned over the escalation of the crisis and its probable spillover effects. On the other hand, India was committed to adhere to the UN resolutions on Iraq, but at the same time, took care not to openly condemn Iraq's aggression. This was in line with India's policy to seek friendly ties with all states in the WANA region. India by neither condoning nor condemning the Iraqi takeover of Kuwait justified its position by saying that 'condemnation is not part of the Indian nature'. By simply 'regretting' the invasion, India did not win the gratitude of either party. It was in fact misunderstood by both the parties and by others as well. Room for India to manoeuvre in the Gulf crisis was rather limited, given the resolve of the West and the GCC to contain Iraq. India on its own could not take any peace initiatives to resolve the crisis because, as mentioned earlier, the Indian government was beset with serious domestic problems. But as a leading member of NAM, it did take some feeble initiatives, but these came too late, partly because of deep differences within the movement, especially Yugoslavia's one-sided stance. India's economic links with the GCC had increased during the 1970s and 1980s especially due to the growth in oil imports. Moreover, the oil-rich GCC states with their massive oil revenues embarked on

ambitious economic development, which led to demand in GCC states for labour. India with its surplus labour became a major source of supply. The rapid modernization of GCC states generated demand for goods and services and India seized the opportunity. Over four million Indians currently in the GCC states send about \$10–12 billion as remittances. Gulf Indians pumped money into the Resurgent India Bonds that were floated by the State Bank of India in August 1998. Other Indian banks have mobilized deposits and investments from Gulf Indians.²⁸

THE GCC AND THE BABRI MASJID ISSUE

On 6 December 1992 at the 13th summit in Abu Dhabi (UAE), the GCC described the Babri mosque destruction by the BJP and its ideological allies as a 'sacrilege and unpardonable act'. The council adopted a resolution titled 'Aggression against the Babri mosque' in which it expressed its 'deep condemnation of the Babri mosque demolition' which was described as a 'crime against Muslim holy places'. The resolution called upon the Indian government to uphold its responsibilities and to take further measures to protect the Indian Muslims, their religious rights and places of worship. It urged the Indian government to rebuild the mosque as promised. Clearly, the GCC had gone beyond the expected condemnation of the demolition already voiced by some of the members, the severest, of course, from Saudi Arabia and the most moderate stance from the UAE. India reacted sharply to the GCC resolution on the Babri masjid demolition and voiced its unhappiness. An Indian government spokesman said: 'These matters pertain to internal affairs of India and concerns expressed from abroad in this context, however well meaning they may be, are not helpful in meeting the challenge posed by communal elements'. What upset India over the GCC stand was that it had expected the summit merely to deliberate on the Babri events and in view of the earlier condemnation by individual members, it would not mention the issue in the final communiqué. In view of Iran's tough stand on the Babri mosque, even moderate members of the GCC like UAE had to fall in line because no GCC member wanted to be charged with being soft on India. The UAE deplored the Babri event as a 'shameful act'. In a statement, it said actions causing damage to places of worship were against the spirit of harmony and coexistence among various sections of society. Further, the UAE called upon India to 'take urgent steps to end such acts and protect the sanctity of places of worship'. In the UAE, hundreds took out several protest processions in various parts, expressing anger and outrage over the Babri masjid demolition. In Dubai, the protesters stoned an Indian temple and surrounded the Indian consulate and raised slogans against the Indian government and some resorted to looting and stone pelting. The worst-affected area was Al-Ain, 250 kms east of the capital Abu Dhabi, where angry protesters set fire to the girl's wing of an Indian school and a church which was attacked and ransacked. Several policemen were killed in violence who tried to control the riots, 'without

use of force'. Of all the GCC states, it was only in UAE—perhaps due to the large presence of immigrants from the Indian subcontinent—that riots broke out over the Babri masjid, especially after the call for a protest day given by Pakistan. The Pakistanis, who attacked a Hindu temple and some Indian business houses, were deported by the UAE. Many Indians were also deported. The UAE acted with unusual firmness against those who indulged in violence. The Commander-in-Chief of Dubai Police, Brigadier Dhahi Khalfan, said: 'Those who want to create unrest here should go back to their countries and launch a protest against what annoys them. Our country should not be used as a place to settle the differences that exist between different communities, group and faiths.'²⁹

INDIA—GCC TRADE TIES: INDIA AND THE UAE

Among all the GCC states, India enjoys the strongest economic and political relationship with the UAE since the latter became independent on 2 December 1971. India's exports to the UAE, import of oil and the presence of Indian workers in the Emirates have been economically very significant. India's first ambassador to UAE, Mr Said E.H. Rizvi, was appointed on 1 March 1973. India's economic ties with the GCC increased during the 1970s and 1980s, especially due to the growth in oil imports. Also the oil-rich GCC states with their massive revenues embarked on an ambitious economic development programme, which led to a demand in GCC states for labour. India with its surplus labour became a major source of supply. The rapid modernization of GCC states generated demands for goods and services for which India seized the opportunity. Indian banks have also mobilized deposits and investments from Gulf Indians.³⁰ The GCC states provide good market for India's exports. During 1999–2000, India's exports to GCC were nearly \$5 billion and imports from GCC totalled \$7 billion. The bilateral two-way trade exceeded \$12 billion. Information technology exports to GCC currently are at \$170 million and are poised for a significant upswing. India's exports to the UAE in 1976–79 stood at Rs 1,670 million and imports at about Rs 775 million. In 1979–80, it was Rs 1,307.7 million and Rs 2,088 million. With a trade turnover of \$4.4 billion in 1999–2000, the UAE was India's biggest trade partner in the GCC. India's exports to the UAE in the same year were \$2 billion and its imports were \$2.3 billion. Some of it is for and from third states and Pakistan imports via Dubai some Indian products. UAE was the first GCC state to provide aid to India through the Abu Dhabi Fund for Arab Economic Development (ADFAED). During 1974–75, it gave Rs 375 million and in 1975–76 Rs 150 million. Since 1976–77, ADFAED started directly giving aid instead of the UAE government. It gave Rs 129 million in 1976–77, Rs 525 million in 1977–78, Rs 59.4 million in 1979–80 and Rs 17.3 million in 1980–81. The aid has been given to Garhwal Rishikesh Chila Hydro-electric project in Uttar Pradesh and other projects. A large number of India's public and private companies have taken active part in the industrialization of the UAE. They are

either contracts or joint ventures. Some of them are the refinery in the Ruwais area in Abu Dhabi by Engineering Projects (India) Limited (EPI), a tube blending plant and a turnkey project by the Balmer Lawrie Group, consultancy works for the Abu Dhabi National Oil Co. by ONGC, the laying of a multipurpose pipeline by Engineers India Limited (EIL) and civil construction work for the airport at Abu Dhabi by Engineering Construction Corporation (ECC). Dubai now allows ownership of real estate by foreigners. Reputed Indian companies like the Tatas, the Kamanis, Dastur and others have taken part in the industrial development of the UAE. In the Jebel Ali free trade zone, about 160 Indian companies—the largest number from any one country—have taken part. About 56 are joint ventures. The Sadiyat free trade zone is attracting many Indian companies. Software is the new field in bilateral trade with firms like Satyam and Infosys active in business. The UAE has about 20 joint ventures—mostly in the private sector—in India, especially in Gujarat and Maharashtra. The offshore and onshore oil drilling platforms plant in Maharashtra is the most significant.³¹

The stand adopted by the UAE on Kashmir at all meetings until recently had been remarkably restrained. But since the Babri masjid event and Bombay bomb blasts, the UAE appears to have shifted from its earlier position. At a meeting of the OIC foreign ministers at Karachi in 1994, the UAE called for guaranteeing the 'national rights and the Islamic identity of Kashmiri people'. The UAE minister of state for foreign affairs in his speech expressed concern over the situation in Kashmir and called for a settlement of the problem. He said: 'The situation in Kashmir is still tense and could flare up unless tension is defused, before it is too late'. He further added:

We appeal to all parties concerned to work for resolving this problem through wisdom and objectivity and we hope to see a peaceful solution that is acceptable to all parties within the framework of international resolutions and bilateral agreements that will guarantee the national rights and the Islamic identity of people of Kashmir.

A change had certainly taken place in the UAE's stand towards India since the demolition of the Babri masjid and this was obvious when it took a series of steps to express its displeasure, including its disagreement to immediately receive India's minister of state for external affairs, R. L. Bhatia, its attempts to cold shoulder the goodwill Indian naval visit and its lack of enthusiasm to specify dates for a visit by Prime Minister Narasimha Rao. Some have linked the UAE's attitude with extradition-related issues. R. L. Bhatia finally visited the UAE on 25 May 1993 where he rejected any mediation bid by a country to resolve the Kashmir issue. He said, 'people can advice on friendly basis, but we cannot accept any mediation'. He also said that 'the Kashmir issue is a bilateral matter and we do not want any outside interference'. But the UAE gave every possible support to India in connection with the Bombay bomb blasts. It condemned all sorts of terrorism and violence which

resulted in the killing of innocent people. It agreed to work with India to curb terrorism and step up cooperation in security measures.

The former Indian ambassador to UAE, Ranjit Sethi, said: 'There has been no adverse impact on our relations in any manner. We have been given every assistance by the UAE authorities, at every level'. Moreover, he added that the UAE was ready to help in every possible way in matters vital to the security of India. The refuge given by the UAE to Indian nationals whom the 'government of India wants for crimes committed' in India has become an issue in bilateral relations. In this connection the then home minister, L. K. Advani, visited UAE on 13 July 2001 for issues related to the extradition treaty. He called on the President of the UAE and discussed with him regional and international issues of mutual interest. Some in the government bureaucracy and the Indian media continue to portray the UAE, especially Dubai, as a haven for Indian terrorists. The UAE also gets negative publicity in India. This image needs to be corrected as this might lead to unpleasant problems in future.³² In order to further improve ties, Mr Natwar Singh visited the UAE in 2004 and signed an agreement to boost economic cooperation by reviving the joint commission. In 2003–2004, trade was \$7.2 billion which increased from \$4.2 billion in 2002–2003. India exported goods worth \$5.1 billion to the UAE and the latter exported \$2.1 billion to India. Thus, the UAE has become the second largest trading partner of India after the USA and is India's largest trading partner in the GCC. The non-oil imports from UAE increased to \$1.78 billion from \$850 million (2003–2004). The UAE held its first exhibition in Mumbai at the end of 2003 where contracts worth \$140 million were signed. Dubai and Sharjah Chambers of Commerce and Industry in March 2004 signed an MoU with India for investments in Indian infrastructure worth \$20 billion. Many information technology (IT) firms are heading to the UAE and IT exports to it in 2004 were \$149 million, an increase from \$100 million in 2003. Dubai Ports International (DPI) won a \$450 million contract to manage, operate and develop the Rajiv Gandhi Container Terminal in Kochi (Kerala) on a build, operate and transfer basis for 38 years. This will get 33.3 per cent revenue to Kochi Port Trust annually. This is DPI's second contract after the 30-year contract for the Vishakhapatnam port.³³

KUWAIT AND INDIA

It must be mentioned that India expressed serious reservations about 'the right to interference' in the internal affairs of a member nation (Iraq) on humanitarian grounds, especially in the case of Kurds and Shias in Iraq. This was on UN Resolution 688 of 5 April 1991. Moreover, India is a member of the 35-nation United Nations Iraq–Kuwaiti Observer Mission (UNIKOM) to patrol the demilitarized zone along the Iraq–Kuwait border. India is also associated in the monitoring commissions and teams meant to supervise Iraqi payment of compensation and

elimination of weapons of mass destruction.³⁴ Due to the ambiguous stand taken by India on Iraq's aggression towards Kuwait, its ties with the Kuwaitis became strained. India was asked embarrassing questions: why did it take Iraq's side during the Gulf War? Why did it refuse an audience to Kuwait's ambassador in New Delhi? Why was India the only country in the world to move its embassy from Kuwait to Basra during the war? Did Kuwait cease to exist as a nation in 1990? These questions were very difficult for Indian officials to answer. Kuwait's foreign minister expressed the hope that India would rebuild the Babri masjid and hand it over to the Indian Muslims. He said: 'We hope that Prime Minister Narasimha Rao who had earlier promised to rebuild the structure will stick to his resolve'. In an interesting development, the Kuwaiti government blocked a decision by a community-run supermarket to dismiss Hindu employees from India in protest against the Babri masjid demolition. The Kuwaiti minister of social affairs and labour Mr Jassem Mohammed al Qun, ordered the Al Sabaahiya al Ahmadi Cooperative Society supermarket to rescind its decision of 15 December 1992.

In a related development, in a letter to the editor of Kuwait's *Arab Times*, writers requested GCC states not to recruit Indian Hindu workers and send back those who were already in the country. It was also reported that many in Kuwait were very keen to organize demonstrations and close shops to protest against India, but the Kuwaiti government's tough opposition prevented such activities. India's External Affairs Minister Madhavsinh Solanki visited Kuwait in mid-February 1992, the first ministerial visit to Kuwait since the 1990–91 Iraq–Kuwait War. The visit was primarily aimed at building bridges with Kuwait after India's ambivalent attitude during its occupation by Iraq. As seen earlier, relations between the two had deteriorated and Kuwaiti leaders publicly expressed anguish and surprise at India's stand during the Kuwaiti crisis. After the talks with the Kuwaiti leaders, Solanki said Kuwait wanted India and Pakistan to resolve the Kashmir issue through peaceful negotiations in accordance with international norms. L. L. Mehrotra, secretary in the MEA, who accompanied the minister claimed that the visit was a 'diplomatic triumph'. Apparently, both were impressed by Kuwait's support to the Shimla agreement and India was also satisfied with Kuwait's explanation about its criticism of India at the OIC meeting.³⁵ In protest against the demolition of the Babri masjid, a proposal was tabled by two Kuwaiti independent MPs, Khalid al Adwah (an Islamist) and Mohammed Sharar, in the Kuwaiti National Assembly, in January 1994 calling for the boycott of Indian Hindu workers and a ban on their entry and recruitment in Kuwait. On 15 August 1994, the Kuwaiti government rejected the proposal saying such a move would worsen Kuwait's relations with 'friendly India' and stressed that the proposal violated political and religious norms.

State Minister for Cabinet Affairs Abdul Aziz al Dakheel said Kuwait was not solely responsible for Muslim affairs around the world. 'Defence of Muslims should be made in a collective way through Islamic organizations concerned especially the OIC,' he said. Dakheel also said, 'Only a small group of Hindus were terrorizing

Muslims in India and this should not be generalized. By taking a decision to ban Hindus, the ties between the two countries could worsen and India may decide to ban the Kuwaitis from visiting India, he added. Dakheel stressed that Muslim countries like Pakistan, Bangladesh and Indonesia had not even thought of taking such a measure. He felt the proposal was likely to convey the impression that Islam was a racial religion and, thus, harm the cause of Muslims rather than serve them. He felt that the adoption of the proposal would spoil Kuwait's image and its human rights record. Moreover, Kuwait is still subject to criticism on several issues, including that of human rights, Dakheel said. Acceptance of the MPs demand would also have encouraged the Islamic fundamentalists groups in Kuwait, the minister pointed out. The Kuwaiti government's firm stand in rejecting the call by the two MPs to punish the entire Indian Hindu community for the wrongs committed by a fraction of the community is commendable and demonstrates the progressive character of the Al Sabah regime in Kuwait. Moreover, any acceptance of the MPs' demand would have weakened Kuwait's struggle against Iraq as several groups in India would have publicly called for an end to the UN sanctions against Iraq from which India had been suffering in terms of lost export opportunities, stop in remittances and the need to find alternative sources to offset loss of oil supplies from Iraq. The total turnover of Kuwait-India trade during 1999-2000 was \$2.07 billion. India's exports to Kuwait were \$154 million while imports were \$1.91 billion. Kuwait's imports from India during April 2001-March 2002 were \$73.69 million and during April 2002-2003 \$179.5 million. Exports during April 2001-March 2002 were \$206.25' and during 2002-2003 (April-March) were \$250.56'. Total trade in 2001-2002 was \$279.94 and during 2002-2003 was \$430.07 million. This data pertains to non-oil trade only.³⁶

The Kuwait Fund for Arab Economic Development (KFAED) has been economic aid to India on low interest rate since it started in 1975-76 when it gave Rs 315 million. In 1975-79 it was Rs 1,974 million and in 1980-81 Rs 61.2 million. The fund has tried to limit the impact of political considerations on its lending operations. Most of the studies regarding operations offered have noted a lack of discrimination on political grounds in loan disbursements. In 1981-82, it gave Rs 525 million, in 1982-83 Rs 300 million; 1985-86 Rs 1,470 million; 1988-89 Rs 360 million; 1990-91 Rs 10 million; 1992-93 Rs 60 million; 1993-94 Rs 90 million; 1994-95 Rs 40 million; 1995-96 Rs 170 million; 1996 Rs 1,340 million. Kuwait has given aid to the following projects in India: Kalinidi hydro-electric project; power projects I, II (Rs 290 million and Rs 315 million); Kopli hydro-electric project (Rs 200 million); Anpara thermal power projects (coal handling and transport) (Rs 33 million and 190 million); Kerala fisheries development project (Rs 360 million); and Thal Fertilizer project (Rs 360 million).

In the aftermath of the Gulf War, India through its skilful diplomacy succeeded in clearing the misunderstanding with the GCC states and in particular with Kuwait. Nevertheless, ties between India and Kuwait had deteriorated since

Kuwaiti leaders publicly expressed anguish and surprise at India's ambivalent attitude during its occupation by Iraq. The Kuwaiti foreign minister, during his visit to India in February 1992, had said, 'We will forgive, but not forget'. Not surprisingly, Kuwait, at a number of the Organization of Islamic Conference (OIC) meetings after the war, had launched a scathing attack against India and had supported Pakistan's stand on holding a plebiscite in Kashmir. Even though ties between India and the GCC states improved gradually, the Kashmir and Ayodhya issues continued to bedevil relations to some extent even now.³⁷

Despite Kuwait's unhappiness over India's ambiguous position during Iraq's invasion, a number of Indian firms were given contracts in rebuilding of Kuwait. India has shown interest in Kuwait's downstream petrochemical sector whereas Kuwait has evinced interest in the Indian petrochemical complexes. India has also shown interest in a gas-based fertilizer plant in view of the huge quantities of gas in Kuwait and a refinery on the west coast of India. There is also a \$1 billion joint venture proposal between Indian Oil and Kuwait Petroleum Corporation (KPC) to build a refinery in Orissa. A 14-member delegation from Power Loom Development and Export Promotion Council visited Kuwait from 23–27 May 2001 and organized a buyer–seller meet. An Indian jewellery and gold exhibition was held in Kuwait from 2–6 June 2001. Lt General R.K. Sawhney DCIOS-(T&C) MOD paid an official visit to Kuwait on 29–30 April 2001 and met senior Kuwaiti defence officials to discuss defence-related issues. A Bilateral Investment Protection Agreement (BIPA) was signed between India and Kuwait on 27 November 2001. In 2004 the two countries signed three agreements during the visit of Kuwaiti Foreign Minister Sheikh Mohammed Sabah Al Salem Al Sabah—an extradition treaty, a pact on mutual legal assistance in criminal matters and an agreement to bolster bilateral trade and economic links. The kidnapping in Iraq of Indian truck drivers (in 2004) employed by a Kuwaiti company was resolved amicably.³⁸ The new Kuwaiti Emir visited India in 2007 and ties have improved substantially.

INDIA AND SAUDI ARABIA

Soon after independence, Pakistan tried hard to mobilize Arab and Islamic states to its side on the Kashmir and other issues. In this, Pakistan's relations with Saudi Arabia were to prove most rewarding. But soon India established close ties with Egypt's Nasser. Many Arab states resented Pakistan's attempt to raise the Kashmir issue in Islamic meetings. Pakistan's membership in Western-sponsored military pacts was also denounced. Saudis attacked Pakistan's decision to join the Baghdad Pact. In fact, Riyadh was astonished to find that the 'Islamic state of Pakistan should accede to those who have joined hands with the Zionists Jews' and spoke of the pact as a 'stab in the heart of the Arab and Muslim, states' and urged it 'to return to the right path', by withdrawing from the widely unpopular Western mili-

tary pact. Pakistan, which had launched a campaign against India on the issue of treatment of the Indian Muslims, also received a setback when Riyadh publicly sided with India on the issue. In a now famous public statement, the Saudi King Ibn Saud during his visit to India in November–December 1955 said: ‘I desire to say to my Muslim brethren all over the world with satisfaction that the fate of the Indian Muslims is in safe hands’. When Nehru returned the visit in September 1956 he was given a rousing welcome with slogans of ‘Welcome Prophet of Peace’, which obviously angered Pakistan.³⁹ In the aftermath of the 1956 Suez crisis, Riyadh–Pakistan ties became closer. The result was a Saudi–Pakistan alliance that was established in the mid-1960s with Riyadh terming India as an aggressor in the Indo–Pak war of 1965 and warning India not to take advantage of its close ties with the Arab and Islamic states. Saudi criticism of India was due to the close Indo–Egyptian friendship and Nasser’s support to the Indian position at several forums. An Islamic conference to discuss the Al Aqsa mosque was held in Rabat on 22–25 September 1969. India was officially invited to participate in the conference at Saudi request, but Pakistan staged a walk out from the conference to protest against the presence of the Indian delegation, which was led by Fakhruddin Ali Ahmed.

The Bangladesh crisis and the Indo–Pak war of 1971 had a major impact on Indo–Saudi ties. Riyadh’s position on the crisis at the UN was that the developments in East Pakistan were Islamabad’s internal affair and that no other country had any right to interfere in the same. However, India managed to convince the Saudi rulers of New Delhi’s sincere desire to live in peace with Pakistan and respect its territorial integrity. The 1972 Shimla pact and the release of Pakistani prisoners by India helped the atmosphere, as Saudi concerns for Pakistani territorial integrity had become an issue in India’s bilateral ties. The 1979 Iranian revolution, Soviet intervention in Afghanistan and the Iran–Iraq war brought about closer Saudi–Pak ties, which the US obviously supported. It made General Zia ul Haq, Pakistani ruler, say, ‘If Saudi Arabia’s security was threatened and help was sought from Pakistan he would personally lead Pakistani forces in the defence of Saudi Arabia’. Saudi military aid to Pakistan became a major irritant in relations between New Delhi and Riyadh. It is in this backdrop one should see Mrs Gandhi’s visit to Riyadh in April 1982 which ended the 26-year-communication gap between two states. Her visit paved the way for better relations and heralded a new era. It must be mentioned here that despite a lack of political understanding Indo–Saudi economic ties had flourished. Mrs Gandhi’s visit to the kingdom paved the way for a new chapter in economic cooperation. The most tangible gain was the setting up of an Indo–Saudi joint commission to promote economic and technical collaboration. It was inspired by the assumption that a combination of Indian technology, skilled manpower and Saudi money could work to strengthen South–South cooperation. The joint commission was established under an economic and technical cooperation agreement in April 1981. The commission met in 1983 in Riyadh, in 1986 in

New Delhi, and again in New Delhi from 13–15 November 1991 and in 1996 and 2002.⁴⁰ India's trade with Riyadh has increased since Nehru's visit and risen steadily since 1973. The two-way trade in 1963–64 was a mere Rs 243 million. India's exports to Riyadh have always been less than its imports. In 1990–91 imports were valued at Rs 28,977.3 million and exports at Rs 4,184.2 million. The trade turnover during 1999–2000 was \$3.75 billion. India's exports were \$741 million and imports \$3 billion. These figures are among the highest between India and an Islamic country. However, much of this adverse balance is made up by the flow of remittances by the over 1.7 million Indian workers in the kingdom. Moreover, Indian companies both public and private, have taken and completed numerous lucrative projects in the kingdom and earned huge profits. The Saudis have given loans to India through the Saudi Development Fund as follows: In 1977–78 Rs 750 million; 1981–82 Rs 177 million; 1983–84 Rs 172.3 million; 1985–86 Rs 287.2 million; 1987–88 Rs 500 million; 1988–89 Rs 60 million; 1989–90 Rs 430 million; 1990–91 Rs 300 million; 1991–92 Rs 270 million; 1992–93 Rs 20 million and in 1996 Rs 1,520 million. These loans were given at low interest rates for the following projects: Sirsailam and Nagarjunasagar power projects (Andhra Pradesh, 1977, Rs 750 million); Rajasthan Canal Project; Koel Karo power project in Bihar (1981, Rs 177 million); Koraput–Rayagad Railway project (1983, Rs 172.3 million); Ramagundan Thermal Power Project II (AP) (1985, Rs 500 million); Nhawa Shiva Project (T&C, 1987 Rs 500 million).⁴¹

Saudi Arabia's position on Kashmir now emphasizes the bilateral process with a dialogue with Pakistan on the basis of existing agreements like Shimla and Lahore. It condemned all forms of extremism and made a fervent appeal for peace, between India and Pakistan. The appeal was made during Crown Prince Abdullah's meeting with Najma Heptullah, deputy chairperson of Rajya Sabha in Jeddah. It also sent aid to the victims of Gujarat earthquake (2001) and it condemned the attack on India's Parliament as an act of terrorism. Despite the growing Indo-Saudi economic ties, the political ties have not progressed. Mr Jaswant Singh, India's foreign minister, visited the kingdom in January 2001. Saudi Arabia is not only a major economic partner of India it is also a major power in the Gulf region, with substantial influence on other GCC states and is a major producer of oil. Saudi Arabia's financial power gives them enormous ability to influence many groups, parties and states worldwide, the location of Islamic holy places in the kingdom as also Riyadh wields considerable influence in the OIC-being the leading state in its establishment, giver of a major portion of the OIC budget and with the headquarters being located in Jeddah. Mr Omar Abdullah, India's minister of state for external affairs led a delegation to the kingdom to sign the hajj agreement in Jeddah on 22 August 2001. A five-member delegation led by the chairman of Indian Oil Corporation visited Saudi Arabia from 6–8 April 2001 to renew a term contact with Saudi Arabia for the supply of crude oil and other petroleum products to India for 2001–02. A 12-member team from the National Defence College paid a five-day visit to

the kingdom from 21 May 2001. This was the first visit of an NDC team after a gap of 10 years. The team visited major defence and economic institutes and held discussions with Saudi officials in Riyadh, Dammam and Jeddah. Saudi Arabia has emerged as the 13th largest market for Indian exports with GCC states and source of 5.5 per cent of India's total imports. India is the fourth largest market for Saudi exports and ranks 10th in Saudi imports list. Riyadh is the largest source of crude oil to India supplying 0.5 million barrels per day and annually 23.55 million tonnes, which is 23 per cent of the total crude requirements of India. Saudi-Indian bilateral trade in 2002–03 was \$5 billion and Saudi exports were of \$3.65 billion while India exported one billion dollars goods to the Saudi kingdom. The new Saudi law which allows 100 per cent foreign owned projects has been utilized by Indian companies. The Saudi Arabian General Investment Authority has so far awarded 63 joint ventures to Indian companies with total investments of about \$360 million. India's IT exports to the kingdom are rapidly increasing and are poised to grow further.⁴² King Abdullah was the guest of honour during India's 2007 Republic Day parade, and ties have improved rapidly since.

In a smaller or larger measure, Bahrain, Qatar and Oman have either expressed disinterest or toned down their earlier stance on Kashmir. Bahrain is now allowing Indians with more than 15 years of experience and a healthy bank balance to reside in the country even without work permits. Bahrain which takes a balanced view of 'UN resolutions and framework of Shimla' position, has removed UN resolutions and kept the Shimla framework from its published text in the context of Indo-Pak relations for a number of reasons. Indo-Bahrain trade turnover in 1999–2000 was \$435 million. India's exports to Bahrain were \$60 million and imports \$375 million. But bilateral trade at the end of 2003 stood at \$186 million. Bahrain's Prime Minister Sheikh Khalifa bin Salman Al Khalifa's visit in January 2004—the first to India—boosted the cooperation between the two countries. Both signed an extradition treaty, mutual legal assistance and judicial cooperation in civil, criminal and commercial matters, bilateral investment promotion agreement and avoiding double taxation. The ICICI and SBI were given offshore banking unit licence and a restricted full commercial bank licence. The Electronic and Computer Software Export Promotion Council of India sent a 15-member delegation to Bahrain in May 2001. They signed an MoU with Bahrain Economic Development Board for Development of the IT sector.⁴³ The Emir of Qatar and other leaders have visited India, and ties are rapidly improving.

Indo-Qatar trade turnover in 1989 was \$38 million and in 1995 \$130 million and in 2001–2002 it was \$209 million and in 2002–03 \$220.67 million in non-oil trade. India's exports to Qatar increased from \$22 million in 1989 to \$32 million in 1995. In 1999–2000 the trade turnover was \$245 million. Indian exports were \$35 million and imports \$209 million. There is a wide gap in the Indo-Qatari trade and this is reflected in the adverse and growing deficit in the balance of trade for India. Qatar's Ras Gas has also tied up with Petronet LNG for supply of 7.5 million tonnes

per annum of LNG for Petronet's plants at Dabhol, Maharashtra and at Cochin. There are about 200,000 Indian workers in Qatar who send valuable foreign exchange, which is quite helpful in reducing the balance of trade deficit faced by India in its trade with Qatar. The Qatar minister of energy met with the Indian petroleum and natural gas secretary on 16 May 2001 at Seoul and discussed import of LNG by India from Qatar. A two-member delegation from Indian Oil Corporation visited Qatar from 23–25 June 2001 to discuss cooperation in the areas of technical consultancy and training manpower. M/S Bharti Shipyard of Mumbai signed a contract worth \$4.6 million with Halal offshore services company of Qatar in July 2001. An Indian shipbuilder, ABG Shipyard, entered into a \$100 million contract with a Qatari company for four identical supply vessels. Petronet LNG, India's first LNG venture with a capacity of 5 million tonnes (mt), received its shipment from Qatar's Ras Gas in January 2004 as part of a 25-year deal worth \$859 million annually. For the last five years both countries had been building the necessary infrastructure to receive the LNG. Petronet imported 2.5 million tonnes in 2004 and in 2005 about 5 million tonnes of gas from Qatar. India hopes to get 25 per cent of its gas requirements from Qatar.⁴⁴

India's relation with Oman is very old and historic. It dates back to the Indus Valley civilization with archaeological findings indicating regular maritime navigation especially to Omani ports like Sur, Muscat, Qalhat and Qurayyet and the Omani's frequented Indian ports in Gujarat and Malabar in Kerala for trade. Despite European colonialism since 16th century especially after Portuguese occupation of Oman, maritime contacts between Oman and India continued. Among the Indian rulers Haider Ali and Tipu Sultan of Mysore maintained good political and thriving economic ties. These came to an end with the assassination of the Tiger of Mysore by the British in 1799 and domination of the region by the British. Both countries saw British imperial rule. After India's Independence both countries signed a Treaty of Friendship Commerce and Navigation on 13 May 1953. Diplomatic ties were established in 1955 and the first Indian consulate was opened in Muscat headed by G.L. Puri. India's first ambassador to Oman Shri Nirmal Jeet Singh started work in Muscat from 18 April 1973. It is only since 1970 Oman has been following an independent foreign policy under Sultan Qaboos. During the 1971 Bangladesh crisis, Oman was the only Arab (Muslim) country that did not completely side with Pakistan.

The first MoU related to defence cooperation was signed on 12 December 1983 which envisaged deputation of medical personnel to the Omani ministry of defence. Starting from the first high-level visit by External Affairs Minister Swaran Singh in January 1973 a large number of Indian leaders have been to Oman including Prime Ministers Rajiv Gandhi in November 1985, Prime Minister P.V. Narasimha Rao in June 1993, President Dr Shankar Dayal Sharma in October 1996, Prime Minister Atal Behari Vajpayee in August 1998 and former Prime Minister I.K. Gujral in October–November 1999. Sultan Qaboos visited India in April

1997 when H. D. Deve Gowda was the Prime Minister. From the Omani side the most frequent visitors to India have been Maqbool bin Ali Sulka, minister of commerce and industries and Yusuf bin Alawi Bin Abdullah, minister responsible for foreign affairs. All of these visits over the years have led to the establishment of close political, economic and cultural relations. On the occasion of completing 50 years of diplomatic ties both organized a number of events to mark this milestone. With the signing of an MoU for establishment of Oman India Strategic Consultation Group on 7 February 2002, bilateral ties began to scale new heights, especially in the strategic dimension. Oman has decided to participate in two oil refineries in India. Oman–India Fertilizer Company (Omifco) is a \$1 billion project and is producing 1.65 million tonnes of granulated urea and 0.25 million tonnes of surplus ammonia per year.

There is a modest military-security cooperation between the two states. Indo-Oman trade has improved from \$96 million in 1990 to \$134 million in 1996. India's exports to Oman increased from \$56 million to \$114 million in 1996. India's imports from Oman declined from \$40 million in 1990 to \$20 million in 1996. Among all the six GCC states Oman is the only state in the GCC with which India has a balance of trade surplus. In 1999–2000, Indo-Oman trade turnover was \$194 million. India's exports to Oman were \$132 million and imports \$62 million. In 2001–2002, imports were \$8.48 million and in 2002–2003 they were \$13.84 million and during 2001–2002 exports were \$148.99 million and \$198.61 million. Thus, the total trade was \$157.47 million in 2001–2002 and \$212.44 million in 2002–2003.⁴⁵ India and Oman are working to establish a fertilizer plant in Oman worth \$1 billion. The Indian minister for chemicals and fertilizers visited Muscat on 4–5 December 2001 and signed key agreements relating to the Oman–India fertilizer project in Qalhat south of Muscat during the visit. There are a number of joint ventures which Indian companies have taken up in Oman. A delegation from National Defence College visited Oman from 20–25 May 2001. The delegation called on the ministers of defence and foreign affairs and interacted with the Omani defence officials and visited defence institutes in Oman. Also, an Indian military delegation led by Vice Admiral M. J. Singh visited Oman from 27–31 October 2001 to observe the Oman–British joint exercises at the invitation of Oman and had extensive interaction with their Omani and British counterparts. George Fernandez, Indian Defence Minister, visited Muscat in September 2002 and both countries are exploring the possibility of joint ventures related to defence production. In 2005 both India and Oman celebrated 50 years of diplomatic relations and a number of programmes in both the countries were held. E. Ahamed, minister of state for external affairs, Natwar Singh, minister of state for external affairs and Minister of State for Overseas Indian Affairs Jagdish Tytler visited Oman in 2004. Both sides signed an extradition treaty. Both agreed to intensify cooperation in information technology, tourism, education and HRD, health care and small and medium industries sectors.⁴⁶

The first major step towards defence cooperation with India was taken by Oman when Sultan Qaboos sent Sayyid Badr bin Saud bin Hareb Al Busaidi Oman's Defence minister to have talks with India's then Defence Minister Pranab Mukherjee in Delhi on 6 December 2005. He led a high-powered military delegation. An MoU was signed between the two defence ministries on joint military cooperation on 7 December 2005. The areas of cooperation include exchange of expertise in military training and information technology, utilization of military and educational courses and programmes, exchange of observers attending military exercises and exchange of formal visit. The other areas of cooperation include providing assistance in identifying technical specifications of military equipment to facilitate direct agreement with manufacturing companies of both countries. The agreement also includes maintaining quality assurance by the Indian ministry of defence for contracts signed within the framework of the MoU and collaboration in other mutually agreed spheres of defence cooperation. To conclude the year long celebrations to mark the 50th anniversary of India–Oman diplomatic relations, India sent 'Pride of the Indian Navy' INS Mumbai warship in early March 2006. The Guided Missile Destroyer is a 6,700 tonne, 165 meter-long ship and was commissioned in January 2001, has surface-to-air missile (SAM) launchers and other sophisticated guns and rockets. Admiral Arun Prakash, chairman of chiefs of staff committee of the Indian armed forces, visited Oman and held talks with senior Omani officers in Muscat. Oman's assistant chief of staff, Brigadier Saud Suleiman al Hobsi, underlined the excellent defence relations enjoyed by Oman and India, which he said, are going on the right track. An example of this is the INS Mumbai's visit to Oman, apart from the exchange in training programmes and joint exercises, he said. Arun Prakash met with the Omani defence minister and other top Omani defence officials on 5 March 2006. Admiral Prakash outlined the potential for further cooperation between the Omani and Indian navies, citing the long maritime histories of the two countries. 'The future lies in the seas—as a source of energy and mineral resources as well as for furthering trade and commerce. But the seas also hold hazards in the form of piracy, terrorism and illegal trafficking of human beings. Both our navies should work together to confront these challenges' he said. He also said that the Indian diplomatic ties is the only 'blip' in the 5,000 years of friendly interaction between the two countries. 'Nothing exemplifies the historicity of our relations than our maritime ties. Intrepid sea farers went across the Indian Ocean and the Arabian Sea with a hand of peace and friendship, sensing not intimidation but only invitation from the mighty waves', he said. Brigadier Saud described Oman–Indian military relations as 'excellent'. Close cooperation in economic, social and cultural cooperation and exchange of visits by senior officials has helped to further strengthen these ties, he added. While seeking to improve military cooperation with Oman in the future, India has to be sensitive to Saudi Arabia and Iran the two big powers in the Gulf Region.

The Indian Defence Minister Pranab Mukherjee visited Oman on 11–12 March 2006 and said in Muscat: 'We want to expand defence cooperation, especially

between ordnance factories and their counterparts in the field of spares and equipment. Oman and India maintained strong cooperation in economic and commercial fields and the same experience could be replicated in the defence field. The two countries hold regular military exercises and India welcomes joint defence training programmes.' The visit of the defence minister and the prime minister to Oman should also be seen in the back drop of the growing ties between India and the US especially the nuclear deal and military cooperation, as also the mounting US pressure on Iran over the latter's nuclear programme and India's vote against Iran in IAEA over referring Iran to UNSC. Since the US–Iran conflict is likely to escalate in the future, due to determined US efforts at regime change in Iran, Indo-Oman military cooperation is significant as Oman is very near to the straits of Hormouz, where Iran might disrupt maritime traffic in retaliation to any US or Israeli attack on it.

One must also keep in mind the regional implications of developments in Iraq on the GCC states especially if Iraq gets embroiled in a civil war and this leads to fragmentation of Iraq. Sectarianism, which is already an issue, might assume a greater dimension if Iran is attacked by the US or its allies. We must also keep in mind Oman's growing population especially the fact that 40 per cent of the population is under 15 years of age. Despite announcements of new 'Omanization' targets and creation of job opportunities, unemployment figures are as high as 25 per cent. Few private companies are willing to employ Omani nationals due to a lack of skills. For instance, South Asian expatriates in Oman are available for as little as 60 Omani riyals (\$200) a month, whereas the minimum wage for an Omani secondary school graduate is closer to 200 Omani riyals (\$650). This large young population, lack of job opportunities and the absence of measures to usher in a democratic process have given the Islamists the opportunity to foment trouble and mount a challenge to the existing political order. It is in this backdrop that one should view the 1994 challenge in which a large number of Omanis were arrested many of whom were accused of forming an illegal political party procuring arms and conspiring with foreign fundamentalists to undermine state security and topple the regime. Defendants included people like the designated ambassador to the US, undersecretary at the ministry of commerce and industry, businessmen, school principals, engineers, entrepreneurs and merchants. It's interesting to note that the pamphlets of the accused called for reforms on major foreign policy issues as well as radical changes in the economic policies.

The second challenge came in late 2004 and early 2005 when Omani police arrested more than 300 suspects and seized arms. Apparently, the popular Muscat festival was the target. Bombings were also planned for Eid al Adha celebrations in Rustaq province, where Sultan Qaboos was to attend. It was reported that among those arrested were professors at the Sultan Qaboos University and religious officials affiliated with the Theology College as well. Later it was reported that several lecturers, ministries of health and education staff members, Petroleum Develop-

ment Oman (PDO) engineers, ministry of religious affairs consultants and managers at the Diwan of the royal court and several military officials were also apprehended. Most were thought to be from the Nizwa region but no connection existed with Al-Qaeda. On 2 May 2005, the state security court delivered the final verdicts. Thirty men were convicted of plotting to 'overthrow the regime by force of arms and replace it by an Imamate, by setting up a banned underground organization'. It was reported that the Sultan commuted these judgments on 9 June 2005, just as he did for those convicted in the 1994 plot. It seems that a few hundred supporters of the group staged a peaceful march in Muscat a few days before sentences were announced, demanding full acquittal.

India's old historical ties with GCC states coupled with the current presence of over four million Indian workers in the region, increasing imports of oil (over 70 per cent) and gas, growing trade (16 per cent of exports), aid and investment opportunities are vital interests of India. From the strategic point of view, both India and the GCC states share the need for political stability and the need to reduce the role of non-regional states whose policies are undermining peace, security and stability leading to the periodic threats of military invention. The common political and strategic concerns of India and GCC and the desire to work for peace, security and stability in the Gulf region and South Asia and the emerging common threat perceptions will create opportunities in future. The past two decades have seen the reassertion of regional and local identities in the face of outside interference. The GCC states are going through important changes and the process of reconciliation and understanding is maturing. It is in this context that India and the GCC states can create opportunities for mutual benefit not only in the oil and gas sector, trade and commerce, sharing and development of human resources, but also for mutual security and jointly prepare to meet emerging domestic and regional challenges.

Pakistan's attempt to use the crisis in Kashmir to put pressure on India and isolate it in the Gulf region is nothing new. India's growing ties with Israel was also sought to be used to undermine its links with the GCC countries, but it has not worked as the GCC states led by Saudi Arabia are themselves willing to normalize relations with Israel as made clear by the Saudi peace plan of Crown Prince Abdullah in the Beirut Arab summit in March 2002. India by continuing to support the just causes of the Palestinians and other Arabs and also to work for closer ties with Israel and the US has shown the unique balance one can maintain by having good ties with both parties. Many argue that India's ardour for the Arab cause has waned and become muted. Most Arab states including the GCC states despite having very close ties with the US and the EU have been unable to restrain the US and others in blind support to Israel. Israel's continued defiance of UN resolutions, violation of international law, contempt of world public opinion and opposition to the establishment of an independent Palestinian state is mainly due to this support. Not only due to the collapse of USSR and the Kashmir issue, but also due to a variety of other factors India has been working hard to improve relations with the

US. If the US has become India's largest investment and trading partner and cooperation in military and security matters is increasing it is due to the desire of both the states to achieve it, which is helped by the growing role of the private sector in this relationship. Despite the overwhelming opposition from the public in the GCC states, the US is looked upon by the GCC leadership as a security and defence partner. India in cooperation with such like-minded states has been striving hard to remove the factors creating instability in the Gulf region. It is with this objective that India had been urging Iraq (before it was invaded and occupied by the USA) to implement the UN resolutions and at the same calling for the lifting of UN sanctions. Both the GCC states and India face the menace of terrorism and religious extremism and the need to combat such forces.

A modest beginning has been made for cooperation in the field of security with the GCC states which has a rich potential field ahead. Many also emphasize the need to fulfil the growing aspirations of the Gulf people to play a greater role in the sphere of political participation and decision-making process. Political systems which allow more space for civil society and work for enhancing their legitimacy would prove to be more enduring as also develop stake in peace and stability. Of course, outside support will continue to be a major factor in Gulf politics but it is internal support, which will eventually decide the final outcome especially major issues concerning peace, security and stability. Important developments in India's domestic affairs like the Rath Yatra of BJP leader L. K. Advani from Somnath to Ayodhya and the destruction of the Babri Masjid (1992) which followed have shaken the confidence of the religious minorities in India. There is need to show greater tolerance towards them. Some issues like the inept handling of the Kashmir issue and a soft attitude towards some religious (Hindu) groups are spreading communal hatred. Crackdown on select groups, the partisan role of the state government in the infamous Gujarat riots (2002) and the killings that were especially directed at one community send a wrong message. There is an urgent need for the early resolution of the Babri masjid issue, and the unsettled conditions in Kashmir and on the Indo-Pakistan border, call for greater care and caution as such domestic issues invite adverse global reactions.

The reach of the present day mass and electronic media is far and swift inviting instant reactions and complications. Unlike our food security the issue of energy security makes us vulnerable to outside pressure. As Prime Minister Atal Behari Vajpayee said: 'A situation should not be created at home which forces us to bow our heads in shame before others (abroad)'.⁴⁷

So far Indian diplomacy has been fairly successful in containing the negative impact flowing from domestic issues on the country's relations with the GCC states, but things are rapidly changing in the region. India should do some hard thinking on how best to keep its house in order and not give others the chance and opportunity to harm its interests. It would be foolhardy to assume that things would remain the same despite serious domestic developments and that any disturbance

of status quo would hurt the GCC more than India. Domestic developments should not be allowed to get out of hand due to electoral politics and posturing and outside interference should not be encouraged.

INDO-IRAQI TIES

When Iraq nationalized the Iraqi Petroleum Company in June 1972, the US and the UK threatened to impose economic sanctions against Baghdad and India supported Iraq on this issue. Since then, India came to have close ties with Iraq until the latter invaded Kuwait in 1990. When pursuing a Cairo-centric policy (1950s and 1960s), the Iraqi connection provided openings for Indian diplomacy in the region. This link led to a major breakthrough particularly in the Indo-Iranian relations. As one writer puts it: 'It was also a lesson for Indian policy makers that it was not necessary to make an "either/or" choice between two contending countries and that it was quite feasible to have good relations with both on the basis of mutuality of interests. India's success in cultivating Iraq without alienating Iran was ample proof of this. India's deepening relations with Iraq also facilitated the subsequent process of political understanding and fruitful economic cooperation between India and various Gulf states.'⁴⁸

The 1970s saw close political and economic ties between India and Iraq. However, the Iran–Iraq War (1980–88) strained the Indo-Iraqi ties due to a number of reasons. India described the war as an 'unfortunate development'. Moreover, Iraq did not like the shifting of the venue of the Non-Aligned Movement (NAM) summit from Baghdad to New Delhi. Iraq also expressed its 'dissatisfaction' to India over NAM's role in ending the Iran–Iraq War. It was reported that Baghdad sent a low-level representation to Mrs Indira Gandhi's funeral to register its unhappiness. In view of the significance of Iraq to Indian interests in the region, New Delhi strove to maintain good bilateral ties in both political and economic spheres based on mutuality of interests. Under such circumstance, an impression was created in the initial stages that India supported the Iraqi takeover of Kuwait. This led to deep misunderstanding amongst Kuwait, the GCC states and India. In reality, India called for Iraqi withdrawal from Kuwait, but stopped short of condemning Iraq's invasion. Since India did not openly take sides, Kuwait and other GCC states assumed that India's sympathies lay with Iraq. However, India voted in favour of the 'mother of resolutions' passed by the UN Security Council (687) on 3 April 1991. In fact, India played a role in drafting and adopting the 21-page resolution, the longest in the UN's history, imposing very harsh conditions on Iraq. It was because of India that the emphasis on bringing an end to the military presence in Iraq was included and adopted. Again it was at India's insistence that a paragraph was added whereby the UN Security Council decided that the UN Secretary General would take into account 'the requirements of the people

of Iraq in particular their humanitarian needs. Iraqi payment capacity as assessed in conjunction with the international financial institutions, taking into consideration the external debt service and the need of the Iraqi economy'.⁴⁹

India helped adopt a measure whereby the prohibitions imposed against Iraq 'shall not apply to foodstuffs and to materials and supplies for essential civilian needs as identified in the report of the secretary general and in any further findings of humanitarian needs by the Sanctions Committee established by Resolution 661 of 1990'. It must be mentioned that India expressed serious reservations against the right to interference in the internal affairs of a member nation on humanitarian grounds, especially in the context of Kurds and Shias in Iraq. In this connection, India voiced reservations as the Dutch expert on human rights, Max Van Der Stoel, appeared before the UN Security Council and warned that thousands of innocent lives were imperiled by the Iraqi authorities' disregard for human rights. Stoel, a rapporteur for Switzerland, asked members to bear in mind that many thousands are in grave danger. India's UN envoy, Chinmaya Gharekhan, said: 'My delegation has reservations about the appropriateness of the Council inviting Van Der Stoel.' He stressed that India has always held that various UN organs and bodies should restrict their deliberations and actions to their respective spheres of competence as defined under the UN Charter. But he warned: 'deviation from the Charter in which the nations of the world have reposed their faith and support, could erode the confidence and have great consequences for the furtherance of the organization as a whole'. He said the Security Council could focus its legitimate attention on the threat to peace and stability in the region, but it could not discuss human rights situations or make recommendations on matters outside its competence. Matters pertaining to human rights should appropriately be discussed by the Human Rights Commission or the UN General Assembly, which were the competent organs to do so. Gharekhan noted the sponsor's explanation that Stoel was being invited in his personal capacity, not in any representative capacity. In his presentation, Stoel accused the Iraqi authorities of denying humanitarian assistance to victims, especially the Shias and Kurds. He said the poorer sections of the Iraqi society were the hardest hit. This was on UN Resolution 658 of 5 April 1991.⁵⁰

In the aftermath of the Gulf War, India through its skilful diplomacy succeeded in clearing the misunderstanding with the GCC states and in particular with Kuwait. Ties between India and Kuwait had deteriorated since Kuwaiti leaders publicly expressed anguish and surprise at India's ambivalent attitude during its occupation by Iraq. Even though ties between India and the GCC states improved gradually, the Kashmir and Ayodhya issues continued to bedevil relations, especially with Saudi Arabia.⁵¹ Reacting to Iraqi troop's movement near the Kuwait border in October 1994, the official spokesperson of the ministry of external affairs expressed concern over the situation in the Gulf region and hoped that no posture would be adopted 'to threaten the territorial integrity of any state'. Responding to

questions on the events on the Iraq–Kuwait border, the spokesperson said ‘India had been taking note of recent developments in the Gulf with concern.’ He also said India has always believed that there should be no use or threat of use of force in international relations. This principle, he stated, applied to the present situation in Iraq and Kuwait. He added: ‘India supports sovereignty, independence and territorial integrity of all the states in the Gulf.’ And this should be seen in the context of the relevant UN resolutions on the subject. He stressed the need for compliance with these resolutions.

When Iraq decided to withdraw its forces amassed near the Kuwaiti border under US pressure, India welcomed Iraq’s decision. In a statement, the external affairs minister, Dinesh Singh, hoped that this would lead to full compliance of the relevant UN resolutions by Iraq for settlement of outstanding issues in the region. Interestingly, on 17 October 1994, several youth organizations held a demonstration outside the US embassy in New Delhi to protest against continued economic sanctions against Iraq. The demonstration was organized by the Falah-e-Milat Action Committee and Indo-Iraqi Joint Youth Forum.⁵² The demonstrators, besides carrying placards, also denounced the US for its massive military and naval build up in the oil-rich Gulf region. The organization also submitted a memorandum to the US ambassador to India, Frank Wisner, stating that imposing of unwarranted sanctions against innocent people of Iraq has caused deep hardships. In a related development, a spokesperson of the external affairs ministry said, on 2 November 1994, that Indian claimants had not received any payment as compensation against their claims for losses during the Iraqi takeover of Kuwait in August 1990. Responding to questions on the status of claims for compensation arising from the invasion of Kuwait, the spokesperson said that no payments had yet been received by Indian claimants from the United Nations Compensation Commission. It is likely that some category B claims would be settled by March 1995, he said. He added that the UN Compensation Commission Fund was actually short of money to make payments for the claims ranging from categories ‘A’ to ‘E’ from numerous countries. In this connection it must also be mentioned that, according to the Overseas Construction Council of India (OCCI), 24 leading construction companies had not received as much as Rs 3 billion by way of payment for work done in Iraq since July 1990. This outstanding amount was under different heads like equipment, machinery costs, and retention money and interest dues in Iraq.

Soon after the Iraq–Kuwait War, in early 1991, all the exporters account receivables were transferred to the Government of India whereby the Indian government was to collect all dues from the Iraqi government on behalf of the exporters. In view of the economic sanctions on Iraq and its inability to pay in US dollars, full payment had been received by the Indian Government. Under the circumstances, Indian companies were not paid for the projects executed in Iraq. Harshvardhan J. Shah, chairman of the Shah Construction Company, said: ‘Our accounts have

gone bad, we cannot bid for any new contracts'. The scene today is more like 'export and perish', Shah said. India's options in the 'mini' Gulf crisis appeared to be extremely limited given the insistence of the US–UK alliance, egged on by the GCC, to maintain economic sanctions on Iraq. The Iraqi Shia leadership in exile (supported by Iran and others) under Ayatollah Hakim worked hard for a takeover of at least the Shia-dominated southern area. Iraq was seen as one of the few states that seemed virtually immune to the spread of Islamic revivalist influence.⁵³ During the Iraqi troop movement Russia had sent its foreign minister to Baghdad and was gradually reasserting its independent international role. Along with Russia's stand, the position taken by China and France, in addition to an avoid NAM role enabled India to play a constructive role in the area. No doubt, the room is limited to manoeuvre, but clearly US domination of the Gulf region is otherwise marginalizing India's influence in the area. This is not to deny the benefits from low oil prices (for some time) resulting from Iraq's defeat. However, the US has been going about defending its interests in a rather aggressive manner. But India must neither blindly endorse the US strategy in the area nor suspect it at every issue. It should redouble its diplomatic efforts to quickly assert, protect and promote its interests in the region which are mainly related to oil, immigrants and security. Once the present tension is removed, the huge Western naval presence, which is a cause for concern, may decline in the neighbourhood of India.

Since 1991 the US failed to dislodge Saddam Hussein despite its best efforts. In October 1998 the US Congress enacted the Iraq Liberation Act to replace Saddam and a sum of \$97 million was allocated for carrying out the task through covert operations. The emergence of George W. Bush in 2001 and the 9/11 attacks have enabled the US to play a more permanent role in the Gulf region. The unresolved conflict with Iraq made the US more strident in its demand for the return of UN inspectors to Iraq, who were withdrawn in 1998. Iraq had accused the UN inspectors of being mere tools of the US and also of provoking spying and assassinations. US interest in prolonging UN sanctions on Iraq was, among other reasons, to prevent foreign investments in Iraq as also rehabilitation of the country's oil industry. Thus, sanctions became an instrument for the US to prevent other powers from getting a foothold in Iraq. Since Iraqi oil was outside US influence so the aim was to make Iraq conform to the dominant requirements of the capitalist exploitation. The war over Iraq was a war over oil and also for the continued control of the global oil economy through the US dollar. The issue of WMD, democracy and human rights were pretexts. The fall of Baghdad to the US forces on 9 April 2003 has led to total chaos in Iraq. The Iraqi resistance to US occupation has not only intensified but the US has confirmed that from sporadic attacks by the remnants of the old Ba'athist elements, a full scale guerilla warfare and now a well organized resistance is going on against its US forces. The US had hoped to achieve quick victory over Iraq and then to reorder the map in the strategically important Gulf region, but due to mounting resistance in Iraq, the US is now facing new and entirely unexpected challenges to its objectives.⁵⁴

India under the NDA government was initially considering the idea of sending Indian troops to Iraq to help bring about stabilization but due to opposition from the Congress and the Left parties it had to drop the idea as the Parliament enacted a resolution opposing the war. India's special envoy to West Asia, C. R. Ghare Khan, visited Iraq in May 2004 and offered assistance in the drafting of the Iraqi Constitution. He also offered help in the reconstruction of Iraqi infrastructure. India is a member of the Donors Group for Iraq and has made a modest contribution to its fund. India has also helped Iraq in setting up of field hospitals and in other infrastructure projects.⁵⁵ It can be argued that there appears to be a drift in India's policy towards the Gulf region. The GCC states overreaction to the plague situation was an indirect message to India over its attitude towards Iraq's invasion of Kuwait and on the issue of Kashmir. Since bringing order in Kashmir is a long-term process, India ought to be cautious with the GCC states, especially Saudi Arabia. In fact, there is an urgent need for closer ties with other GCC states in the context of normalization of ties with Iraq. In fact, this ought to be India's priority. At the same time, India should make its interests in Iraq clear to the GCC.

INDIA AND THE ARAB-ISRAELI PEACE

The outcome of the 1973 Arab-Israeli conflict (AIC) convinced Egypt's President Anwar Sadat, that, in the prevailing international situation, a limited success in the war was the maximum that the Arabs could achieve and he visualized that only through diplomacy the AIC could be solved. He calculated that the US alone could compel Israel to vacate Arab lands, hence his famous saying that 99 per cent of the cards in the AIC are with the US. This led him initially to conclude two disengagement agreements with Israel in 1974 and 1975. He visited Jerusalem on 19 November 1977 and concluded the Camp David accords in September 1978 and a bilateral peace treaty with Israel (with US mediation) in March 1979 ending 30 years of armed confrontation with Israel. India's response to the Camp David accords was 'uncritical but guarded'. In fact, New Delhi did not openly endorse or condemn the peace accords. Both US President Carter and Anwar Sadat of Egypt sought India's support for the peace accords. The then Indian Prime Minister Morarji Desai reminded both leaders that only a comprehensive solution would prove to be durable. Towards this end Mr Desai felt Israel must withdraw from all Arab lands and Palestinians must be granted their just rights. He also underscored the need to resolve the issue of Jerusalem and Golan Heights. Shortly, the Janata government extended qualified support to the accords saying that it 'cannot but commend the efforts to bring about a peaceful solution to the problems of an area which has seen dangerous conflicts'. One reason cited for the incoherent Indian response to the accords was the Egyptian factor. Although India wanted to steer clear of any inter-Arab disputes, but New Delhi still valued friendship with Cairo

and all efforts were directed towards preventing Egypt's isolation. No wonder India went to great lengths to prevent Egypt's expulsion or suspension from NAM, but could do nothing in the OIC and the Arab League. Earlier, the emergence of the Janata Party in India after the defeat of the Congress in 1977 elections raised the question of a review in India's West Asia policy. This was mainly due to Atal Behari Vajpayee of the Jan Sangh becoming the minister of external affairs who had been a vocal critic of India's support to the Arabs and who advocated closer ties with Israel. It was during this period that Israeli Foreign Minister Moshe Dayan paid a secret visit to India in August 1977. But the Israeli leader achieved nothing concrete as Prime Minister Moraji Desai refused to establish ties with Israel unless the latter withdrew from all occupied Arab lands. To the surprise of many, but especially the US and Israel, Atal Behari Vajpayee reiterated India's traditional policy towards the Arabs when he said: 'There is no change in India's stand. Israel must vacate all occupied Arab territories and the legitimate rights of the Palestinian people must be restored.'⁵⁶

To sum up, what is significant to note is the dilemma India faced over the Camp David accords. On the one hand, the Janata government was soft towards Israel as evidenced by the secret visit of Moshe Dayan and its desire to see an early end to the AIC. On the other hand, domestic political constraints pushed the country to reiterate its traditional and committed stand towards the Arabs. These conflicting pulls and pressures worked throughout the period when the Janata government was in power. But its tilt towards the Arab Israeli Peace Process was obvious towards the end of its rule when India firmly opposed the attempt by some Arab countries and others to expel Egypt from NAM. Mr Desai told the Cuban leader Fidel Castro that he would stay away from the NAM summit at Havana if any effort were to be made to exclude Egypt from the conference.

GROWING COOPERATION WITH ISRAEL

To his death, Nehru remained convinced that his decision not to exchange diplomatic personnel with Israel was the correct one. Since then, successive Indian governments highlighted the absence of full diplomatic ties with Israel as evidence of India's support for the Palestine cause. Apart from other reasons, it must be emphasized that the Kashmir problem propelled India not to establish diplomatic ties with Israel as perhaps that would have provided Pakistan an additional lever to undermine India's interests in the WANA area. In the wake of the Kuwait crisis, end of the Cold War, disintegration of the USSR and the Madrid Peace Conference in October 1991, India decided to establish diplomatic ties with Israel on 29 January 1992 under the Congress government led by Prime Minister Narasimha Rao. Things changed dramatically after 1991 when the Arabs and the Israelis, after more than 40 years of hostility, wars and boycotts decided to sit down and

negotiate their problems. With this new development India was encouraged to break the ice with Israel. The Jewish state was no more a pariah as before. There were also major changes as far as the Palestine Liberation Organisation (PLO) was concerned. After Yasser Arafat (PLO leader) appeared before the UN General Assembly in 1974 and the PLO was recognized by Arab states at the Rabat Summit as the legitimate representative of the Palestinian people, the PLO went on a peace offensive under Egyptian influence after it moved from Lebanon to Tunis in 1982–83. In 1988 Arafat accepted UNSCR 242 and renounced violence and recognized Israel and the result was that in 1991 PLO had more than 92 embassies and 28 lower level foreign representations. India was the first non-Arab country to recognize PLO in 1975 as the sole and legitimate representative of the Palestinian people and gave the office of the PLO in New Delhi full diplomatic status of an Embassy in 1980. In 1988, India was one of the first countries to recognize the State of Palestine.⁵⁷

Under the changed atmosphere India voted in favour of resolution 46/86 in December 1991 at the UNGA which rescinded its 10 November 1975 resolution No. 3379 equating Zionism with racism. This was the first indication of a change in India's West Asia policy (after the end of Cold War and the disintegration of the USSR) especially towards Israel. Soon thereafter, meetings between Israeli and Indian officials at the UN, US and elsewhere took place. Apart from India's support to UNSCR 687 of 3 April 1991 imposing terms of ceasefire on Iraq, this was a major shift. Some have even called this a 'reversal' in India's policy towards Israel. India's decision on Israel was accompanied by many statements highlighting the benefits India stands to gain with its new policy towards Israel. India's defence minister, Sharad Pawar (on 23 February 1992) said it paved the way for 'drawing on Israel's successful experience to curb terrorism'.⁵⁸ He said that such an exchange would be of mutual advantage to the two states, adding that India would also like to get acquainted with the Israeli experience in developing technology for anti-terrorist operations. It was also mentioned how India could play a significant role in the Arab–Israeli peace process. Additional areas of cooperation were also cited, i.e., defence and agriculture. India's trade with Israel has increased manifold. Israel has emerged as a major supplier of weapons to India. Major bilateral agreements have been signed in almost all fields and high-level visits have taken place. Initially Indian chief ministers and other state ministers visited Israel. From the Israeli side, former Prime Minister and foreign minister Shimon Peres has been to India several times followed by Ezer Weizmann the Israeli President. However, the most controversial has been the visit of Israeli Prime Minister Ariel Sharon during the BJP-led NDA rule. L.K. Advani (home minister) and Jaswant Singh (external affairs) also visited Israel and generated a lot of controversy over cooperation in nuclear field, terrorism and internal security. There was no doubt about the NDA government giving priority to Israel and US in its foreign policy. But the emergence of the UPA government under Manmohan Singh has apparently made not much of a

difference to the Indo-Israeli ties. They remain more or less as warm with India importing arms from Israel. Although the MEA is cautious but the defence ministry has been receiving delegation after delegations from Israel. Although the Left parties called for a review of ties with Israel in view of the continued occupation of Palestinian lands by Israel the Congress appears to continue the ties started by P. V. Narasimha Rao in 1992. The Indo-Israeli relationship is flourishing with a two-way trade surpassing the \$3 billion mark and with no end to military exchanges.⁵⁹

After the Madrid Conference and the Oslo Peace Accords of September 1993, between the PLO and Israel, UN members and people all over the world expected Israel to withdraw from Arab lands leading to peace between Israel and its neighbours and the formation of a Palestinian state. But the assassination of Israeli Prime Minister Yitzhak Rabin on 4 November 1995 and the emergence of Benjamin Netanyahu as Likud Prime Minister of Israel and his opposition to the Oslo peace process including a Palestinian state and acceptance of US neo-con agenda calling for a 'clean break' with the Oslo process while addressing the US Congress on 10 July 1996 gave a severe jolt to the peace process.⁶⁰ Many accused Arafat of rejecting Israeli peace offers in Camp David talks with President Clinton and Israeli Prime Minister Ehud Barak. There are no reliable reports as to what was offered to Arafat. But what is clear is that Arafat was willing to concede 77 per cent of historic Palestine and wanted Israel to withdraw from the 23 per cent of Palestine i.e. Gaza, West Bank and East Jerusalem. Israel offered Gaza and parts of West Bank but refused to dismantle Jewish settlements and rejected the right to return of the Palestinian refugees and reiterated its stand that Jerusalem will remain the eternal and undivided capital of Israel. The US proposed Tenet and Mitchell Plans and later the Road Map for Peace with UN, EU and Russia but so far no progress has been made. Meanwhile, Israel has reoccupied the Palestinian territories, carried out indiscriminate arrests and killings of the Palestinians, imposed curfew on most towns and cities, carried out house demolitions, and humiliating check points to prevent free movement of Palestinians. The result has been that deprivation, destruction and death rained on the Palestinians. The Al Aqsa Intifada since September 2000 continues and suicide bombings and Israeli use of excessive force continues unabated.⁶¹

ISRAEL, PALESTINIANS AND THE FUTURE

In 2003 the Israeli cabinet under Prime Minister Ariel Sharon decided in principle to remove the veteran Palestinian leader Yasser Arafat. Since he became Prime Minister of Israel, Ariel Sharon publicly threatened Arafat. He regretted not having killed Arafat in Lebanon when he invaded the neighbouring Arab country in 1982 due to which the Israeli Prime Minister Begin had removed him from the post of defence minister. Although he could not crush Arafat and the PLO in the

streets of Beirut 22 years ago but on 15 September 2004 he told a leading Israeli daily in an interview that he saw no difference between Arafat and Hamas leaders like Sheikh Ahmad Yassin and Abdul Aziz Al Rantissi. 'I don't see any difference. They all follow a policy of murder. Just as we have done with the other murderers so shall we do with Arafat,' said Sharon. He also said: 'Arafat will be expelled from the territories'.⁶² A week before Sharon's interview, the Israeli foreign minister Sylvan Shalom said Arafat's expulsion is 'closer than ever' and that the Palestinian leader had no place in the region. The remarks were broadcast on Israel Radio. A week before this statement, Israeli Defence Minister Shaul Mofaz said the Israeli government remained committed to a cabinet decision from last year to remove Arafat.⁶³ Israel painted Arafat in the darkest colours since the Al Aqsa Intifada started in September 2000 due to the visit of Ariel Sharon to Islam's third holiest shrine in Jerusalem. Arafat was called an 'unscrupulous terrorist', 'incorrigible terrorist', 'responsible for the murders of thousands of Israeli civilians', 'a liar' who used the Oslo Peace Process as a 'strategic deception' in his goal to destroy the Jewish state and who alone scuttled peace talks in order to wage a terror war against Israel. Israel declared him, hence, irrelevant and an obstacle to peace. Efraim Karsh, an Israeli scholar called Arafat a 'bigoted and megalomaniacal extremist blinded by anti-Jewish hatred ... and profoundly obsessed with violence'.⁶⁴ Such negative assessment of Arafat was sold to US President Bush and his neo-con dominated team. The result was the US President refused to meet and deal with Arafat, whom he described as an obstacle to peace. Soon after Arafat left Ramallah to Paris for treatment Israeli leaders and dailies were beaming. Arafat would have perhaps lived longer, but for his shameful treatment at the hands of Sharon and his US supporters, which surely contributed to his sad condition. Since Arafat was confined to the Muqataa (Ramallah) compound for nearly three years, Israeli army bulldozers had been regularly coming in to smash up more of the compound complex. As Ahmad Samih Khalidi, a former Palestinian negotiator, wrote: 'The unjustified incarceration for the past three years of the democratically elected leader of an oppressed and occupied people is an indelible stain on the record of those who proclaim their faith in democracy while happily propping up assorted despots around the world'. He further said: 'Sharon's refusal to grant Arafat dignity in death by denying him burial in Jerusalem symbolizes Israel's rejection of both the man and his cause'. US support to Sharon encouraged him to commit excesses against the Palestinians without fear of sanctions or restraint.⁶⁵ One must recall a similar situation which prevailed in the region more than 35 years ago.

The Egyptian leader Gamal Abdel Nasser was forced to remain as president due to popular demand even though Egypt had been roundly defeated by Israel in the 1967 war in which Israel occupied Sinai, Gaza, West Bank, East Jerusalem and Golan Heights. Nasser accepted UNSCR 242 and the Rogers Plan despite Palestinian protest but refused to sign a separate peace agreement with Israel in return for

Sinai and Gaza. Being committed to Pan-Arabism and the Arab cause, he was denounced by Israel and the US as an obstacle to peace exactly as Arafat was denounced. Nasser's successor, Sadat, initially was ready for a separate deal which the US and Israel rejected. He had to launch the 1973 October war with Syria before he could resume peace talks with Israel under US mediation. This culminated in his visit to Jerusalem in 1977, the Camp David Accords in 1978 and a bilateral peace treaty with Israel in March 1979, which led to Egypt's isolation and Sadat's assassination in October 1981.

Nasser died on 28 September 1970 while mediating between PLO and King Hussein of Jordan during the infamous Black September killings of Palestinians with the help of General Zia ul Haq of Pakistan. Soon, the US and Israel and others saw 'great opportunity' for peace in the region after the demise of Arafat. In order to appreciate Arafat's central role in the Palestinian national movement for over four decades one must briefly peep into history at least since Israel was created in 1948 and more particularly after the 1952 Egyptian revolution which propelled Nasser to power in Egypt. The 23 July 1952 Revolution in Egypt was a great landmark in the history of the region and it was to have far reaching consequences changing the very basic structure of the region's politics. Nasser wrote to US President Eisenhower that the 'establishment of Israel in Palestine was the gravest imaginable challenge to the peaceful preoccupation of the Egyptian and Arab people'. The Israeli leader David Ben Gurion was alarmed at the Egyptian revolution, as he feared the emergence of a strong Egypt that would in the long run pose a danger to Israel's security. Nasser realized the designs against Egypt and its wider implications for the Arab world. He concluded that the 'Zionist' challenge backed by the West was massive and Egypt was in no position to defend its interest alone. He presented this threat to Egypt as a threat to the entire Arab world and made it a pan-Arab issue. Nasser said: 'Egypt must not live isolated from the rest of the Arabs, because once we are isolated, we shall be defeated separately'. Soon Egypt assumed the leadership of the Arab world and Nasser emerged as its spokesman and since then the Arab world expected Egypt to help the Palestinians recover their right for their homeland. The Anglo-French attack in 1956 on Egypt in which Israel played a leading role confirmed Nasser's fear that the West is using Israel to suppress the Arabs. He saw Israel as serving imperialism and its objectives of domination and exploitation. That Israel had to withdraw from Sinai under US pressure in 1957 clearly proved that it cannot survive without imperialism—whether British since the 1917 Balfour Declaration or American since 1948 when President Truman decided to come to its aid. Nasser strongly defended Palestinian rights in world councils. He spoke about a 'permanent' struggle against Israel to regain the lost Palestinian territory. Nasser created a radio station—the Voice of Palestine—in Cairo (October 1960) in order to propagate the cause of the Palestinian Arabs. Gaza Egypt administered after the 1948 war was preserved with its identity and Palestinian character.

Egypt refused to annex Gaza and never staked its claim for sovereignty over the strip compared to Jordan that annexed the West Bank. He spoke repeatedly about Palestinian rights whenever he went abroad and took Palestinian leaders including Yasser Arafat to introduce them to world leaders. He also realized the need for the Palestinians themselves to play a significant role to further their cause and work for the recovery of their homeland. Although he was aware that the primary burden was on Egypt and other Arab states, he was anxious for an independent voice of the Palestinians. In the 1964 Arab summit in Cairo, Nasser supported the creation of PLO along with its army and it was to be based in Cairo. It was Nasser's determination and unqualified support which led to the emergence, survival and success of the PLO since 1964. This was truly a historic step. The creation of Israel, defeat of the Arabs in the 1948 war at the hands of Israel, expulsion of the Palestinians by Israel and their sad plight as refugees led to complete disarray of the Arabs. Nasser's efforts to help the Palestinians by creating the PLO was the first step towards the recovery of the Palestinian rights. For Nasser 'the honor of the Palestine people is the honor of the Arab nation'. The immediate reasons which prompted Nasser to work for creating the PLO were the following: First, the report of UN Secretary General Dag Hammarskjold in June 1959 to the UN General Assembly in which he recommended the absorption of Palestinian refugees by the Arab states. Second, massive immigration of Jews to Israel was expected from the USSR and other East European states. It would have meant 'doubling of Israeli manpower and strengthening of its military power and the reinforcement of Israel's motivation for territorial expansion'. Nasser was convinced that Israel with Western aid was determined to eliminate the Palestinian issue and project the conflict as one between Israel and the Arab states and that the Palestinians are not a party to it. He felt 'the aim of the establishment of a Palestinian entity is to frustrate Israel's efforts to eliminate both the Palestinian problem and the rights of the Palestinian people'. The hopes of Palestinians and other Arabs in Egypt's leadership to recover Palestine were shattered when Israel defeated Egypt in the third Arab-Israeli war. The road to the 1967 AIC lay in a series of miscalculated moves and counter moves that ultimately culminated in the crushing defeat of Egypt, something that Nasser never visualized. Nasser was taunted by his Arab rivals for his cautious response to increasing Israeli threats to Syria in May 1967. Egypt's disastrous defeat was basically due to Nasser's inner compulsion to live up to his Pan-Arab image abroad. Nasser was overwhelmed by the intensity of the disaster and soon was pre-occupied with the recovery of the captured Arab territories. All his efforts were frustrated by an unyielding Israel backed by the USA.

The defeat of Egypt and other Arab states brought a great dilemma to the Palestinians. The defenders of the Palestinian interests found their territories occupied by Israel and the war and its consequences convinced the Palestinians to carry on the struggle on their own because they became aware of the fact that the Arab governments were too pre-occupied with the recovery of their lost lands.

This explains the launching of the guerilla war by the PLO since early 1968 against Israel. This independent action which brought some spectacular successes, especially PLO victory over Israel in the battle of Karameh near the Israeli-Jordanian border, was a 'grave challenge to Egypt's sense of pre-eminence and confronted the Egyptian leader with a set of thorny problems'. The decision of Egypt and Jordan to accept Resolution 242 implicitly meant recognition of Israel that further drove the PLO to act independently now under the leadership of Yasser Arafat. Soon Nasser accepted the Rogers Peace Plan which was interpreted by the PLO and other Arab states as an attempt by Egypt to give priority to the recovery of Egyptian territory (Sinai) over the Palestine issue. Although Egypt's decision was attacked by the PLO and Nasser in retaliation closed the Palestinian radio station in Cairo, but soon it became obvious that Nasser remained committed to the Palestine cause and was in no mood for a compromise with Israel which meant giving up Palestinian rights or their territory. Even after accepting the Rogers plan he refused to accept Israel unless it first evacuated the occupied Arab lands and resolved the problem of the Palestinians to their satisfaction. In late 1970, Nasser said: 'We reject its (Israel's) insistence on denying the legitimate rights of the Palestinian people in their country'.⁶⁶ When Jordan too accepted the Rogers Plan, PLO opposition took the form of a civil war and Jordan's King Hussein crushed the Palestinians with his military. Nasser was dismayed at this event but he found himself helpless. Libya, South Yemen, Algeria and others criticized Nasser for his silence over the massacre of Palestinians and urged him to send the Egyptian army to rescue the helpless Palestinians. Eventually in September 1970 he died meditating this cause so very dear to his heart.

To sum up, it must be stressed that although Nasser's plan to recover Palestine was shattered by Israel in 1967, but his adoption of the Palestine cause gave it a fully political dimension. It was Nasser who projected the Palestinian problem as a world issue, or it would have certainly remained a mere refugee problem. Nasser's concerted efforts (which brought him into open confrontation with Israel, the West and several Arab states) kept the Palestinian national movement alive and burning when sustained and energetic efforts were made by Israel in league with the West to bury it. No Arab leader so vigorously espoused the Palestinian cause as Nasser did in the 1950s and 1960s and Nehru strongly supported Nasser in this endeavour not only bilaterally but also in world councils. India is one of the few countries in the world which has consistently supported the Palestinian cause ever since the Balfour Declaration was issued in 1917 by the British and the latter's mandate over Palestine. The harsh treatment of the Palestinians (by the British) who opposed Jewish colonization of Palestine was criticized vehemently by Nehru, Gandhi and the Indian National Congress, identified itself with the Palestinian and other Arab cause for liberation and freedom.⁶⁷

THE FUTURE OF PALESTINIANS

Three brave West Asian leaders—two Arabs and one Israeli—who led their states in war initially and subsequently in peace and reconciliation with the enemy met with violent deaths. They are King Abdullah-I of Jordan on 20 July 1951 at the hands of the Palestinians in Al Aqsa Mosque in Jerusalem, Anwar Sadat of Egypt on 6 October 1981 at the hands of his own military men and Yitzhak Rabin on 4 November 1995 at the hands of an Israeli Yigal Amir. Yasser Arafat avoided a violent end to his life. Although Sharon wanted to eliminate Arafat in 2002, the destruction of his headquarters and virtual confinement had a telling effect on Arafat's health and he died of illness. Many Arabs of course believe that the Mossad might have poisoned him. The fact that over 50 heads of state, government and delegations descended on Cairo to attend Arafat's funeral and thousands who surrounded his coffin in Ramallah testify to his immense popularity and mass appeal. Perhaps he would have been killed in 2000 if had accepted a deal with Clinton, Ehud Barak at Camp David in July. By rejecting the proposals Arafat became hugely popular among Palestinians. Since then Israel made him the target and Sharon's visit to Al Aqsa Mosque in September 2000 led to the Intifada since when suicide bombings and Palestinian opposition to Israeli occupation resumed.

The election of George W. Bush and the domination of his administration by neo-conservatives, together with the 11 September 2001 attacks, gave Sharon a golden opportunity to crackdown on the Palestinians. The result was reoccupation of Palestinian territories. Soon it led to indiscriminate arrests, killings, curfew, and house demolitions, closure of Gaza and West Bank, and humiliating checkpoints. There were general shut-downs that prevented Palestinians from landing jobs in Israel to far-reaching restrictions that prevented the Palestinians from leaving their own villages and towns for schools, hospitals, jobs, so on. The result was deprivation, destruction and death for the Palestinians. The huge security wall targeted killings and total break down of peace talks led to despair, frustration and anger against Israel. Hamas, Islamic Jihad and Palestinians even loyal to Arafat resorted to suicide bombings and killings and sustained the Al Aqsa intifada to exact a measure of revenge. There are conflicting statements as to what was offered to Arafat at Camp David in July 2000. But what is abundantly clear is Arafat was perhaps willing to concede 77 per cent of historic Palestine which is over and above what the UN General Assembly Resolution No.181 gave to the Jews in 1947 when Palestine was partitioned. Like Sadat who wanted complete withdrawal of Israel from Sinai, Arafat also wanted Israel to withdraw from the 23 per cent of Palestine, which Israeli Prime Minister Levi Eshkol occupied in the June 1967 Arab-Israeli war. Although Israel offered Gaza and parts of West Bank and only nominal parts of East Jerusalem, Israel refused to dismantle Jewish settlements on West Bank, rejected the right to return of the Palestinian refugees and reiterated its stand that Jerusalem will remain the eternal and undivided

capital of Israel. Since the US was already obsessed with its war on terrorism and success in ousting the Taliban in Afghanistan, Sharon managed to convince Bush that Arafat supported Palestinian terrorism against Israel, hence was denounced as a terrorist and projected as an obstacle to the Arab–Israeli peace. Under the circumstances, the UK and the US were telling others that the road to peace in Palestine runs through Baghdad. Iraqi WMD's and toppling Saddam Hussein's regime became top priority for US President George W. Bush. The result was the US–UK invasion and occupation of Iraq in March 2003. Israeli Prime Minister Begin had bombed Iraqi nuclear reactor in June 1981 and since then Israeli policy had been to destroy Ba'athist Iraq which was perceived as a threat to Israeli security.⁶⁸ Soon after, the quartet—US, EU, UN and Russia—announced the road map for peace between Israel and Palestine calling for a 'viable and independent Palestine'. Sharon raised 14 objections to the plan and the US insisted on political reforms. Arafat reluctantly appointed Mahmood Abbas as Prime Minister and agreed to limit constitutional changes. In May 2002 he had already signed the Palestinian Basic Law (a temporary constitution) and the Law of the Judiciary. He agreed to the appointment of a reformist finance minister, Salam Fayyad, that took PA revenues away from Arafat and under the control of the finance ministry.

The most important change was the creation of the office of the Prime Minister—giving most of PA president's power especially public finance, civil service, law and order and internal security. Many PA agencies were now to report to Prime Minister Mahmood Abbas rather than Arafat. Mahmood Abbas could not get concessions from Israel on any major issue. The Israelis undermined his position by continuing their repressive policies designed to humiliate the Palestinians. Only some Palestinians were released by Israel who were illegally held. Arafat's popularity decreased from 47 per cent before the intifada to 35 per cent by the end of its third year. But in late 2003 and 2004 Arafat became popular by 50 per cent mainly due to Israeli threats to kill or expel him. Arafat seeing Abbas ineffectual, both on the internal front and on issues concerning peace with Israel, sidelined the reforms. Citing this and Israeli stubbornness, Abbas resigned in September 2003. Again Israel and US called for reforms in PA and accused Arafat of heading a corrupt PA and demanded delegation of power to further isolate Arafat. Ahmed Qoraei replaced Abbas as Prime Minister but Israel continued its policy of relentless killing of Palestinians in Gaza and West Bank, demolition of houses, confiscation of land and construction of Jewish settlements on Palestinian land. Hamas and Islamic Jihad and young Palestinians took to violence. Unable to remove Arafat, whom more and more world leaders came to meet in his battered Ramallah compound, suicide bombings continued from the Palestinians. Ahmed Qoraei stuck to the agenda set by Arafat. With growing opposition from his Likud members and ultra Right wing parties for his policies, Sharon told the Israelis that the 'cost of occupation' is proving to be unacceptable and hence his decision to unilaterally withdraw from the Gaza in the last quarter of 2005. He announced

this decision of withdrawal from Gaza in April 2004. Soon after the plan's announcement, a survey found that three-quarters of Palestinians welcomed Sharon's plan, while two-thirds viewed it as a victory for the intifada. Now more people feared that the withdrawal from Gaza would not be complete and that Gaza would become a ghetto, without access to the world. Only a third of the Palestinians now welcomed the Israeli plan. Most of the Palestinians are now convinced that Israel will not give up West Bank or East Jerusalem except for minor changes.

It is here that the US factor comes into the picture. There is the 1956–57 precedent when the US President Dwight D. Eisenhower ordered Israeli Prime Minister David Ben Gurion to withdraw from Sinai (which Israel had occupied in the Suez War) despite his announcement to the Israeli Knesset that Sinai would forever remain an eternal part of Israel. The US is the life line of Israel. For strategic and other reasons the US gives huge financial assistance to Israel along with military aid and diplomatic support. Only the US can put meaningful pressure on Israel to implement the several (over 50 UNSC Resolutions) agreements of peace to withdraw from Arab lands. Arafat in good hope signed the Oslo Accords in September 2003 with Yitzhak Rabin and US President Clinton but Rabin was killed in November 1995. Although Arafat made a triumphant return to Gaza from his exile in Jordan, Lebanon and Tunisia and shared the Nobel Peace prize with Peres and Rabin in 1994 but Israeli Prime Minister Benjamin Netanyahu accepted the neo-cons idea to affect a 'clean break' with the Oslo Accords in 1996. Since then the Israeli–Palestinian peace broke down and Likud opposed the creation of a Palestinian state in 1998 and wanted to postpone it indefinitely. Since the US was facing heavy resistance in Iraq perhaps it could seize the opportunity to end the sufferings of the Palestinians and enable them to get justice. Tony Blair was also strongly urging Bush to work for implementation of the road map. Elections, unity and sharing of power seem to be new mantra of the new post-Arafat leadership. Democratic institutions, negotiations and giving up violence may help the Palestinians to end their suffering. Although Arafat was seen as an obstacle to peace by the US and Israel, it remains to be seen how sincere and serious their efforts would be to end the Israeli occupation of Palestinian lands.

In any assessment of Arafat one must acknowledge his role in laying the foundation for a Palestinian state living side by side with Israel and resolution of the conflict. In this connection, his decision in 1988 for a peaceful settlement and the two state solutions is remarkable. Despite opposition, Arafat gave up the liberation of all of Palestine and chose to push for a Palestine state which was achievable and globally acceptable. For this he accepted UNSCR 242 and 338 renounced violence and opted for diplomatic compromise. This meant giving up 77 per cent of their homeland occupied by Israel in 1948 in return for an independent sovereign state of Palestine in 23 per cent occupied in 1967—comprising Gaza, West Bank and East Jerusalem. But for this giant step by Arafat there would never have been

a chance for any peace settlement. Unfortunately this magnanimous step has been largely ignored by the Israelis, the West and the US. Yasser Arafat, despite opposition from within PLO, Syria, other Arab states, Iran and others, demonstrated rare courage in showing readiness to stake everything in pursuit of this objective and this political courage in the face of Israeli military occupation, devastation and all-round oppression has not been sufficiently appreciated. Yasser Arafat's image was tarnished due to the corruption charges levelled against him and his unwillingness to share power. It was also said that Arafat used the Israeli military occupation of most cities/towns in West Bank and Gaza and their checkpoints and sieges which prevented the movement of the Palestinians as a pretext to postpone elections. Here again one should keep in mind the chaotic conditions created by Israel and in all fairness it must be mentioned that Arafat acted with wisdom and worked slowly to regain the confidence and trust of the Palestinians. With the exit of Arafat, one may argue that the chances of reaching a lasting settlement based on the 1967 lines may be slim given the determination of Israel to retain much of the West Bank. Dov Weisglass had confirmed this. With Israel's unilateral withdrawal from Gaza planned for late 2005 and nominal removal of some Jewish settlements from West Bank, partial peace with less harsh treatment of the Palestinians could be hoped for. But for lasting and comprehensive peace the Palestinians have to rebuild their democratic structures and organizations both in Gaza, West Bank and also among the refugees in diaspora. Once they put their houses in order and gain the trust of their people and the international community, perhaps some progress can be made. International pressure on Israel and the US has to be maintained so as to ensure justice for the Palestinians. UK Foreign Secretary Jack Straw recognizing that the Palestinian-Israeli conflict was fuelling unrest throughout West Asia said, its resolution was even more important than Iraq. 'Its effect is so powerful, not just in West Asia but around the whole Islamic world, that solving it satisfactorily would be a huge prize. It is the engine of so much trouble around the World'.⁶⁹

In the 9 January 2005 elections for the post of president of the Palestinian national authority (PNA), Mahmood Abbas was elected with 62.32 per cent votes. Most Palestinians believe that Abbas is the leader who can put the peace process back on track and end the cycle of violence (Al Aqsa intifadah) which has taken the lives of nearly 5,000 Palestinians and 1,000 Israelis. Many thousands have been injured on both sides with the share of the Palestinians being more. From the very beginning Abbas expressed his determination to end the violence. He had already effected substantial changes in the police and security. Some of Arafat's cronies who were seen as corrupt have been removed. He had engaged the Hamas in a dialogue and persuaded them to support his cease-fire efforts. Egypt also helped him in Gaza. He has had meetings with Israel and the US, among others. Abbas has made it clear that achieving peace remains his priority and in this connection he has been visiting not only Arab countries to heal the rift but has also visited China, Japan, India and others. Russian President Vladimir Putin also visited Palestine in

April end 2005 and promised full cooperation in the security field. In the municipal elections Hamas has won 24 councils and made strong inroads in key urban centres in West Bank and has consolidated its influence in Gaza. Abbas has so far shown that he is capable of controlling the security situation but the real crux is how far Israel and US will be honest in implementing their part of the promises. So far, Israel has withdrawn its forces from some key towns in West Bank and released few hundred Palestinians detainees. Abbas visited India on 19–20 May 2005 and met Manmohan Singh who promised Rs 650 million and an additional Rs 20 million in aid for infrastructure projects in West Bank and Gaza. Although India reiterated its support to the Palestinian struggle for self-determination it also called for an end to violence. Fully aware that the UPA government was as keen as the NDA government to consolidate its ties with Israel, Abbas confirmed that India's ties with Israel were its own bilateral affair. The visit of Abbas could have been used to expose Israeli brutality against the Palestinians and a firm call to end Israeli occupation of occupied Arab lands in a time bound schedule. The continuing violence in Palestine is due to Israeli occupation. But India is toying with the idea of mediating in the AIC. Many in the Arab and Islamic world thought that the UPA government would restore the balance it had pursued in its policy towards West Asia earlier compared to the marked tilt shown by the NDA government towards Israel during its period. Any contention that Israel is a major arms supplier to India and hence the government should soft-pedal any firm stand against Israel will affect India's credibility in the Islamic world where the bulk of its interests lie. The election of Hamas in the January 2006 parliamentary elections and the boycott by the US and others of the Palestinian government have created chaotic conditions in the Palestinian territories.⁷⁰

INDO-IRANIAN RELATIONS

Iran is one of the most important countries in the West Asian region with which India has maintained fairly extensive relations in diverse fields. This was especially after New Delhi signed a treaty of friendship with Tehran on 15 March 1950 which called for 'perpetual peace and friendship' between the two countries. Despite differing perceptions on a number of issues, since 1947 all Indian prime ministers and other prominent leaders have underlined the strategic importance of the Indo-Iranian ties. Notwithstanding Jawaharlal Nehru's close ties with Gamal Abdel Nasser of Egypt, India's first prime minister worked hard to establish cordial ties with the Shah of Iran. This despite the Shah having maintained close ties with the United States and Israel and made Iran a member of the Baghdad Pact later known as Central Treaty Organization (CENTO) of which Pakistan was also a key member. Perceptions of threats to it seem to have induced Iran to join the western military alliance while India advocated and pursued a non-aligned policy. The Cold

War, western hostility and more particularly the Iran–China–Pakistan alliance propelled India to have closer ties with the Soviet Union. Despite the Shah of Iran's visit to India in February 1956 and Jawaharlal Nehru making a return visit to Tehran in September 1959, and a number of other high-level visits, Indo-Iranian relations never matured and, in fact, remained cool and, at times, strained. The 1971 Indo-Pak war conclusively established Indian predominance in South Asia whereas the defeat of Pakistan pushed the United States to look at Iran as the main pillar of its Gulf policy, which resulted in the supply of huge quantities of sophisticated arms to Iran. This, in turn, encouraged the Shah to play an active role in the Gulf and the Indian Ocean areas. The division of Pakistan, the emergence of Bangladesh, increase in Iran's income from oil, Arab unity during the 1973 Arab-Israeli war, the Organization of Arab Petroleum Exporting Countries (OAPEC) oil embargo against the USA and others, Pakistan's tilt towards the Arab states and India's close ties with Iraq—all of these factors persuaded the Shah of Iran to reassess the significance of strengthening ties with India. Soon the Indo-Iranian ties developed as reflected in several high-level visits, expanding bilateral trade and investments. India saw the overthrow of the Shah and the emergence of the Islamic Republic of Iran in 1979 under the leadership of Ayatollah Khomeini as 'positive developments'. Khomeini was described as the 'father figure of the Iranian revolution', by Atal Behari Vajpayee (then, India's minister for external affairs) who also said: 'We are waiting for the day when we can welcome Iran in the Non-Aligned Movement'. More significantly, 'India viewed the revolution in Iran as a reflection of Iran's quest for identity and national self-assertion and a desire to charter an independent course without outside big power influence'.⁷¹ Iran's preoccupation with Iraq in the eight-year war (1980–88) and the new Islamic regime's penchant for taking up Islamic 'causes' led to a strain in India's ties with Iran. Iran's stand on the Kashmir issue, the Babri masjid and Indian Muslims introduced new factors in the Indo-Iranian relations. Indian response to Iran's attitude was muted because of the importance New Delhi attached to economic ties, Iran's role in the Gulf, Central Asia and Afghanistan, and also due to the conviction that the realists ruling Iran wanted to do business with India.

The 1990–91 Kuwait crises, Soviet withdrawal from Afghanistan, the disintegration of the Soviet Union together with the end of the Cold War and the emergence of Pax Americana in the West Asian and North African (WANA) region and identical security threat perceptions brought India and Iran closer. US attempts to isolate Iran under its dual containment policy, economic sanctions on the Islamic Republic and American influence over the GCC states and Iran's bitter experience with Iraq compelled Tehran to strengthen relations with India and China. These common political and strategic concerns led to extraordinary developments in the Indo-Iranian relations, including numerous high-level visits and a large volume of bilateral trade. Prime Minister P.V. Narasimha Rao visited Iran in September 1993 where he told Ayatollah Khomeini that the destruction of Babri

masjid was an isolated incident and did not impinge on India's secular character. He assured him that the Indian Muslims were very much a part of the national mainstream and the decision-making process in India.

The Indian prime minister also made it clear that India was firmly committed to protecting the interests of minorities and that New Delhi could deal with such issues ably and competently without outside help. He also drew Ayatollah Khomeini's attention to the passage of the Places of Worship Bill in Parliament that became effective in July 1991. The bills' main objective was to stop destruction of places of worship, besides ensuring that fresh demands for breaking down other mosques to make temples were forestalled. Meanwhile, a new chapter was opened in the Indo-Iranian ties with Tehran extending full support to India's concern in this regard and made it clear that Jammu and Kashmir was an integral part of India. Iran's assurance to India that it had no desire to interfere in India's internal affairs, including Kashmir, was received by Kashmiri Muslims and Hurriyat leaders with 'shock and disbelief' because Iran was considered second only to Pakistan in extending support to the Kashmiris in their 'struggle for freedom'.⁷² More significantly, during the UN Human Rights Commission (UNHRC) meeting in Geneva in February–March 1994, Iran played a crucial role in persuading Pakistan to withdraw the resolution it had tabled on Kashmir. In this connection, an ailing Dinesh Singh, then India's foreign minister, had travelled to Tehran to discuss the UNHRC meeting in Geneva with Iranian leaders. He also met the Chinese foreign minister in Tehran. There was considerable speculation of a China–India–Iran axis, which had been advocated by Iranian President Hashemi Rafsanjani while on an official visit to China. He repeated his recommendation when Rao visited Tehran in 1993. Iranian President Ali Akbar Rafsanjani, who was to have paid an official visit to India in October 1994, postponed it to April 1995 apparently due to the plague scare in Surat. Some called it a 'transparent ploy' ascribing it to the power struggle between President Rafsanjani and Ayatollah Khomeini's so-called 'politics within Tehran's Byzantine power structure'. As one Indian newspaper noted, 'as long as Iran remains a regimented society under an Islamic fundamentalist leadership with only the mere trappings of democracy, the relations between New Delhi and Tehran will never quite be free of tension'.⁷³ When Rafsanjani finally visited New Delhi in April 1995, he emphasized the need for strategic cooperation to ward off outside interference and domination in the region. He also underlined the significance of cooperation among Iran, Pakistan, India and China. This would cement India's friendship with Iran that was essential to gain access to the transit facilities offered by Tehran to the newly emerging republics of Central Asia—a region where both countries were eager to increase their influence. The Afghan civil war, the emergence of Taliban, Pakistan's support to the fundamentalist regime in Kabul and Iran's desire to involve India in finding a solution to the Afghan crisis brought India and Iran closer.

The election of Mohammed Khatami as President in 1997 and the appointment of Kamal Kharrazi as Iran's foreign minister and the favourable statements to expand cooperation on the basis of mutual respect augured well for the future of Indo-Iranian ties despite the participation of Hurriyat leaders in the Organization of Islamic Countries (OIC) Summit on December 1970 in Tehran. During the Khatami period the Indo-Iranian relations improved in all fields and concrete steps were taken to push the gas pipeline issue also. It was widely assumed that former president Ali Akbar Hashemi Rafsanjani would win the Iranian Presidential election on 17 June 2005. The expected did not happen but in the run off election on 24 June 2005, the unexpected happened. Mahmoud Ahmadinejad won the election. The relatively unknown figure—a former governor of Ardebil in North West Iran (Azerbaijan) and Mayor of Tehran—vowed to make Iran a strong country. His surprise landslide victory over Rafsanjani is attributed to a number of factors. He appeared to have got the support from the bulk of the religious establishment particularly the supreme leader Ayatollah Ali Khomeini. No wonder Ali Khomeini said the election of Ahmadinejad is a profound humiliation for the US. President Bush criticized the election as undemocratic and said, 'Power is in the hands of an unelected few who have retained power through an electoral process that ignores the basic requirements of democracy.' British Foreign Secretary Jack Straw was sharply critical of the election and said there were 'serious deficiencies' in the way it was conducted. The German Foreign Minister Joschka Fischer expressed similar concerns. Although the above criticism was expected but what is interesting to note is the welcome and support from the Islamic groups in most of the OIC states to the new Iranian president. To be sure Ahmadinejad's victory is tainted by allegations of voting fraud and other irregularities. The most serious allegations were made by the former Speaker of Majlis Mehdi Karroubi, who accused the Mullahs (guardians council) of using 'coup-like measures' and also manipulation by the Revolutionary Guards. Karroubi criticized Ayatollah Khomeini's son Mojtaba for backing the mayor of Tehran. Khomeini criticized Karroubi and said he will not allow anyone to create a crisis in the country. The other criticism came from Rafsanjani who accused regime hardliners of spending millions of dollars to manipulate voters. In addition hundreds of complaints of election violations and irregularities were filed. Most of the complaints were against the powerful Revolutionary Guards. Interestingly, the new president was also a special forces officer in the Revolutionary Guards and an instructor with the Basij religious militia who are fiercely loyal to the late Ayatollah Khomeini's principles.

The election of Ahmadinejad should be seen in the background of mounting pressure from the US and Israel on Iran especially on the nuclear issue. Moreover, Iran is not only surrounded by the US from all sides but military threats and talk of regime change are mounting from the Bush administration. More than 50 per cent of Iran's population was born after the 1979 revolution. These young people had voted President Mohammed Khatami twice but were disappointed by his social

reform process. Moreover, people are facing major problems like high inflation and unemployment. The new president assured of support from the religious establishment plans to pursue reform and modernization along with tackling the pressing economic issues. He is fully aware of it when he said: 'The country's true problem is employment and housing, not what to wear'. He has promised to share the country's oil wealth with the poor who voted for him in large numbers. He said: 'I will cut the hands of the mafias of powers and factions who have a grasp on our oil, I stake my life on this ... People must see their share of oil money in their daily lives.' He is reputedly closer to the underprivileged class and also managed to capture the hearts of the poor and those who believe the government should fight administrative and economic corruption. He won because he talked to the people in their language and articulated their concerns. Throughout the elections he was dubbed as a hardliner but it may not be true. He has a reputation as a man who challenges wrongs and does not care about protocol. He is known to be efficient in dealing with the entangled bureaucracy. The election is a call up for the long pending domestic problems—voters who are longing for signs of progress in Iran. The victory of Ahmadinejad may mean that Iran's foreign policy may become even more stubbornly entrenched due to adverse reaction from the US and the EU. He has said: 'Iran is on a path of progress and elevation and does not really need the US on this path'. He also said: 'Relations with the US are not a cure for our ills'. He has vowed to continue developing nuclear technology for peaceful purposes. India should have no difficulty with the new president and the policies which will unfold. The gas pipeline via Pakistan may not be affected but what role Iran plays in Iraq, Afghanistan, Gulf and Central Asia has crucial bearings on India. There is no question now of export of Iran's revolution but India has to continuously watch how the new leadership conducts itself. It has become obvious that the new president will follow the line of Khamenei even more closely than his predecessors. Khamenei has now become the supreme leader. As the new president said: 'My mission is creating a role model of a modern, advanced, powerful and Islamic society'. This is surely bad news for Iran's enemies.⁷⁴

The mutual desire for friendship and cooperation seemed to have lessened misunderstandings that had developed between the two countries in the wake of the destruction of the Babri masjid in 1992 and turmoil in Kashmir. Looking at the period especially during 1991–97, the Iranian ambassador to India, Dr Sheikh Ali Reza Attar, undoubtedly has made an outstanding contribution in bringing the two countries closer, building a solid relationship based on mutual respect and understanding, and providing the necessary dynamism and stability to their bilateral ties. However, many in India were concerned about the implications for Indian Muslims of Iran's support to Islamic causes worldwide. The Cold War between Iran and Saudi Arabia, and its impact on the large Indian Muslim population were seen as likely impediment to mutual cooperation between India and Saudi Arabia. In the backdrop, Indira Gandhi had visited Riyadh in 1982, thereby ending the 26-year long communication gap and paving the way for closer ties between India

and Saudi Arabia. These ties had been affected by factors such as India's support to Nasser's Egypt and its closer ties with Moscow and its allies in the WANA region. Moreover, Saudi Arabia was looking for friends in the neighbourhood and, notwithstanding the close Saudi-Pak ties, Riyadh was keen on opening a new chapter with India. When Iraq failed to defeat Iran and the latter crossed the international border into Iraq by mid-1982, the GCC states took a series of steps in order to contain Iran. Saudi overtures to India should be seen in this context, in view of New Delhi's close ties with both Iran and Iraq.⁷⁵

Iraq's invasion of Kuwait in 1990 and the Gulf War in 1991 affected India's ties with some GCC states as India, neither condoning nor condemning the Iraqi invasion, justified its position by saying that 'condemnation is not part of the Indian nature.' India, of course, by simply 'regretting' the Iraqi move did not win the gratitude of either party. In the aftermath of the Kuwait crisis, through its skilful diplomacy, India succeeded in clearing up the misunderstanding with the GCC states and, in particular, with Kuwait. Subsequent events like the Babri masjid demolition and Kashmir insurgency continued to cast shadows on the ties between India and the GCC. Most of the GCC states (particularly Saudi Arabia) which signed security treaties with the US and its allies in the wake of the Gulf War are now cautious in their dealings with the US and have worked to improve ties with Iran. The formidable Western (especially the US) naval presence in and around the Persian Gulf led to pressures on Iran and India, making it clear to them that both could cooperate on this issue affecting their security. The initiatives taken by Iran and the GCC states have gradually led to normalization of ties. The December 1997 OIC summit in Tehran and the participation of Saudi Crown Prince Abdullah, the Kuwaiti and Qatar Amirs and other GCC leaders confirmed the growing rapprochement between Iran and some GCC states. The two-week visit to Saudi Arabia by the former Iranian President, Rafsanjani in February-March 1998, led to talks with King Fahd and Crown Prince Abdullah. Saudi reservations over the use of their territory by the US and allies to attack Iraq, and Iranian opposition to use of force against Iraq revealed growing convergence of views between Iran and Saudi Arabia. As the Iranian ambassador to Saudi Arabia, Mohammed Rez Nuri, said, 'Iran is opposed to any American military action against Iraq and calls on Baghdad to apply the UN resolution on disarmament'. Nuri added that 'Iran and Saudi Arabia would share the same position'. The Iranian ambassador said Rafsanjani's meetings with Saudi leaders focussed on 'strengthening bilateral relations in economic, commercial, cultural and security areas.' Good relations between Tehran and Riyadh are a key to the security and stability in the Gulf region. The Iranian president was invited as chief guest on Republic Day in 2004. But the UPA government led by Manmohan Singh voted twice (September 2005 and February 2006) at the IAEA against Iran's nuclear programme mainly under US pressure. India urgently needed Iranian gas, but the US portrayed Iran as an unstable supplier. The US's offer of nuclear technology to India is in exchange for support to stop the Iranian nuclear programme.⁷⁶

CONCLUSION

Indian interests in the Gulf include the safety and security of over four million Indian migrant workers residing in the GCC states, and continued supply of oil and gas from the region. Besides, political stability is a precondition to ensure mutual cooperation through trade, aid and investment opportunities in the region. From the strategic point of view both India and Iran can work towards reducing the role of non-regional states in the region. Those policies, especially of the US and Israel, are undermining peace, security and stability leading to periodic threats of military intervention either against Iran or to safeguard Kurds, or to prop up threatened fragile regimes against their own population who are demanding political participation (as in the case of Bahrain). US invasion and occupation of Iraq and the continued instability in many parts of Iraq, in addition to US accusations of Iranian interference in Iraqi affairs is used by the US to put pressure on Iran to cease 'its ideas and programmes'. This is putting pressure on the Indo-Iranian ties. US attempts to reshape Afghan affairs to increase Pakistani influence also strained the Indo-Iranian ties. US determination to stay in Iraq and its attempts to put pressure on Iran for regime change is partly linked to help project its power into Central Asia, given the enormous oil and gas reserves in that region.⁷⁷ From the Indian perspective, increasing bilateral ties with Iran is not only important due to trade, oil and gas, but also due to the unique proximity of Iran to events in Afghanistan, Central Asia, Iraq and the Gulf region. The common political and strategic concerns of India and Iran in the Gulf area will reinforce and strengthen mutual cooperation. If the two countries can jointly reassure the GCC states of their desire to work for peace, security and stability in the region, outside interference could be contained, which many perceive to be the root cause of much of the problems which India, Iran and the GCC states face. The Iraqi and Pakistani factors will eventually get integrated in the emerging approach. The 1990s have seen the reassertion of regional identities in the face of external interference. The critical space is widening and it is in this context that India, Iran and the GCC states can create opportunities in the oil and gas rich Gulf region for mutual benefit and jointly prepare to meet emerging domestic and external challenges. As violence is increasing in Iraq (with both the US and Iraqi government unable to control it), the calls for US withdrawal from Iraq are mounting even in the US. Not only the Democrats but the Republicans are also calling on US President Bush to present an exit strategy. According to an opinion poll taken in mid-June 2005, 59 per cent of Americans disapproved of President Bush's handling of the Iraq war, 51 per cent thought the US should not have invaded and occupied that Arab country. As Democratic Congressman John Conyers said: 'We got into a secret war we hadn't planned, and now we are in it we can't get off'. Former Iraqi Prime Minister Jaafar Ibrahim who had campaigned during the January 2005 elections to the National Assembly on a platform of working for a scheduled pullout of US troops, said: 'Can

you imagine what would happen if we ask (the US) to leave? This could mean the beginning of a civil war.' During his visit to the US in early July 2005, President Bush said: 'I told the Prime Minister that there will be no scheduled withdrawal'. No wonder Iraqi resistance is growing with most Iraqis calling it *al-muqawama al-sharifa* (the honourable resistance). Even the US apparently has begun talking to some of the resistance leaders. In July 2005, 82 Iraqi National Assembly (NA) members from different political parties demanded in a petition to the Iraqi (NA) speaker swift withdrawal of the US and other occupation troops from Iraq. They also criticized the government for asking the UNSC to extend the stay of the US forces in Iraq 'until the completion of the political process'. According to Iraqi writer Sâmi Ramadani, Iraqis habitually blame the US occupation for all acts of terrorism:

Every day the [US] occupation increases tension and makes people's lives worse, fueling the violence. Creating a client regime in Baghdad, backed by permanent bases, is the route that US strategists followed in Vietnam. As in Vietnam, popular resistance in Iraq and the wider Middle East will not go away but will grow stronger, until it eventually unites to force a [US–British] withdrawal. How many more Iraqis... have to die before [the US and the UK] admit [that] the occupation is the problem and not part of any democratic solution in Iraq?

Interestingly, India's external affairs minister, Natwar Singh, told an international conference in Brussels in June 2005 sponsored by US–EU on Iraq: 'we condemn the actions of disruptive forces in Iraq and the activities of terrorist's elements'. It is well known that most of the Iraqi resistance to the US is led by the Sunnis and in areas dominated by them. This is also clear by the fact that most Sunnis boycotted the January 2005 elections to the National Assembly. As seen earlier, the US has developed a close relationship with the Kurds since 1991 and now after occupying Iraq it is wooing the Shias. Sunnis have been deliberately targeted and excluded from the new power centers. Can India remain silent to the ruthless policy of killing and destruction pursued by the Americans against the Sunnis in Iraq? Most Sunnis believe they are waging a national liberation struggle for freedom which the US is trying to crush. How can India forget the fact that Iraq is essentially an Arab country as Sunnis, Shias and Kurds speak Arabic? What the US is doing in Iraq is leading to a split between different groups and clearly the Sunnis are being crushed and suppressed in their own areas. The US is going about destroying one Iraqi Sunni city after another and killing hundreds and thousands of mostly Sunnis in the name of containing the challenge of terrorism. Iraqi resistance to the US occupation which is legitimate is being dubbed as terrorism. India's silence to the US use of military means on an almost daily basis—including planes, helicopters, tanks, napalm, cluster and phosphorous bombs and indiscriminate arrests of hundreds and thousands of Iraqis (mostly Sunnis)—is to be seen in the background of rapidly warming ties with the US. Not only are the Indo-US

economic ties growing but defence cooperation is also intensifying. What the NDA government started in 1998, the UPA government is taking forward. India's decision not to send troops to Iraq was bitterly criticized (secretly) by the US as it desired them badly to stabilize the fierce resistance raging in Iraq. Since that was not possible now it wants Indian support to its policies in Iraq. The UPA government is finding it very difficult to support the US policies in Iraq, hence US pressure on India through the UN Volcker report, which led to the resignation of Foreign Minister Natwar Singh, and pressure on Sonia Gandhi from Iraq's Oil-for-Food Programme. The Justice R.S. Pathak Inquiry Authority found Natwar Singh as a non-contractual beneficiary of the UN Oil-for-Food Programme in Iraq. Justice Pathak found Natwar Singh a beneficiary because of the 'role played by him in influencing and facilitating the procurement of the contracts' for Andaleeb Sehgal, friend of Natwar Singh's son Jagat Singh and Aditya Khanna, a relative of Natwar Singh. Natwar Singh had written three letters in 2001 to the then Iraqi oil minister Amer Mohammed Rasheed requesting him to assist Andaleeb Sehgal. Another important finding of the report was that 'there is not a shred of evidence to link the Congress party to the UN Oil-for-Food transactions' and that 'the inquiry authority has found no evidence that the Congress party was involved in the contract and that it derived any benefit from the contract'. Due to all this India is indirectly supportive of what the US is doing in Iraq. Once the US fully dominates Iraq and through it much of the Gulf region then in the long run it will have an impact on India. Together with the cooperation of Israel, the US is working for broader domination of the entire WANA area. The day will not be far when the US will apply pressure on India itself. Iran has been identified by the US as a stumbling block hence the pressure for regime change in Tehran. Already the US has plans to supply Iraqi oil from Kirkuk to Haifa in Israel which would add to the complications in the region for India. US opposition to Iran-Pakistan-India gas pipeline and US Secretary of State Dr Rice's suggestion to the Indian government to talk to the US for India's energy security is due to Pax Americana in the Gulf region. In future the US along with Israel and Pakistan are likely to put more pressure on India in all fields. The simple truth is that the US has established itself so close to India in the entire Gulf region that there will be a spill-over of its military presence on India in the coming years. With US facing heavy resistance in Iraq and eager to withdraw from Iraq after the November 2007 elections there, and with growing anti-Americanism sweeping in the Arab-Muslim world and with even Tony Blair urging Bush to work for implementing the road map, perhaps the US may seize the opportunity to end the sufferings of the Palestinians and enable them to get justice. Elections, unity and sharing of power seem to be the new mantra of the new post Arafat leadership. Democratic institutions, negotiations and giving up violence may help the Palestinians to end their suffering. Although Arafat was seen as an obstacle to peace by the US and Israel, but it remains to be seen how sincere and serious will be the efforts of the US and Israel to end the Israeli occupation of Palestinian lands.

Instability in the West Asian region poses a greater threat than ever before, as India's reliance on the West Asian oil is growing. Although the issue of terrorism is also important and imported arms from Israel are vital for India's security, there is no need for India to place undue emphasis on bilateral relations between India and Israel as the NDA–BJP sought to do as per its notions of grand strategy. India must tackle the threat of terrorism to it by itself, but not in cooperation with Israel, a state with a dubious record in this field, to say the least. Many Indians express their solidarity with the cause of the Palestinians and the larger Arab cause, which is only natural. The BJP tilt towards Israel hurt India's relations with major Arab countries. India should speak out in favour of the Palestinians and condemn Israeli atrocities. This is essential not only to repair our ties with the Palestinians but also to restore ties with the Arab and the Islamic world. The UPA government's common minimum programme stated that 'it will maintain the independence of India's foreign policy stance on all regional and global issues even as it pursues closer strategic and economic engagement with the US'. But the reality is that in the context of West Asia, US policy is actually affecting India in a gradual way. Pax-Americana in West Asia has serious implications for India. The US control of Gulf oil sources may in the future affect our quest for energy security, especially as India imports 70 per cent of its oil from the Gulf. The US support to undemocratic regimes in the region is encouraging the Islamic countries to use violence in the face of reluctance of the rulers to initiate political reforms. The security and future of the Indian workers in the region in the wake of continued wars and instability has become an issue of concern. And the US desire to involve Pakistan in its strategy in West Asia has implications on India's security and influence in the region. India's close ties with Iran and Syria may come under pressure if the US intensifies its pressure on these two states, while doing nothing to restrain Israel, which seeks to increase its influence in the region with help from the US. It is imperative for India to maintain close ties with Iran, a country with a very strained relationship with the US, to protect itself against a fallout from Afghanistan, gain access to Central Asian natural gas and deal with Pakistan. This relationship with Iran is also vital for Iraq and its stability in the Gulf region. Apart from the presidents of Turkey, Iran, Algeria, and some GCC leaders no other leader has made a state visit to India from this region. Our pro-Israeli tilt has become a burden and it's high time we pursue a more vigorous policy to strengthen our relations with the Arabs and the wider Islamic world. Peace, security and stability in West Asia are crucial for our own security and prosperity and this calls for new initiatives, dynamism and recognition of the traditionally close historical relationship with the Islamic world. India's economic ties are unlikely to suffer with the WANA states in the immediate future, but one needs to be cautious in developing closer ties with Israel until the process of reconciliation gets under way between the Arabs, especially Palestinians and Israelis. India should attempt to balance the traditionally close ties with Arab and Muslim states of West Asia with Israel. We have to safeguard our core interests like

import of 70 per cent oil and gas, security and welfare of nearly four million Indian workers, over 16 per cent exports to the region, growing trade and investments with the region. On top of these security and stability in the region is linked with early resolution of the Iraq crisis (US withdrawal of occupation forces) establishment of a viable Palestinian state and encouraging political reforms and democratization of political systems which alone can contain the growing slide towards religions resurgence, violence/terrorism and instability in the region. In sum, it is possible to have normal ties with Israel, and at the same time, retain the traditionally close ties with Arabs, Iranians and Turks, provided New Delhi adopts a pragmatic approach both at home and abroad.

NOTES

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15

INDIA'S RELATIONSHIPS WITH THE GULF REGION: PROSPECTS AND POSSIBILITIES IN THE 21ST CENTURY

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In the five decades after India's independence, several aspects of its foreign policy have come under criticism—its allegedly idealistic character in the Nehru era, its failure to be truly non-aligned for the better part of the duration of the Cold War, and its discomforting proximity to the USA since the late 1990s. There is hardly any major questioning of the two principal features of the Indian foreign policy—bilateralism and excessive focus on Pakistan. While India's preference for bilateralism over multilateralism and even the Pakistan-fixation in its foreign policy have their own rationale (which is not always necessarily substantive), their implications in the wider field of India's international relationships has seldom been fully appreciated. One of the casualties of these twin preoccupations of the foreign policy establishment has been India's relationship with the countries in the Persian Gulf region.

At the turn of the 20th century, it is very difficult to speak with any earnestness of India's policy/policies towards the countries around the Persian Gulf,¹ except to say that the foreign policy in this region has been almost invariably reactive. In the Indian foreign policy circles, it is virtually an article of faith that the countries around the Persian Gulf, being Muslim-majority countries, would be naturally inclined to favour Pakistan over India in the international arena, especially with respect to the Kashmir question. In view of this, India hesitantly tried to make use of the Non-Aligned Movement (NAM) platform to engage the Gulf states multilaterally, but such efforts were never more than half-hearted in their intent. Accordingly, over the 50-odd years since 1947 India's policy towards the Gulf countries—ranging from India's responses to the Islamic revolution in Iran and the subsequent Iraq–Iran war, to the two Gulf wars—has tended to be one calculated to displease as few countries as possible.

The urge to displease the least number of parties in this region, coupled with India's failure to get admitted to the Organization of Islamic Countries (OIC), has

made India resort to bilateralism in her engagement with individual Gulf states. While such bilateralism allows India to address the concerns of each of these states as well get her own concerns addressed individually, it has failed to develop a uniform pattern in the intensity of such bilateral ties. Hence, frequently Indian policy towards one Gulf state has appeared to be at cross-purposes with that towards another—the best example of this being New Delhi's silence over Iraq's invasion of Kuwait in 1991 causing estrangement with Kuwait. In order to prevent her potentially contradictory bilateral ties with Gulf countries from undermining her strategic interest (i.e. oil), India has preferred to react to the region's developments rather than engage proactively, and to keep her reactions fairly distant and bordering on indifference.

Such meek and reactive policies can be argued to have cost India important diplomatic leverage with India's new-found ally, the USA, especially over denial of refuelling facilities to US aircraft during the Gulf War of 1991, or of sending peace-keepers to Iraq. More directly, such distancing from the affairs of the region has occasionally lost India diplomatic leverage in the region itself—as with Kuwait, over India's failure to condemn the Iraqi invasion. In the light of this situation, it is possible to think of an alternative approach to the region.

This chapter begins by looking at the assumptions and implications of the various policies that inform and constitute India's Gulf policy. It then proceeds to explore the possibilities of its pursuit of a pro-active policy in the region. An important factor in this proactive stance could be the country's low profile petroleum diplomacy, which has helped India acquire energy stakes in many regions left beyond the pale of USA and allies (because of political reasons). Another important factor could be India's hitherto-absent readiness to involve itself in this region from within a multilateralist commercial paradigm, where India engages with all the states around the Persian Gulf collectively through a forum such as the Gulf Cooperation Council (GCC). The paper also proposes to raise the issue whether such proactive policy might go on to ease the security situation in both the Gulf region and India's immediate environs, by creating greater ties of interdependence—economic or otherwise.

NON-GULF CHARACTER OF INDIA'S GULF POLICY

It is very difficult to argue that until very recently India had anything even remotely like a Gulf policy. For all practical purposes, as was true for its relations with nearly all other regions of the world, India used to engage with individual Gulf countries rather than the region as a whole. One might argue that this was partly because relations could be established with these states only at different points of time,² and partly because the region itself was slow in emerging as a geo-strategically synchronous region that needs be dealt with as a region.

Nonetheless, in view of the significance that the region has for India, the tardiness of its foreign policy establishment in engaging with the region as a whole is not worthy of praise. Between themselves, the Gulf countries account for 15 per cent of India's total foreign trade. An estimated 2.5 million Indians live in the area and their annual remittances to India are of the order of a few billions of rupees.³ Still more importantly, the Persian Gulf countries contribute nearly a fourth of the world's total crude oil production, and hold nearly two-thirds of the world's proven reserves of oil. *The World Energy Outlook*, published by the International Energy Agency (IEA), projects that India's dependence on oil imports will grow to 91.6 per cent by the year 2020.⁴ In view of the fact that nearly two-thirds of the country's energy requirements are met with imports from this region, it makes good economic and strategic sense to remain engaged with the region constantly.

In the realm of assumptions that inform the Indian foreign policy, the Gulf countries form a part of a greater regional package—the Gulf countries (except Iran) constitute a part of the Arab world. This assumption has, if anything, served to hinder rather than promote any meaningful engagement on India's part with the region. In the wake of the creation of Israel in 1948, the Arab countries had adopted a firmly antagonistic posture by denying even recognition of the new state after they failed to destroy it militarily. Since 1948, India had chosen to toe a firmly pro-Arab line in the Arab-Israeli conflict, partly because of genuine sympathy for the Palestinians, and partly in order to counteract Pakistani influence in the region and to secure access to the Middle East petroleum resources. In the 1950s and early 1960s, this pro-Arab stance did not help India in establishing good relations with all Arab countries, but it was *believed* necessary 'to keep peace with India's Muslim minority'.⁵ This assumes, of course, that Indian Muslims invariably think *as* Muslims and primarily *about* Muslims—a premise that remains to be substantiated.

The idea that having a pro-Arab stance would automatically ingratiate India with the Gulf countries was doubtful at best. Although India's leadership role in the Non-Aligned Movement, and her distance with the USA and Israel should theoretically have given India the means of close ties with the Arab states,⁶ yet India virtually relinquished the diplomatic offensive in countries where Pakistan seemed to be interested. Hence, Saudi Arabia was one country which India neglected with remarkable consistency, while Pakistan kept on pressing home her advantage.⁷ The so-called Islamabad–Riyadh nexus that the foreign-policy establishment in India keeps on raving about was in fact a product of this negligence.⁸

The negligence itself was a product of yet another assumption of the Indian establishment—the notion of Islamic solidarity. All the Gulf countries being a part of the Islamic world, India seemed to take it for granted that all the states professing their 'Islamic' credentials would be more inclined to lean towards Pakistan, while the states that tended to play down those credentials would be likely to favour India. Hence, India invested far greater diplomatic capital in Ba'athist Iraq

and pre-revolutionary Iran than in Saudi Arabia. Still more significantly, the ties with Tehran were considerably weakened in 1979, first in a knee-jerk reaction to the Islamic revolution and then the protracted Iraq–Iran war (1980–88) which hardened the Islamist postures of the Islamic Republic of Iran. It was only after the perceptible softening of the hardline Islamist postures during the presidential tenures of Rafsanjani and of the reformist Khatami that Indian ties with Tehran became cordial once more.

These two dubious assumptions have dominated policy-making in India for almost half a century because of the ‘Pakistan fixation’ that seems to afflict the Indian foreign policy. In almost everything that New Delhi has done in the realm of foreign policy since 1947, its effects on Islamabad’s policy seems to have been an unstated consideration—be it inclining towards Moscow (despite formally being non-aligned) to offset Islamabad’s axis with Washington and Beijing during the Cold War, or in trying to forge a new strategic and diplomatic relationship with Washington in the 1990s.⁹ The tendency to assume that international relations run along the lines of a ‘zero-sum game’ (where any country friendly to Pakistan cannot be meaningfully engaged with by India) severely restricted the policy options before New Delhi. It might seem perfectly reasonable that with the thorny issue of Kashmir being used by Pakistan to incommode India in the international fora, India necessarily considered intimacy of other nations with Islamabad as inversely related with their potential cordiality with itself. However, such a defensive posture prevented India from trying to engage herself with Islamabad’s allies for a very long time. This was considered to be especially true of the countries of West Asia, where the assumption of ‘Islamic solidarity’ made such a tie appear even more elusive. Pakistan made use of this fully, by using the platforms at the OIC and UN to denounce New Delhi’s activities in Kashmir, with support from friendly countries like Saudi Arabia, Kuwait and occasionally the UAE. Perhaps the only exception to this defensiveness was to be seen with respect to Iran in the 1970s, when India neutralized a burgeoning relationship between Pakistan and Iran by vastly increasing bilateral economic relations with the latter and conducting a ‘diplomatic offensive of profuse mutual assurances’.¹⁰ But it might be argued that such an exception was probably due to the very clear divergences in the strategic interests of Islamabad and Tehran, which made New Delhi hopeful about developing her community of interests with Tehran.¹¹

As a result of so many inhibitive assumptions, the Indian foreign policy forays in the Gulf region, with rare exceptions, have tended to be reactive rather than proactive. New Delhi has invariably refrained from taking any sort of initiatives in the region, and tried to keep its involvements limited to its very narrowly defined self-interests—namely, undisturbed access to petroleum from the region, and to a lesser extent ensuring the security of its nationals working in the region as immigrant workers. Predictably, therefore, India developed close diplomatic ties with Iran and Iraq till the 1970s which coincided with India’s dependence on these two

states for supply of crude oil. The 1980–88 Iran–Iraq war forced India to shift its oil purchases from Iran and Iraq to Saudi Arabia and other Persian Gulf states, especially Kuwait.¹² With the rise in the number of immigrant workers in Saudi Arabia since the 1980s, and increase in activities of the Indian business corporations, India's diplomatic distance with Riyadh began to reduce.

The counter-productive character of this reactive policy manifested increasingly since the late-1970s and early 1980s. With the toppling of the regime of the Shah of Iran by the Islamic revolution in 1979, fearing a pro-Islamabad tilt in Tehran's approach to South Asia, India had already begun to recoil from the idea of engaging the fledgling Islamic Republic. New Delhi liked to believe that the Iran–Iraq war changed the balance of power in West Asia by weakening Iran as a regional power and a potential supporter of Pakistan—hence India refrained from condemning Iraq's invasion of the Islamic Republic. Although India performed a delicate diplomatic balancing act, officially taking a position of neutrality in the Iran–Iraq war, New Delhi maintained warm ties with Baghdad.¹³ To be fair, India also tried to build workable political and economic relations with Tehran despite misgivings about the foreign policy goals of the Islamic Republic—largely out of an apprehension that Tehran might lean too much towards Islamabad if neglected.

When the Iraq–Iran war gave way to the next major crisis in the region—Iraq's invasion of Kuwait in 1990, and the Gulf War of 1991, waged by the US-led international coalition—India's policy of reactive diplomacy in defence of her self interests earned India, deservedly, a bad name. When Iraq invaded Kuwait in August 1990 in an act of aggression in breach of the international law, Indian policy-makers were torn between adopting the traditional non-aligned policy sympathetic to Iraq or favouring the coalition of moderate Arab and Western countries that could benefit Indian security and economic interests. India initially adopted an ambivalent approach, condemning both the Iraqi invasion of Kuwait and the intrusion of external forces into the region.¹⁴ When the National Front government led by V.P. Singh was replaced by the Chandra Shekhar minority government in November 1990, the Indian response changed. Wary of incurring the displeasure of the United States and other Western nations on whom India depended to obtain assistance from the International Monetary Fund (IMF), New Delhi voted for the UN resolution authorizing the use of force to expel Iraqi troops from Kuwait. In January 1991, India also permitted United States military aircraft to refuel in Bombay. The refuelling decision stirred such a domestic controversy that the Chandra Shekhar government withdrew the refuelling privileges in February 1991 to deflect the criticism of Rajiv Gandhi's Congress (I), which argued that India's nominal pro-United States tilt betrayed the country's non-aligned principles.¹⁵

Needless to say, the Indian ambivalence was guided less by ideological principles and more by pragmatic considerations. Baghdad had been one of the really few consistent supporters of India on the Kashmir issue in the international fora; moreover, a considerable number of Indian firms and expatriate workers were

operating in Iraq;¹⁶ Iraq also owed Indian firms (public and private) a sum of nearly \$500 million in deferred payments. Most importantly, by an agreement concluded on 14 March 1990, India was to import 2.5 million tonnes of oil for 1990–91, 30 per cent of which was to be adjusted against outstanding dues.¹⁷ Hence, India proved hesitant in condemning Iraqi action outright, and even though she chose to support the international consensus on the issue, her gestures of support were well short of categorical.

It can be argued, though, that India had equally pressing pragmatic reasons to extend full and unequivocal support to Kuwait. Nearly a hundred thousand Indians were working as expatriates in Kuwait; deposits from expatriates based in Kuwait constituted nearly 22 per cent (Rs 60,000 million) of all NRI deposits in Indian banks in 1990; Indo-Kuwaiti trade on the eve of Saddam Hussein's invasion amounted to Rs 200–250 million.¹⁸ What presumably tipped the scale against Kuwait was its soft pro-Pakistan line on the Kashmir issue, coupled with Iraq's consistent support for India on the same. Accordingly, upon the invasion of Kuwait, the first really noticeable action of New Delhi was a precipitate closure of the Indian embassy there. Although India was to subsequently send food and medicines to Kuwait after its liberation, her precipitate withdrawal from the war-torn kingdom was compared unfavourably against Pakistan's clear and categorical support.¹⁹

The most dreadful exhibition of Indian ambivalence towards the Gulf area came as late as 2003, over the issue of invasion of Iraq by USA and a handful of its allies. Unlike the war of 1991, this war was fought without the backing of the United Nations, in the face of opposition from a considerable section of the international community, and in breach of all international laws and code of conduct. The Vajpayee government had been working towards an improvement of the Indo-US relations since the time Clinton was the president, and had already taken the opportunity of ingratiating itself with the Bush administration by endorsing the National Missile Defence (NMD) programme. New Delhi was among the earliest supporters of the 'coalition of the willing' in the 'war against international terrorism' after 9/11. However, in the wake of the primacy accorded to Islamabad since the war in Afghanistan, New Delhi was determined to link its responses to Washington's Pakistan connection. India's stand on Iraq was therefore subjected to the implications the issue might have for the Kashmir issue. Vajpayee had given this message unambiguously to the all-party meeting on March 22, when he said: 'We should be careful that neither our internal debate nor our external actions deflect our attention, or those of the world, away from the real source of terrorism in our neighbourhood.' By 28 March 2003 it was fairly obvious that 'India [was] drawing connections between what the US says on the India–Pakistan–Kashmir issues and India's formulation on the Iraqi issue. The message coming from official circles is that India's concerns in the immediate neighbourhood are far more important than simply sticking to principles as far as the war on Iraq is concerned.'²⁰

Such wariness to categorical commitment contributed to what is called 'the middle path'—neither supporting the United States nor openly criticizing it for its aggression against Iraq.²¹ For its part, the United States would have liked to receive India's support in the war against Iraq, but it acknowledged that 'the middle path' in effect endorses the US position.²² Even after the United States defied the UN, international laws, and the international community with its massive military campaign against Iraq, the Indian government stuck to the middle path—in the hope that Washington would appreciate the fact that India did not denounce the invasion at a time when even long-standing allies like Germany and France were quite vocal in their resentment of US actions.²³ The Vajpayee government rejected the opposition demands for a parliamentary resolution on the crisis. India did not even support the 114-member-nation NAM summit at Kuala Lumpur, when its resolution affirmed that it 'rejected war' and declared 'the war against Iraq would be a destabilising factor for the whole world with far-reaching political and economic consequences.'²⁴ During a visit by Ali Akbar Veliyati, the special envoy of Iranian President Mohammed Khatami, on 23 March 2003, three days after the war started, members of the Indian government made it clear that India was not willing to take any initiative on Iraq, through NAM or otherwise, that could jeopardize its ties with the United States.

Once the war was over, and Saddam's regime was replaced by US military occupation, Washington began to press for India to send a 'stabilisation force' of 15,000 peacekeepers to Mosul, in northern Iraq.²⁵ New Delhi was torn between the two contradictory possibilities left open by its ambivalence on the road to war. Some thinkers in New Delhi supported Washington's argument that the UN Security Council Resolution 1483 of 23 May 2003 (calling on member nations to contribute men and material for humanitarian assistance in Iraq) constituted a justifiable rationale for India to send troops.²⁶ They believed it would be a clear indicator of India's intent to step out 'of the narrow South Asia political box and assume a military role in the region'.²⁷ Critics pointed out that such a participation in the US-led coalition would make India squander whatever little goodwill she enjoys in the region. They also pointed out that the domestic political implications of a Hindu nationalist government sending troops that could be deployed near the Shi'ite holy places like Najaf and Karbala could be enormous.²⁸ Others pointed to the anomaly of India being asked to send 15,000 troops while US allies like Italy and Spain were sending 3,000 and 2,000 troops, respectively,²⁹ and countries like Egypt, Saudi Arabia, China, Russia, Canada, France, Germany and Mexico were not sending any troops altogether.³⁰

The Indian government did not rule out the possibility of participation on principle, and till the middle of July 2003 indications abounded that it was merely stalling for the right conditions to go in. The most vocal protagonist of the Indian intervention, Home Minister L.K. Advani went to the extent of expressing dismay at the opposition's 'one-sided *fatwa*' against sending troops, and remarked: 'They

[the opposition] are entitled to their views, but the government will take a decision keeping the national interest in mind.³¹ However, in the next seven months, the government discreetly shelved the issue of intervention in Iraq, without explaining clearly the rationale for its changed perception of national interest—whether it was the domestic compulsions of an impending general election, or the realization that Washington's friendliness with New Delhi was not going to undermine the strategic relationship the Bush administration sought with Islamabad in its fight against (Islamic) terrorism.³²

Even a brief survey of India's Gulf policy brings out pretty clearly what B. A. Robertson had said in the mid-19080s: 'The geo-political effects of the Gulf region on India are peripheral to its primary concerns except where a crisis in the Middle East either brings about an alteration to the strategic position of Pakistan, or brings the military presence of a superpower into the region.'³³ This is particularly odd in the light of India's repeatedly professed intention of seeking to play the role of a major player in the international arena. Hesitance in multilateral engagements and sensitiveness to Pakistani manoeuvres in the global circuit has made India 'subordinate [her long-term] emerging power aspirations to the short-term need to counter Pakistan.'³⁴

THE QUEST FOR A PRO-ACTIVE GULF POLICY

Indian foreign policy began to undergo a gradual change from the 1990s; that towards the Gulf countries was no exception. While India continues to be basically reactive in its approach to the Gulf issues, the 1990s have occasionally witnessed India trying to break out of the limitations that characterized the Indian policy towards the region. Such developments seem to open further possibilities for India to have a coherent Persian Gulf policy for the first time since 1947.

In the two coherent theoretical formulations of India's changed policy towards West Asia, C. Rajamohan and Sushil J. Aaron give two interesting, if occasionally converging, theses.³⁵ Both agree that India was inordinately shy in engaging West Asia and was wary of addressing its full range of 'national interests' as a result of its preoccupation with some concerns (such as Kashmir, Pakistan, and domestic Muslim sensibilities). They concur in the assessment that India had taken too inflexible a stand on the issue of Israel–Palestine, putting too much premium on Arab solidarity (which was axiomatically taken to mean resentment towards any state friendly to Israel) and the supposed concern of Indian Muslims for their Palestinian co-religionists. As Aaron and Rajamohan then proceed to argue, the fall of the USSR prompted India to look for a new source for its defence procurements as also a market for Indian exports, which Israel was eminently suited to be. In light of the willingness of both the Palestinians and Israelis to resolve their differences, India's establishment of full diplomatic relations in 1992 with Israel did not occasion any

backlash from the Arab world. Both Aaron and Rajamohan then go on to say establishment of progressively deep defence ties (especially under the Vajpayee government) also have not caused negative repercussions among the 'pragmatic' Arab world politicians. This has enabled India, for the first time since 1947, to think of engaging Israelis and Arabs simultaneously with confidence.³⁶

Aaron and Rajamohan argue that the basis of this newfound confidence was the pragmatic world of economic and commercial considerations. Rajamohan relates this new approach as much to a shift from an ideological foreign policy ('Third Worldism') to a pragmatic worldview, as to economic considerations in the light of India's policy of economic liberalization; Aaron is much more categorical in ascribing this to the course of economic liberalization itself.³⁷ By and large, the course of India's engagement with the Gulf States in the 1990s would bear this out.

One of the principal factors behind the balance of payments crisis that plagued the late 1980s, which persuaded the Indian establishment to liberalize the economy, was the yawning deficit on the 'oil pool account'.³⁸ The crisis was accentuated by the Gulf War of 1991, which removed Iraqi oil from the international market, as a result of which, not only was India unable to procure oil from Baghdad under preferential terms previously agreed upon, but actually had to buy oil at international prices higher than in the late 1980s. Accordingly, India began to pursue a multi-pronged energy policy, which had its impact on India's foreign policy.

On the one hand, India tried to reduce its excessive reliance on a few countries (such as Iraq, Kuwait, Saudi Arabia and UAE) by diversifying its sources of procurement to include countries such as Iran, Libya, Sudan and Vietnam. This attempt at diversification is best seen in the agreements not merely to procure crude oil but also to develop and explore oil deposits. ONGC Videsh Limited (OVL, the overseas arm of the ONGC) is at the forefront of this, focussing principally in areas where the USA and other Western countries do not allow their companies to operate because of political reasons – such as Iran, Libya and Sudan. In the Gulf region, the chief areas of OVL activity in the 1990s have been Iran and (until recently) Iraq. In the Islamic Republic of Iran, OVL secured the bid in early 2002 and has finalized the draft Exploration Service Contract with the National Iranian Oil Company, for the Farsi Offshore Block.³⁹ The Exploration and Development Contract for Exploration Block-8, Western Desert in Iraq was signed by OVL Limited with the Oil Exploration Company (OEC) of the Iraqi ministry of oil on 28 November 2000 at New Delhi. The contract was ratified by the Iraqi government and went into effect from 15 May 2001. But, of course, after the Iraq war and toppling of the Saddam regime, the fate of the agreement has become uncertain.⁴⁰

On the other hand, India tried to increase efforts to secure energy from non-conventional energy sources; moving from an overwhelming dependence on petroleum to increased demand for natural gas, India developed close ties with Gulf states of Oman and Iran. Still more importantly, in order to reduce the impact

of 'oil pool deficit', India began to rely less on exclusively the remittances from Indian expatriates based in the Gulf countries, and to develop industrial and commercial links far more extensive than any time in the past. India set up a joint commission with Oman in 1993 to enhance cooperation in the realm of oil and gas. The most ambitious Indo-Oman project involved the laying of a \$5 billion deep-sea pipeline for the supply of natural gas to India.⁴¹ Although the project became mired by various technological, environmental and financial problems, Oman assured India of its readiness to supply alternative fuel, liquefied natural gas (LNG) to downstream units in India if the pipeline project did not take off.⁴²

The most significant development in this area, however, involves the proposed 2,670 km natural gas pipeline from Iran to India, passing via Pakistan.⁴³ The project is basically an extension of Iran–Pakistan pipeline connecting Iran's South Pars natural gas fields to Karachi; Pakistan is then to route the excess capacity of 70 per cent to Delhi, in order to meet India's annual shortfall of natural gas, to the tune of 29 million cubic metres.⁴⁴ New Delhi is hesitant at the prospect of allowing such a crucial strategic weapon in the hands of a hostile neighbour. Tehran's keenness about the project can be measured by the fact that it even explored the options of other onshore and offshore routes—but the offshore deep-sea route was found prohibitively expensive at \$10 billion, as against the on-land option of \$6 billion.⁴⁵ Islamabad is keen on getting the project underway, looking forward to royalties of \$700 million from the project.⁴⁶ Yet, despite the repeated assurances from Islamabad (which stands the risk of accruing penalties of \$250–400 million per year in case of wanton sabotage),⁴⁷ the pipeline project remains elusive in view of the pronounced scepticism of the Indian government over the past five years—especially that of L. K. Advani, home minister in the Vajpayee government, till May 2004. The fate of this project seemed to have improved in the early phase of the Congress-led UPA government as the minister for petroleum, Mani Shankar Aiyar, adopted a vigorously proactive policy on the matter. The entire effort was, however, thrown out of gear when in November 2005 India voted at the IAEA with the USA advocating a tough line against Tehran's nuclear programme.⁴⁸ Tehran refused to take this lightly, and had at one point even suggested that India would be charged a higher per unit price for the gas that is sold under the scheme. Subsequently, however, government delegations have assured New Delhi that one single vote would not be allowed to come in the way of years of good relations. This could of course be a bargaining counter—extending the promise of favourable relations in return for future diplomatic support for Iran on the international forums. However, with the increased deepening of India's ties with the USA, observers are no longer particularly hopeful of seeing this project pushed towards fruition by Prime Minister Manmohan Singh's UPA-led government. India's persistent wrangling with Pakistan over transit fees and its avoidance of pipeline talks since July 2007 have been interpreted in Tehran and Islamabad as evidence of India's lack of any further interest in the project.

Quite apart from the oil sector, the shift 'from the mercantilism of the past to the quest for deeper economic integration' with this region began to set the tone for India's policy towards the Gulf as a whole since the 1990s.⁴⁹ India began to market its relatively advanced industrial expertise in the region in order to balance the trade with the Gulf countries. The intensity of such an exchange of industrial expertise is not uniform—countries with reasonably stable industries of their own (viz. Iran) or those with extensive Western presence (viz. Saudi Arabia, Kuwait) do not bend over backwards to accommodate India; but countries like Oman, UAE, Bahrain, Qatar etc., tend to rely on India to build a part of their countries' industrial infrastructure.

Among the economic ties recently developed by India in this region, the deepest are those forged with Oman. The visit to Muscat by Indian Premier P. V. Narasimha Rao in 1993 resulted in New Delhi and Muscat according each other the most favoured nation (MFN) status and set up a joint commission to enhance cooperation not only in oil and gas but also in the spheres of fertilizer and hydro-carbon. As a goodwill gesture, India decided to gift Oman a 4-KW solar power project valued at Rs 2.5 million. Oman sought Indian assistance in providing remote sensors of water reservoirs through the satellite. In 1994, a \$900 million joint venture fertilizer project was also set up, partly to cater to the Omani demand, and partly for the international market. Apart from these, Oman increased considerably imports of Indian products such as electric motors and generators, milled rice, beef products, textiles etc, sending in return oil, copper, dates and other consumer goods.⁵⁰

Indian commercial links with the UAE became equally vibrant since the 1990s. Abu Dhabi had begun to show considerable interest in India's investment climate with the onset of liberalization. The UAE International Petroleum Investment Corporation undertook a feasibility study with the Indian Oil Corporation for investing in an oil refinery in India that resulted in an investment of \$45 million. Further \$18 million were invested in industrial development and another \$15 million in the Garhwal Rishikesh Chila Hydro-Electric Project. But subsequently both India and UAE moved away from petroleum as the core sector of Indo-UAE economic relations. By March 2000, of the total Indian exports to UAE (worth \$2.092 billion), nearly \$1.5 billion constituted of manufactured goods, apart from traditional exports of gems and jewellery to the tune of over \$260 million. The proportion of oil has declined progressively in India's commodity composition from 70.7 per cent of overall Indian imports from UAE in 1989–90 to 27.2 per cent in 1998–99.⁵¹

Even Saudi Arabia, the kingdom that antagonized India in many ways, proved more willing to expand trade ties with India. India imports nearly a third of all its petroleum from Saudi Arabia, which kept Indian exports to Riyadh at nearly a seventh of imports of the kingdom in 1991 (valued at Rs 2.89 billion).⁵² In November 1991, the Saudi minister for industry and electricity presented a list of

nearly 50 projects, including engineering, plastic, food processing and steel plants; India responded with a list of 12 projects (including hospitals and petrochemicals). By 1994, 18 medium and small joint ventures had been set up, mainly in railways, hotels, foodstuffs and electrical services. New Delhi also invited Saudi investment in the oil refining and fertilizer sectors in India and agreed to study possibilities of joint ventures with Riyadh in the areas of pharmaceuticals and spare parts of machineries.⁵³

India continued with its older economic relations with Iraq as well, although under the restrictions put in place by the United Nations, the scope of such exchanges became less. India acquired contracts for power equipment worth \$350 million, which was nearly half of the total orders placed by Baghdad. Power generation plants and electrical equipment comprised half of India's exports to Iraq, valued at \$700 million, with which India was to pay off its oil bills. In 2000, a series of agreements were concluded between Iraqi firms and Indian companies under the aegis of the Federation of Indian Chambers of Commerce and Industry (FICCI). Under these, India agreed to supply raw materials and equipment to Iraq's war-ravaged and sanction-hit industry, and participate in developing Iraq's telecommunications, transport and power sectors.⁵⁴

Perhaps the most promising engagement since the 1990s has been with the Islamic Republic of Iran. A range of industries such as iron and steel, aluminium, agro-based industries, chemicals, optical instruments, textile machinery and engineering goods were identified as thrust areas for Indo-Iranian industrial cooperation. Far more importantly, though, Iran has undertaken the role of conduit in Indo-Russian overland trade. According to the Inter-Governmental Agreement on International North-South Transport Corridor between New Delhi, Moscow and Tehran, goods moving from Russia through the Central Asia would be routed through Iran into India—cutting journey time by 10–12 days, thereby cutting transport costs.⁵⁵ In order to ensure swift transportation of goods between Central Asia and Iran, India is to build a railway track between the Iranian port of Chahbahar and the Afghan entrepôt of Zaranj. In a bid to strengthen such close commercial ties, President Khatami led a 65-member business delegation that deliberated over proposals amounting to \$800 million in joint investments involving 400 Indian and Iranian companies.

Needless to say, expansion of such ties between India and the Gulf countries has mostly been of a bilateral nature, true to India's usual way of doing business. But more than ever before, the Arab countries of the Gulf region have tended to emerge as a collective entity—the Gulf Cooperation Council—after the Gulf War of 1991. Set up in March 1981 in the wake of the beginning of the Iraq–Iran war, the Gulf Cooperation Council (GCC) was meant initially to promote stability and cooperation in the Gulf region. Kuwait, Bahrain, Qatar, Oman, Saudi Arabia, and the United Arab Emirates were the members of this organization. Broadening the definition of security from military security to economic security, the GCC also

pledged to coordinate its economic and defensive efforts. As expected economic growth in the entire region was slowed by the fall in oil prices in the mid-1980s, the countries of Arabia made plans, individually and collectively (using the GCC as a platform), to diversify their economies and to institute austerity measures in the face of falling prices. The financial cost of the Gulf War proved disastrous for the crisis ridden Gulf economies, which encouraged the Gulf states to think that they had to swim or sink together.⁵⁶ In this context, the GCC increasingly began to coordinate its economic, foreign and military policies in the 1990s.

India has only recently begun to seriously engage the GCC as an entity, capitalizing on the progressively strengthening bilateral ties with each member state. Building on the positive experience of multilateral diplomacy gained in dealing with the European Union (EU), India engaged with the region for the first time in the past six decades neither in order to keep Islamabad away, nor to tend to its energy requirements, but actually to develop substantive economic relations. The GCC countries were, collectively, India's second largest trading partner. The GCC countries also constituted the largest single origin of imports into India and the second largest destination for exports from India. The overall GCC–India trade amounted to about \$12.5 billion in 2002.⁵⁷

On 1 October 2003, the GCC admitted India as a dialogue partner with the council. India thus became the third dialogue partner of the council, the other two dialogue partners being the United States and Japan—giving New Delhi a leverage that previously it never exercised in this region.⁵⁸ In February 2004, a landmark trade agreement came in the course of a conference on 'Opportunities and Challenges in the 21st Century' between India and the GCC. The conference focussed on four select priority areas covering GCC and India—(i) trade, (ii) investments, (iii) industrial cooperation including small and medium enterprises (SMEs)/small scale industries (SSI), and (iv) transfer of technology including information technology. The conference invited attention for investing in large joint ventures in GCC, India and third countries in areas of their core economic competencies and mutual interest like petroleum and petrochemicals, gas exploration and production, refineries and pipelines, fertilizers, power and water, metals, telecom, environmental management, food processing and packaging industries, automobiles and auto component industries and pharmaceuticals.⁵⁹

In the light of such developments, India's engagement with Gulf countries in the 21st century is on the threshold of a new era. India needs to play its card with some dexterity; by not seeming too intrusive yet appearing adequately concerned about the region to increase the diplomatic capital it has been gaining over the past decade and a half. This can come by closer and symbiotic economic relationship with the GCC, Iraq and Iran, and then by developing closer political ties that would increase India's general leverage over this region—something that has eluded New Delhi so far.

The Realm of Possibilities

The greatest impediment in the path of a pro-active Gulf policy has been, as mentioned earlier, the fixation about Pakistan that afflicts the Indian foreign policy. Even the giant strides in India's relations with the Gulf countries have, accordingly, tended to be justified through the prism of Pakistan. Rajamohan, for instance, would argue that, 'the biggest transition [in India's Middle East policy] has been India's handling the Pakistan factor.... Neutralising Pakistan and its ability to play the card of Islam in the Middle East has been an important consideration for India since independence.'⁶⁰

The outcome of such a mindset has been to simply think of the Gulf as a set of countries that have to be taken out of the Islamabad's influence which was taken to mean that no country should be antagonized. As a result, New Delhi generally took a policy of ambivalence, of 'running with the hare and hunting with the hound'. The most brazen instance of this being New Delhi's see saw diplomacy during the Gulf crisis of 1991. India's refusal to condemn Iraqi invasion of Kuwait in 1990, the public act of embracing Saddam Hussein by the foreign minister, I. K. Gujral, caused a great deal of annoyance in Riyadh, Abu Dhabi and later Kuwait.⁶¹ India very consciously sought to dispel that pro-Saddam image by vigorously engaging the Gulf region subsequently, lest Pakistan gained still more diplomatic capital in these 'Muslim' countries.

It is worth remembering, though, that the Gulf countries have reached out for India neither in spite of their Islamic dispensation, nor because they have fallen out with Pakistan or any of their other allies. The wide array of economic problems affecting the Gulf countries since the late 1980s, occasioned by warfare (in the case of Iraq and Iran) and drop in oil revenues, compelled the Gulf countries to diversify their economic base and concentrate on industrial development. Their needs of particular industrial and economic expertise coincided with India's areas of strength. Hence, the great advancement of economic relations that characterized the 1990s was a result of a community of interests that emerged in a particular conjuncture; just as the earlier Indo-Iraqi and Indo-Iranian friendships as also Islamabad-Riyadh axis were the results of other particular conjunctures.⁶² Unlike India's previous alignments in the region, though, the opportunities offered by the present historical conjuncture are potentially of a long-term nature, even though ties forged at present might be driven by the fact that the region is awash with fossil fuel.

One of the principal charms of the Gulf region for India is that it is one of the few areas in the developing world where the economic conditions are ideal for the Indian industry to participate. In view of the weakness of the industrial profile of the Gulf countries, the significance of technical cooperation had always been present. For a very long time, the Gulf states (except Iran) had chosen to develop their industries by purchasing state-of-the-art technology from the developed

world, which needless to say, were expensive.⁶³ With the decline in oil revenues (a decline which is not likely to be reversed, as the reserves keep on diminishing), the Gulf countries have now begun to give preference wherever possible to less expensive technology—which is where India comes in. Although the future of India's presence in Iraq is uncertain in the short run, the future in GCC states is likely to be distinctly better, principally because of foreign investment-friendly commercial regulations.⁶⁴ The most crucial indicator of the promises of the future is that most Indian ventures are in collaboration with GCC enterprises, which under the GCC laws are treated on a par with local ventures. With the progressive economic integration and prospective customs union that is underway in the GCC states, industrial ventures set up jointly between India and any one of the states of the GCC (say Oman), would have unrestricted access to the markets of the whole GCC, and special privileges accorded to such ventures by the signatory state, would either be carried over to all the states automatically, or a special status would have to be swiftly negotiated.⁶⁵ The accordance of dialogue partner status to New Delhi creates the platform precisely for such negotiations.

India is thus in a position to gain an unprecedented leverage in the region, being for the first time sought after almost equally by all the Gulf states. All India now needs to do is to shed its hesitancy and ambivalence, and take stands on issues affecting the region, whenever the occasion arises. One such occasion came with the Iraq crisis of 2002–03, when the USA and a few of its allies invaded Iraq searching for alleged weapons of mass destruction and in order to oust Saddam Hussein, bypassing the United Nations. India had three options to choose from. First, New Delhi could extend full diplomatic and military support to Washington; thereby emerge as the most significant strategic ally of the USA in the Indian Ocean. Second, India could publicly and categorically denounce the manifestly illegal conduct of the USA, while also urging Saddam to abdicate—this would conform to both the popular sentiment and official position of the West Asian countries. Third, India could refrain from taking *any* categorical stand but tacitly take a pro-Washington line, in order to displease no one in the Arab world, while continuing to work on the Indo-US bonhomie that was setting in since the 1990s. New Delhi, needless to say, went for this third option of ambivalence. But, the other two options were equally substantive, which would have given India considerable leverage in the region.

The option of actually taking a categorically pro-Washington stand on the issue was given serious consideration for mainly three reasons—it would have strengthened India's ties with the USA, particularly in the light of opposition from the USA's European allies; and, India could have gained many lucrative contracts once reconstruction of Iraq began in earnest under US occupation upon the ouster of Saddam's regime; finally, this would have been a signal that India was emerging from its 'narrow South Asian political box'. It is the last reason that could be the most suggestive. The USA wields major political and diplomatic leverage in the

Gulf region, principally by virtue of its military presence. India, by participating in the US-led coalition, could have gained some diplomatic mileage in the region—somewhat like the clout London enjoys in many parts of the world by being on board the US bandwagon. The economic benefits of such a move also would have been considerable. Most reconstruction efforts in Iraq were commissioned to US firms that had no expertise in working in the region. Most of such contracts were then sub-let to Iraqi, or other Arab firms. Being on the US bandwagon would have won India some of these, as Indian firms have that required expertise of working in the region, and could even have teamed up with their Iraqi counterparts. The problems of the US connection would, however, have been greater than its benefits. Given the considerable unpopularity Washington has earned among the people in the Arab world in general, and Iraq in particular, close proximity with the USA could be a double edged sword—as evinced by the swathe of abductions in 2004, targeting either US nationals, or nationals of countries participating in the invasion, occupation or interim administration of Iraq.⁶⁶

The option of denouncing the USA's activities in Iraq came principally from either advocates of 'nonalignment', or those who have real concern for international law and multilateralism in international relations, or simply those who are uncomfortable with the growing proximity with the 'imperialist' USA (which they love to hate). Skillful use of the issue of Iraq war to gain long-term advantage did not make it into the debate over the issue. If New Delhi were to categorically denounce Washington's conduct because of its illegality and disregard of multilateralism, it would have been in illustrious company; it would be unlikely for India to pay any major price in either short run or long run since the objection was to be on a matter of principle. But by making its stand clear, India would most certainly have gained in esteem among the authorities in the Gulf as being concerned about the Gulf beyond the access to oil. Even more importantly, by simultaneously asking Saddam to abdicate so that the people of Iraq could be spared the war, New Delhi could also have distanced itself from a ruler who was loved by neither his own people nor anyone else. Such a stand could have ensured continuation of cordial ties with whichever order would eventually arise in Baghdad in the short, medium and long terms—be it dominated by anti-Saddam political figures, or by reformed Ba'ath nationalists.

Interestingly, India is still in a position to benefit from the crisis in Iraq. There is a growing realization in the United States that the Bush administration has handled Iraq with remarkable clumsiness. The 2006 Congress elections proved to be probably the first to be lost by the ruling establishment on a largely foreign policy matter since Vietnam. It was being widely believed that the Iraq study group, led by James Baker (foreign secretary to Bush senior) would suggest an exit strategy for the US to quit Iraq—disengagement from Iraq is supposed to be a matter of 'when', not 'whether'. Once US troops clear out, and the inevitable blood-letting gets over, it will be business as usual. A considerable lot of recon-

struction activity would inevitably follow, much of it would require considerable technology inputs. However, because of the dilapidated state of Iraq's oil infrastructure, Iraq is unlikely to be a back to its 1989 levels of production and consumption before at least 2010, and maybe even 2015. Thus, with state expenditures being required to be on a less lavish scale than before the first Gulf War, Iraq may choose to prefer slightly less expensive industrial technology. If New Delhi would in such an occasion venture forth in establishing good relations with whichever government comes to power in Baghdad, India might establish a degree of influence in the region that she never previously enjoyed.

Yet another dimension could be opened up if India were to cease being ambivalent. The Gulf region has become the most heavily militarized region of the world in the past two decades and a half, and accordingly has degenerated into potentially one of the more unstable regions of the world in terms of security. Military build-up in the Gulf region was principally a spinoff effect of Iraqi armaments development programme, which in turn was related with the arms race Iraq had with pre-revolutionary Iran. *Vis-à-vis* the standing armies of both Iraq and Iran, armed forces of the rest of the Gulf states suffer from acute numerical inferiority.⁶⁷ In the 1990s, defence expenditure of even cash-strapped Bahrain was \$526.2 million per annum (6.7 per cent of GDP); Kuwait spent \$1.6 billion (3.1 per cent of GDP); UAE \$1.6 billion (3.1 per cent of GDP). Saudi Arabia, however, is the trailblazer in this respect—it spends \$18.3 billion annually (13 per cent of GDP), which is several times over the defence expenditures of even Iraq (\$1.3 billion) or Iran (\$9.7 billion, 3.1 per cent of GDP).⁶⁸

In the last decade or so, in the light of the disastrous effects of the Gulf War of 1991 on the finances of the region, the GCC has tried to engage the other major power in the Gulf region—Iran—in order to ease the tense security situation. Being a 'dialogue partner' of the GCC, and enjoying the confidence of Tehran, New Delhi could be the ideal interlocutor between the two sides. If such a venture is to succeed, Baghdad would also have to be a participant—and even there the good offices of India could be availed. It is unlikely that Washington would permit any military alliance or a security bloc to emerge among the GCC, Iraq, Iran and India in the short run or even in the medium term, because that would surely lead to a diminution of the US influence in the region. But, ever since the magnitude of the debacle in Iraq began to be apparent, pressure had mounted to bring American soldiers home. On top of that, the US failure to condemn Israeli bombardment of Lebanon in a failed attempt to destroy Hizbollah lost Washington whatever goodwill it had gained during the administrations of Bush the senior, and Clinton. Thus, there are increasing number of discussions suggesting that in the long run, the USA might want to roll back some of its active military presence in the region.⁶⁹ In such a situation, security cooperation between India and the Persian Gulf might seem a desirable notion.

CONCLUSION

The Persian Gulf, despite being an immensely resource-rich region in India's neighbourhood, has hitherto appeared as remote as Mars in the considerations of the Indian foreign policy establishment. Had India's petroleum imports not originated principally from this region, the Gulf might have featured even less in the Indian horizon of concerns—because no single power from this region was significant enough to be valuable as an ally against Pakistan in the international arena. The 'Pakistan' factor preoccupied the foreign policy circles in New Delhi so overwhelmingly that, the region was never engaged with as a region, except as a source of petroleum or useful individual counterweights to Pakistan in the Muslim world. Putting it mildly, New Delhi possibly wasted plenty of opportunities in fifty-odd years for developing links that should have been forged ages ago.

In the 21st century, India is poised on the threshold of new possibilities in the Gulf region. Taking relations beyond steady access to petroleum from the region, India is in a position to develop a deep symbiotic relationship with all the Gulf countries. The foundations of this new relationship would have to be trade and industry, which tend to develop a life and logic of their own that favour close integration among participants. Such integration among close neighbours like India and the Gulf countries could benefit millions of people on either side by stimulating their economies in hitherto uncharted avenues. Also, New Delhi should try supplementing its trademark bilateralist practices, and go ahead with more multilateral engagements whereby a group of countries can be addressed within a uniform body of regulations. Sensitivity about other countries' relationship with Islamabad has only served to limit the number of countries India could do business with. Multilateral diplomacy would be useful in establishing relationship with even such countries in the Gulf that had been thus neglected—the status of 'dialogue partner' of the GCC provides precisely such an opportunity. India simply needs to shed her typical response of maintaining a measured distance for all things outside the subcontinent, and be a bit ambitious in its engagement with the region for the promises to be fulfilled.

NOTES

1. The Persian Gulf countries are Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.
2. At the time of India's independence, among the Persian Gulf countries, only Saudi Arabia, Iraq and Iran existed as sovereign states. The Sultanate of Oman, in its present shape, came into being in the 1950s. Kuwait became sovereign in 1962; Bahrain, Qatar and the United Arab Emirates in 1971.
3. See http://www.indianembassy.org/policy/Foreign_policy/fp.htm
4. <http://www.iags.org/n0920300.htm>

5. <http://www.contrystudies.india/middleeast.htm>
6. See Sandy Gordon, *India's Rise to Power in the Twentieth Century and Beyond* (London: Macmillan, 1995), p. 282.
7. Pakistan was largely successful in cornering India in her relations with Riyadh. The rejection of India's application for membership of the OIC at Rabat 1969 was largely because of Saudi opposition at the behest of Islamabad. Pakistan had also sought to sabotage India's attempts to obtain financial assistance for the Rajasthan canal from Riyadh on the grounds that it would be a strategic asset.
8. The enormity of this neglect is borne out by the fact that Jaswant Singh's visit to Saudi Arabia in 2001 was the first visit ever to the kingdom by an Indian Minister for External Affairs.
9. See C. Rajamohan, *Crossing the Rubicon: the Shaping of India's New Foreign Policy* (New Delhi: Viking, 2003). Also, Gordon, op. cit.
10. Gordon, op. cit., p. 282.
11. Pakistan and Iran share a long boundary with Afghanistan. Any increase of Pakistani influence in the region is therefore regarded as strongly against Tehran's interests. This was true as much in the 1970s as in the late 1990s. The ascendancy of the Taliban in Afghanistan with support from Islamabad was, for instance, a useful factor in drawing New Delhi and Tehran closer behind the Northern Alliance of Burhan al-din Rabbani and Ahmad Shah Masood.
12. <http://www.countrystudies.india/middleeast.htm>
13. This policy was almost a mirror image of Pakistan's policy in the Iraq–Iran war. Taking the ideological position that Pakistan should not take sides in a conflict between two Muslim states, Islamabad tried to remain friendly with both Baghdad and Tehran. See Raheela Kokab, 'Pakistan and the Gulf Crisis: Internal Dynamics and the Impact of the US Factor', www.statsvitenskap.uio.no/ansatte/serie/rapport/fulltekst/0193/golfkrisen_Pakistan.html
14. <http://www.iags.org/n092030htm>
15. See, V. P. Dutt, *India's Foreign Policy in a Changing World* (New Delhi: Vikas Publishing House, 1999), p. 169.
16. Nearly 50,000 workers, technicians and engineers used to be employed till the early 1980s. After the outbreak of Iran–Iraq War, there was a veritable exodus that left less than 9,000 behind on the eve of the Gulf War.
17. Dutt, op. cit. p. 269.
18. *Ibid.*, p.270.
19. On 31 October 1991, the Kuwaiti Deputy Prime Minister and Foreign Minister, Sheikh Salem al-Sabah, expressed his dismay at India's response while speaking to a group of Indian journalists visiting Kuwait: 'India did not support Kuwait. We had expected you to support us... We are grateful to [Pakistan] that it supported us.'
20. Ninan Koshy, 'India's "Middle Path" Through War in Iraq: A Devious Route to the US Camp', *Foreign Policy in Focus*, 14 April 2003, <http://www.fpiif.org/pdf/gac/OUS0304india.pdf>
21. *Ibid.*
22. On the eve of the war, US Ambassador to India Robert Blackwell claimed in a statement that the US and Indian positions were the same.

23. Both France and Germany had come (along with Russia) to conclude several memoranda of understanding and agreements with the Saddam regime that were to allow them considerable contracts for oil exploration and reconstruction projects once the UN sanctions against Iraq were lifted. India too had come to commercial arrangements under the Oil-for-Food Programme with the Saddam regime, and had been supporting calls for an end to sanctions on Iraq as late as 2000. India's silence over US intervention in Iraq becomes more significant in terms of its changed pro-US leaning in this context.
24. Koshy, op. cit.
25. Sushil J. Aaron, *Straddling Faultlines: India's Foreign Policy Toward the Greater Middle East*, CSH Occasional Paper No. 7 (New Delhi: French Research Institute, 2003).
26. C. Rajamohan, 'India's Decision Time on Iraq', *Hindu*, 26 May 2003.
27. Ibid.
28. Amitav Ghosh, 'Lessons of Empire', *Hindu*, 24 June, 2003.
29. Prakash Karat, 'Misleading the People', *Hindu*, 1 July 2003.
30. 'National Honour Cannot Be Sacrificed', *Hindu*, 5 July 2003.
31. 'Advani Flays Opposition for Opposing Troops in Iraq', 11 June 2003, <http://news.indiainfo.com/2003/06/11/11advani2.html>
32. The point was driven home in early 2004 when Washington gave Islamabad the status of 'non-NATO ally'.
33. B. A. Robertson, 'South Asia and the Gulf Complex', in Barry Buzan and Gowher Rizvi, eds, *South Asian Insecurity and the Great Powers* (New York: St. Martin's Press), p. 175.
34. Sushil J. Aaron, op. cit., p. 64.
35. See Ibid.; C. Rajamohan, *Crossing the Rubicon*.
36. See Aaron, op. cit., pp. 13–22; Rajamohan, op. cit., pp. 226–27.
37. Aaron, op. cit., p.12; Rajamohan, op. cit., 228–32.
38. The oil pool account refers to India's transactions with the petroleum-exporting countries in the petroleum sector. The two most crucial components of this account are India's expenditure on account of her petroleum imports and her foreign exchange earnings in terms of remittances sent by expatriate Indians in the petroleum-exporting countries. Understandably, if the expenditure increases, or remittances decrease, the deficit in the oil pool account increases proportionately.
39. The Farsi offshore exploration block, measuring 3,500 sq km, is located in the Persian Gulf with an average water depth of 20–90 m. Five wells have been drilled on three prospects, out of which two wells produce about 3,300 barrels per day. Reserve expectation from the block is about 540 MMbbls. The project is an exclusive Indian consortium; the partners and their participating interest in this exploration project are OVL (40 per cent), IOC (40 per cent), and OIL (20 per cent).
40. The block has a reserve expectation of about 645 MMbbls. The estimated (proved + possible) reserves in Abu-Khema of this block is about 54 MMbbl.
41. V. P. Dutt, op. cit., p. 283.
42. *Times of India*, 21 April 1995.

43. The proposed 56-inch diameter pipeline would span over 850 km in Iran, 700 km in Pakistan and 1,120 km in India.
44. For an excellent examination of the pipeline issue, see Sharmila N. Chaudhary, *Iran to India Natural Gas Pipeline: Implications for Conflict Resolution and Regionalism in India, Iran and Pakistan*, Trade and Environment Database Case Studies, Washington D.C.: American University, 2000. Available at <http://www.americanedu/TED/iranpipeline.htm>
45. 'A Pipe of Peace', *Economist*, 12 July 2001.
46. Ahmed Rashid, *Taliban, Militant Islam, Oil and Fundamentalism in Central Asia* (New Haven, Connecticut: Yale University Press, 2000), pp. 168–69.
47. Aaron, op. cit., p. 45.
48. The Indian government was split over this vote. Aiyyar was pushing for New Delhi to vote with Iran, while Foreign Minister Natwar Singh wanted India (typically) to abstain. A few days before the vote, Shyam Saran was summoned by a State Department official in Washington, and was given a strong hint that India's budding relationship with the US would be largely influenced by this vote. Once the Prime Minister's Office was informed of this, Manmohan Singh immediately decided to override both the Foreign Minister and Aiyyar, and instructed the team at the IAEA for India to side with Washington.
49. Rajamohan, op. cit., p. 228.
50. V. P. Dutt, op. cit., p. 283–84.
51. Muhammad Azhar, 'Economic Cooperation Between India and the United Arab Emirates in the 1990s', *Middle Eastern Studies*, Vol. 39, No. 3, July 2003, pp. 127–43.
52. V. P. Dutt, op. cit., p. 280.
53. *Ibid.*, 280–81.
54. Sushil J. Aaron, op. cit., p. 54.
55. According to the proposed route, goods from India will be disembarked at Bandar Abbas on the Persian Gulf and be sent to Bandar Anzali via Tehran, and then to the Russian port of Astrakhan, en route to St. Petersburg. 'North South Corridor Will Save Freight and Time', *The Hindu*, 26 January 2003.
56. For an insightful analysis on the nature of the crisis in the Gulf, see F. G. Gause III, 'The Gulf Conundrum: Economic Change, Population Growth and Political Stability in GCC States', *Washington Quarterly*, Winter 1997, pp. 145–65.
57. <http://indemb-oman.org/whatsnew/india-gccmumbaideclaration.html>
58. <http://in.news.yahoo.india-gcc.html>
59. <http://indemb-oman.org/whatsnew/india-gccmumbaideclaration.html>
60. Rajamohan, op. cit., p. 230.
61. Gujral defended himself by saying that his primary consideration was ensuring the safe return of Indians stranded in Iraq and Kuwait, which was ensured over a period of time.
62. The Islamabad–Riyadh axis emerged partly as an offshoot of USA's Cold War politics in the West Asian theatre, and partly because of an anomalous situation that originated in Saudi Arabia. The House of Ibn Saud had co-opted the Saudi 'ulema into the ruling establishment by extending patronage lavishly, courtesy oil revenues.

The resultant surge in Islamic theological studies began to churn out more people trained to become 'alim than the Saudi state could accommodate. This prompted the Saudi state to export these 'ulema to other Islamic countries—partly in order to extend Saudi influence abroad, and partly to keep them from fomenting discontent with the Saudi authority back home. In the 1970s, Pakistan was one of the few countries that proved willing to accept these 'ulema, because they filled in a major vacuum in the Pakistani educational apparatus, especially among the economically less privileged sectors of the people.

63. Iran was the only Gulf country that seriously tried to develop industrial capability from the early 20th century. Also, being the most populous country in the region, Iran consciously chose to refrain from purchasing Western capital-intensive technology, except where it was absolutely necessary.
64. See *Reference Model Regulation (Law) for the Promotion of Foreign Investment in the GCC States*, available at www.ggg-sc.org/soon.html
65. For a text of the *Unified Economic Agreement of the Members of the Gulf Cooperation Council*, see www.ggg-sc.org/Economic.html
66. India was unfortunately a victim of this trend, despite her careful distance from the theatre of conflict. Three Indian truck-drivers working for a Kuwaiti firm were abducted by Iraqi 'hostiles'. India therefore was in the anomalous situation of having to urge Iraqi intermediaries to have hostages released.
67. Standing armies of Saddam's Iraq (429,000), and Iran (545,600) with an average of over 10 million people capable of military service in emergencies were the military giants of the Gulf; Oman's standing army is 43,540 strong, that of Saudi Arabia 105,500, United Arab Emirates 64,500, Yemen 66,300.
68. See <http://www.cia.gov/cia/publications/factbook.html>; <http://www.studentsoftheworld.info/menu.infopays.html>
69. *New York Times*, 14 November 2006; *The Washington Diplomat*, 13 November 2006.

Anita Sengupta

The debate on multilateralism, defined in the broadest sense as international co-operation among more than two states in the international arena, has reemerged in the light of a unilateralist impulse emanating from the Bush administration in recent years.¹ While a debate on the reform of the United Nations as the principal global multilateral forum had been an ongoing process prior to recent US actions, a multilateral approach towards regional issues (particularly security issues) with an emphasis on confidence building, preventive diplomacy and conflict resolution was being increasingly accepted as significant to the maintenance of regional security and promotion of regional development. Multilateral confidence-building measures reflected the belief that existing and potential conflicts could be effectively managed through regularized dialogue and consultation, without the necessity of recourse to coercion. It was pointed out that multilateralism is distinctive not merely because it coordinates national policies in groups of three or more states—which is something that other organizational forms also do—but additionally because it does so on the basis of certain principles of ordering relations among states.²

Questions about the viability of multilateralism were revived in the background of US actions in Iraq that bypassed the United Nations.³ However, the United Nations was not the only multilateral forum under review; the prominence of bilateral arrangements with the US also brought into question the viability of regional multilateral forums, particularly in the immediate neighbourhood of Afghanistan. This was considered to be particularly significant as a reversal of the post-Cold War scenario, with the United Nations ‘returning’ to the vision and intentions of its founders in becoming an effective instrument for maintaining international peace and security. The end of the Cold War had therefore been seen as presenting an opportunity to move towards a system of collective security that would create conditions for greater international stability and reduce the risk of

war. With the end of the Cold War, it was also assumed that a more independent stance in terms of regional security forums was in sight since there remained no overarching global dynamic over regional initiatives. Writings on Asian security practice, for instance, noted:

Local and regional dynamics are becoming more salient, and states appear to have greater latitude in shaping their immediate environments. Unlike the economic domain, where the Asian economies and their regional activities are becoming integrated into the global economy, the security domain seems to be witnessing the development of a much more independent regional system.⁴

In the post-September 11 scenario, it was argued that this independent stance, at least as far as regional security arrangements was concerned, would change in the region in the immediate neighbourhood of Afghanistan. Here, once again, the 'war against terrorism' would demonstrate the significance of either bilateral or global security alignments, particularly where the Central Asian region was concerned. This change would herald what was identified as the 'post post-Cold War' scenario where global security would be the guiding norm. This was noted as being particularly significant and projected as a reversal of the post-Cold War scenario. In fact, analysts argued that, in the future, all campaigns would be 'a coalition of the willing' that is completely dominated by the US, and with contribution on a bilateral basis.⁵ Yet, the 'war against terrorism' itself has proven the importance of multilateral cooperation. Although the decisive battles in Iraq and Afghanistan were largely the product of unilateral US military power, much of the success that has been achieved was through broad multilateral cooperation on a number of lower profile fronts such as intelligence sharing, border security, economic sanctions and law enforcement.

The debate that followed US actions, however, was less about strategic choice but more a matter of disagreement about the very meaning and purpose of multilateralism.⁶ The debate has since moved in numerous directions.⁷ While most of it has been a critique of a process that is still largely defined by states according to convenience, a significant part of the debate also focusses on it as an ideal to be aspired for in a global system that is now being identified as unipolar.⁸ As against this unipolar and unilateralist tendency, multilateral options are being advocated by a significant part of the global community.⁹ In recent times, Russia and China have advocated global multilateralism and have emphasized the necessity of strengthening the role of the United Nations.¹⁰ They have also sought multilateral solutions to conflicts in their immediate neighbourhood. They share similar views with regard to opposing unilateralist actions by a US-led NATO extending beyond Europe into Central and South Asia. The extent to which such common concerns can lead to the development of multilateral co-operation in particular regions remains to be seen, particularly in the light of the fact that multilateralism is often variously defined by them and commitment to multilateral

options has varied, particularly in cases which concern national interest. For instance, analysts have noted that while China's thinking on multilateralism and regional security cooperation has evolved over the last decade, it is yet to demonstrate that it accepts the principles of multilateralism unequivocally. It is pointed out that China follows conditional multilateralism, which is characterized by a low degree of institutionalization of the multilateral forum.¹¹

However, there are certain areas where there is broad agreement on the need for multilateral action. For instance, there have been attempts to explore multilateral options in terms of security and confidence-building in the Central Asian region by Russia and China. The Central Asian states are part of the Commonwealth of Independent States (CIS) and as such most of them are signatories to the Collective Security Treaty (CST), now renamed the Collective Security Treaty Organization (CSTO).¹² In addition, they are also part of the Shanghai Cooperation Organization (SCO), which includes Russia and China. Russia, China and a number of other Asian states are part of the Conference on Confidence Building and Interaction in Asia (CICA), a Central Asian initiative at confidence building in the region.

A significant part of strategic writing emanating from western scholarship brought into question the role of these regional multilateral organizations in the post 9/11 scenario.¹³ In fact, it was suggested that regional multilateral forums would no longer be significant and most security agreements would once again be bilateral. It was also argued that to the limited extent that multilateral options would be considered as viable, transregional institutions would tend to be favoured at the expense of regional collectivities.¹⁴ In the Central Asian case the assumption was that the NATO-sponsored Partnership for Peace (PfP) would emerge as the most significant security organization in the region as the transition from regional to global security became the guiding norm. This assumption was, however, not a recent one. As early as 1997, Zbigniew Brzezinski had talked about a 'new cooperative trans-Eurasian security system', and the NATO had expanded its presence in the region since the mid-1990s. The most common comment about regional security arrangements in the post 9/11 scenario was that, given the US presence in the region, multilateral processes initiated by Russia and China would take a back seat. All of these positions were subject to critical assessment in the course of the events that followed the Andijan incident and the subsequent Uzbek demand for the evacuation of US forces from their bases in Karshi-Khanabad.¹⁵ In July 2005, an assertive SCO called for a timetable for the eventual departure of US forces from all Central Asian bases.¹⁶

In the period following September 11, certain strategic realignments that had already taken shape over the last few years came into sharper focus. The Central Asian states were already members of the PfP initiative and the NATO presence in the region well-established when the US asked for strategic cooperation. The watershed that Russo-US relations apparently underwent, with the Russian

acquiescence to the presence of US troops in Central Asia, has also been reexamined. In the course of this it has been noted that most of the Central Asian states did not actually request Russian permission before offering their basing rights to the United States. It is therefore not surprising that within a year, statements from Moscow began to sharply criticize the US presence in the region, and alternative Russian bases emerged—often within miles of the US base—under a revitalized Collective Security Agreement of the Commonwealth of Independent States (CIS). While Russia began focusing on the Collective Security Agreements of the CIS as a means to forging collective security, the emergence of a revitalized SCO became equally evident. These cleavages came sharply into focus and culminated in the course of the US intervention in Iraq when Russia moved away from its position of collaboration with the US and supported the Franco-German line. The intervention against Iraq also inaugurated a revolutionary notion of pre-emptive strikes that was a challenge to existing international norms, and would subsequently be put forward by Russia as a proposed move in the post-Beslan situation. In fact, the US intervention in Iraq possibly marks a more significant watershed in terms of strategic alignments and also the juncture at which the reemergence of multiple poles became evident once again.

An understanding of these global developments and their impact on the Central Asian region remains incomplete without a close reading of the Central Asian security paradigm; of how the region itself perceives of its 'national' and 'regional' security. Underlying these national priorities are a set of assumptions about the security of the state and how shifting alliances with other states can best preserve this. This rather realistic understanding of the situation is, of course, not without its problems. Not the least of which is that states often do not act as unitary and rational actors. In actual situations state decisions are often determined by the interplay of domestic and international factors and influenced by partisan interests.

This essay is an attempt at examining the extent to which India, Russia and China constitute significant parts of multilateral processes in the Central Asian region. Here, a number of issues assume significance. The first and foremost is the question of the viability of multilateralism in the region and the extent to which the states themselves are willing to be part of multilateral process. A second issue is the attitude of Russia and China towards multilateralism in general and about the status of their role in multilateral processes in the Central Asian region. A third is a debate on the role that India, as part of Russia–China–India axis, can play in the multilateral process in Central Asia. This paper begins with an examination of what is generally identified as the eclipse of the multilateral process in the Central Asian region. It then goes on to examine the Sino-Russian strategic partnership, its viability as an alternative multilateral process, and the Indian position as a possible part of this strategic partnership. The last section looks into the convergence of Indian and Central Asian positions on multilateralism.

MULTILATERALISM IN CENTRAL ASIA

It is generally accepted that the purpose of any regional organization is two-fold: the acceleration of economic development and the reinforcement of regional stability and security. The role of multilateral regional initiatives as primary providers of security in Central Asia has not been rated very high. It has been observed that such initiatives have been unable to convey concrete defense guarantees, create joint military units, negotiate arms reductions or enforce the end of overt conflicts. However, a correct assessment of these initiatives would have to begin with noting their existential significance as groups of states that recognize some elements of community, and can define their national identity as complementary rather than antagonistic to their neighbours. Regular meetings and the creation of personal ties encourage *esprit de corps* and may help to defuse crisis. In fact, non-traditional security issues like the environment, pollution, water management, drug smuggling, organized crime, migration and refugees have provided more scope for regional discourse. In addition, there have been attempts at economic cooperation with an understanding that economic development is conducive to the security of the region.¹⁷

It is undeniable that, compared to the more successful of regional multilateral efforts, a great deal remains to be achieved.¹⁸ However, prior to any critical evaluation of these efforts, it is crucial to keep in mind that in a number of indirect ways both development and stability have been contributed to by these regional processes. Representative of this are the numerous agreements that have been made regarding environmental degradation. This is a case that in the Central Asian region could lead to regional instability and also affect economic development. This is particularly so since the ecological crisis in the Central Asian region overlays and aggravates a structural, economic and social crisis. Central Asia is a developing region, characterized by a high share in agricultural production, low industrialization, mass unemployment and a high population growth. With the standard of living considerably below the Soviet average, it was very dependent on the subsidies from the centre. The disintegration of the Soviet Union meant the beginning of a new process of nation-building in the region and a redefinition of political and cultural identities. It also saw the emergence of a new international water basin, the Aral, with predictable consequences for political, ethnic and economic relations between the states. The entire political geography changed and natural resources that used to be shared and were controlled by the centre became the 'national wealth' of the newly independent states. Rivers became national borders and the division into up- and down-stream riparian zones became politically relevant. While it is accepted that environmental issues are unlikely to be the primary cause of conflict, it is also argued that they play a complex role in shaping relations among states. And here the success of regional initiatives in the Central Asian region cannot be denied. Speaking to the Carnegie Endowment for Interna-

tional Peace, Dr Kadir Gulomov, Uzbekistan's minister of defense, noted that security has many aspects. Efforts to promote regional cooperation through the use of water and energy resources are an important way to reduce tensions in the area.¹⁹

There is, in fact, recognition of the need for discourse on diverse issues, and this has been reflected in a number of multilateral initiatives. A very significant multilateral effort initiated by Nursultan Nazarbayev, President of Kazakhstan, is the Conference on Interaction and Confidence Building in Asia (CICA). The CICA vision for security in Asia elaborates on multilateral approaches towards promoting peace and security, and visualizes itself as the forum for dialogue, consultation, and adoption of decisions and measures on the basis of consensus on security issues in Asia. CICA originated with the idea that there was necessity for a pan-Asiatic system of security that would keep in mind cultural origins, national peculiarities and the complicated history of relationship among them while addressing problems of security and confidence building. The purpose behind the initiative was the creation of a system of security in Asia where safety would be guaranteed by the whole complex of measures. CICA has been involved in dialogue over three groups of issues—military-political affairs, socio-economic development and humanitarian concerns. CICA identifies certain elements as challenges to security and seeks to find ways to eliminate them. In this context it resolves to support efforts for the elimination of weapons of mass destruction, ensure the establishment of nuclear free zones, curb excessive accumulation of conventional armaments, condemn terrorism, deny assistance to separatist movements in other states, reject the use of religion as a pretext for terrorists and separatists, and emphasize the significance of curbing the movement of illicit drugs and corruption. In light of these objectives, the CICA promised to take necessary steps for the elaboration and implementation of measures aimed at enhancing cooperation and creating an atmosphere of peace, confidence and friendship. All states were encouraged to resolve their disputes peacefully through negotiations in accordance with the principles enshrined in the UN Charter and International law.²⁰

The most significant aspect of CICA is its membership, which includes not just the Central Asian states and the two Eurasian powers, Russia and China, but also major South and South East Asian powers. In addition, it includes the US as an observer. This is especially significant since the reality of US presence and interest in the region cannot be wished away. Members include Afghanistan, Azerbaijan, China, Egypt, India, Iran, Israel, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, the Palestinian National Administration, Russia, Tajikistan, Thailand, Turkey and Uzbekistan. Thailand was accepted as the 17th member in 2004 and Republic of Korea as the 18th member in 2006. Observers of CICA are Vietnam, Indonesia, Malaysia, USA, Ukraine, Japan and international organizations like the United Nations, Organization of Security and Cooperation in Europe and the League of Arab States.

The multilateral basis of the CICA is evident in the first principle enshrined in the Declaration at the Second Summit of the CICA in Almaty in 2006. It notes:

We are convinced that multilateral cooperation based on the principles enshrined in the Charter as well as the Principles Guiding Relations among States and in the Almaty Act is more necessary today than ever for maintaining international peace and security. To this end we will intensify our efforts to develop a forum for political dialogue through elaborating common approaches to security on the basis of consensus.

While the scope of multilateral dialogue on diverse issues was being explored within the region, the dominant focus of literature on the region was a debate on the significance of bilateral arrangements or the international coalition in dealing with issues of regional security. In reality and contrary to the general perception of a movement towards bilateral arrangements with the US, there has been an increasing movement by the Central Asian states to accommodate both the US and Russia within their security arrangement. This meant that while bilateral arrangements with the US remained in place there was no attempt to move away from multilateral arrangements within the CIS or the SCO either, at least as far as some of the states were concerned. The former Kyrgyz President Askar Akaev, while explaining the existence of both American and Russian bases in his country, had an interesting explanation. He pointed out that the two parties perform different functions. While the American forces are focussed on Operation Enduring Freedom in Afghanistan the Russian forces have peacekeeping objectives and are part of the CSTO commitments in combating terrorism and other regional security threats. Such agreements with multiple states and participation in multiple organizations are the common norm in the region today.

Strategic writings from Kazakhstan, for instance, clearly indicate that this is the preferred multivector policy that the state pursues.²¹ Concluding the study on the post-September 11 scenario in Central Asia, it was pointed out that

The multivector approach of foreign policy of RK has once again confirmed its expediency in complex conditions of international anti-terrorist campaign. It is necessary to pay attention to the following aspect of the foreign policy of RK in this period: inspite of the fact that Kazakhstan promoted active cooperation on the bilateral level, the importance of the regional factor and multilateral level of cooperation has greatly increased in our policy for the last year.²²

There are interesting examples of the Central Asian states participating in different interstate organizations and in plans involving states outside the region simultaneously. For example, with the exception of Turkmenistan, the Central Asian states are participants of both the SCO and various NATO programmes. Kyrgyzstan joined the World Trade Organization in 1998, although this contradicted with the principles and interests of the customs union of various post-Soviet states and of the Eurasian Economic Community, headed by Russia, which was set

up on the basis of the customs union and in October 2000 and of which Kyrgyzstan is also a member. Kazakstan has been involved both with the Tengiz-Novorossiisk and the Baku-Ceyhan oil pipeline projects, the main lobbyists for which are respectively, the Russian Federation and the USA. Of course this policy has had its share of critics within the region. Talgat Ismagambetov, notes that while this allows the Central Asian states to maneuver between the interests of the three world powers and where possible to extract for themselves certain short term advantages it does so without solving any problems related to the entire area of their national security.²³

It is not surprising therefore, that, alternatives to such policy have emerged. It has been argued for instance that Central Asia should be considered as an independent 'security system'.²⁴ As such, participation of the Central Asian states in a single anti-terrorist coalition should be supplemented by their independent co-operation in this sphere. It has been argued that a 'market' for security and anti-terrorist activities has taken shape in Central Asia, where a number of international organizations, including UN agencies, the EU, OSCE, CSTO, NATO and SCO, offer their 'professional assistance' in the field of regional security. In addition, there are a number of bilateral security agreements like the Uzbek-US and the Uzbek-Russia strategic partnerships, the CSTO joint military exercises and the Kazakhstan-China strategic cooperation, established in July 2005. As such, it has been argued that Central Asian states find themselves deeply entangled in this 'market'.²⁵ In order to avoid entanglement, arguments have been put forward for the states in the region to manage their security on their own in order to escape the effects of 'geo-politics and reliance on extra-regional powers'.²⁶ In any case, it has been emphasized that the Central Asian states need to reject the 'zero-sum game' and adopt a 'win-win' strategy. Criticizing 'inadequate old-fashioned zero-sum game geopolitics', it has been argued that instead of regarding the states of the geopolitical triangle—US, Russia, China—as permanent rivals and, worse still, regarding themselves as victims of geopolitical rivalry, the states should take measures towards inviting all sides of the triangle to constructive cooperation in Central Asia. As for the powers involved, geopolitical pluralism, rather than geopolitical antagonism, will be based on the economic incentive of energy security.

Such statements call for a re-evaluation of the significance of multilateral regional forums, particularly in the light of statements that predicted their demise in dealing with problems of regional security. They also call for a more detailed analysis of evolving multilateral processes in the region like the Shanghai process.

'CONSTRUCTIVE STRATEGIC PARTNERSHIP' AS A MULTILATERAL FORM

In 1996, Russia announced the establishment of a strategic cooperation partnership with China. The rationale for evolving such a mechanism of cooperation was

based on a number of factors. First, both sides recognized the dividends of a strategic partnership, and Beijing has been consistent in nurturing it with good results. The Moscow–Beijing bipartisan consensus was in favour of evolving a multilateral strategy to combat threats to regional security. This was the outcome of a strong and increasingly stable bilateral entente between the two states.²⁷ Second, as part of a growing convergence of interests, Moscow and Beijing have pledged not to interfere in each other's domestic affairs. China has defended Russia's use of military force in the Caucasus, and Moscow now defends Beijing's policy towards Taiwan, Tibet and Xinjiang. To craft issues of national interest around regional security appears to be the Sino-Russian agenda. Third, and most important, the two share resentment against a unipolar system dominated by the United States. Anxiety about the expansion of US military and economic intervention in Central Asia and the inevitable clash of interests has helped in forging a Sino-Russian entente in the Central Asian region through the creation of the Shanghai mechanism.

The process of the formation of the SCO was deeply connected with the creation of the 'strategic partnership' between Russia and China, and the signing of the Shanghai Agreement in 1996. In the Russian foreign policy context the idea of a 'partnership' had first been used *vis a vis* NATO as the 'partnership for peace' in 1994. This phrase, proposed by the Clinton administration, was meant to denote a 'peaceful buffer' between Russia and the NATO.²⁸ As Russian foreign policy shifted in the mid-1990s, President Yeltsin first talked about a 'constructive partnership' and then a 'strategic partnership' with Zhang Zemin in 1996. The two parties declared their partnership as non-union and non-bloc.²⁹ The SCO, whose core is based on Russo-Chinese partnership, turned into a multilateral partnership coping with a new threat in the SCO border areas. In 1996, Russian diplomacy had appealed for this 'strategic partnership' as a model, which in the 21st century could overcome the historic antagonism between countries with a long, shared border. It also suggested the enlargement of the partnership between China and India, who also share a long border.³⁰ China, however, was more cautious about the use of the term 'partnership' and expansion of Shanghai organization.

One issue on which there is common agreement is the need to develop a multilateral response to the threat of terrorism. The regional initiatives that are involved here are the SCO, CSTO and NATO. These share a number of overlapping multilateral antiterrorist activities in the Central Asian region. To reduce redundancies and exploit potential synergies the development of dialogue among them is essential.³¹ It has been suggested that dialogue between the SCO, CSTO and NATO is most crucial since the United States, China and Russia are the most significant non-regional powers involved in the region. Here an ambitious idea would be to establish an overarching coordination mechanism for the region's major anti-terrorist institutions. In mid-December 2005, CSTO General Director Toktasyn Buzubayev said that the CSTO favoured creating a Eurasian Advisory

Council that could include representatives from the CSTO, the SCO, NATO, the EU and the Eurasian Economic Community (which includes Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan). It has been suggested that at a minimum such a body would allow representatives from the various institutions to meet periodically to exchange ideas and explore possible collaborative projects.³² Alternatively, a mechanism could be devised whereby individual SCO hosts could invite NATO observers to its sessions.

The SCO has also been very active in developing contacts and cooperative relations with other regional organizations and states. At the SCO Tashkent summit the group adopted 'The Regulations on the Observer Status of the Shanghai Cooperation Organization'. Since then the SCO has established working relationships with some other regional organizations. In April 2004, the SCO Secretariat and the CIS Executive Committee signed a Memorandum of Understanding expressing their willingness to cooperate in the areas of trade, anti-terrorism and social contacts. A similar memorandum was signed between the SCO Secretariat and the ASEAN Secretariat. These two organizations intend to cooperate in a wide range of areas including economics, finances, tourism, environmental protection, use of natural resources, social development, energy, fight against transnational crime and others.³³

Additionally, NATO governments could seek to become a partner of specific SCO organs such as RATS (Regional Anti-Terrorism Structure). Similarly, in the field of narcotics trafficking there have been proposals for cooperation between the CSTO and the NATO. Strengthening security along the Tajik-Afghan border is another area where there such collaboration is possible. The Tajik-Afghan border provides an optimal locale for multi-institutional collaboration, since the zone of interest of all three overlap here. The CSTO has established a special contact group with Afghanistan and the SCO has invited Afghan delegations to several of its meetings. The NATO enjoys overflight rights over Tajikistan in support of its operations in Afghanistan and provides technical assistance to Tajik border guards. The members of the three institutions have been especially concerned with the transit of Afghan heroin through Tajikistan to Russian and European markets.

Central Asian analysts have generally commented favourably on the achievements of the SCO.³⁴ However, there is also the recognition that the process is far from complete:

The potential abilities of the organization have not been fully exhausted. Upto this day, the main goal of the organization was the problem of security in the region. However, the leaders of the six states have pointed out the necessity of intensifying the development of the programme of economic cooperation. This sphere of activity has a very promising future. A combined market of the SCO states will be the largest in the world.³⁵

Here, while Beijing has been pressing for the SCO to move towards establishing a free-trade area, Russia has not been an enthusiastic partner due to its fear of a Chinese advantage in the establishment of any such free trade zone. Of the two fundamental areas of SCO activity, security and development, Moscow has been emphasizing the former. Questions have also been raised about whether the SCO will be able to deal with the challenges of geopolitics and democracy that the region faces today. Here, it will be faced with a dilemma; should the Organization maintain the status quo or should the Organization move instead towards a new democratic regional order?³⁶ The extent to which the organization is able to satisfy the shared strategic objectives of Russia and China also remains to be seen.

Strategic opinion in China, on the other hand, identify the constructive strategic partnership between China, Russia and the Central Asian republics as a stabilizing multilateral institution that will help define stability and cooperation in the region.³⁷ The effectiveness of the SCO in dealing with a number of issues, particularly border problems, has also been noted as significant in recent Central Asian strategic writings,³⁸ which also point out that the continuing significance of the mechanism would depend on the relationship between Russia and China as the two main axis of the organization. There is also a clear recognition that this today is dependent on a number of factors the most significant of which is the development of Russo-American relations.

The United States has developed important stakes in the region and its periphery that will demand their continued presence. The region is now a significant part of the strategic concerns that lies at the core of US interests.³⁹ Among them are the search for energy resources that can help in reducing the American dependence on West Asia, the campaign to fight terrorism and extremism globally, the importance of creating international markets for goods and services and the need to prevent the dominance of its potential rivals, China and Russia, in a region that is of strategic important to the US. Yet, it is equally significant that the US perception of the region has moved beyond the perception of the region as an arena for a new Great Game. Strobe Talbot, Former American Deputy Secretary of State, reflected this sentiment when he pointed out that "...we want all responsible players in the Caucasus and Central Asia to be winners".⁴⁰ The US focus is, therefore, to construct cooperative instruments in the region. In order to do so it will seek to secure Russian support and Chinese acquiescence. There is clear recognition by the US administration that this is a pragmatic necessity. A confrontationist US policy will require material and manpower commitment that the US will find very difficult to commit in the region. There is also recognition within Russia and China that the US presence is a reality that cannot be ignored.

INDIA—RUSSIA—CHINA AND THE CENTRAL ASIAN MULTILATERAL SYSTEM

It is this realization that has led to the search for new partnerships. One such proposed alliance was a strategic partnership among Russia, China and India. This proposed partnership was not just aimed against the eastward expansion of Western alliances but also as a means of counterbalancing the influence of neighbouring countries in the region. Whether this relationship will emerge as significant still remains to be seen.

While the idea of a strategic triangle has been present in a general way in much of Russian policy thinking for a number of years it has received little attention from the Chinese side.⁴¹ In fact, remarking on this triangular alliance, Zhou Yuyun, a Chinese scholar from the China Centre for Contemporary Affairs notes that the many unresolved issues in Sino-Indian relationship would act as an impediment to this. In fact he goes on to point out that the prospects of Sino-Russian and Russo-Indian relationship are much better than a Sino-Indian one.⁴² In addition he points out, that India, Russia and China all attach importance to their relationship with the United States. A trilateral relationship based only on feelings of anti-American unilateralism would therefore not be in accordance with the national interest of any of the states. He also goes on to point out that while Russia attaches significance to this triangular relationship, both India and China seem to be more cautious. What is of significance is to 'promote world multilateralism, prevent unilateralism, improve bilateral relations among the three and strengthen international co-operation of anti terrorism'.⁴³

In India, a 'track two diplomacy' has focused on arranging meetings between representatives of the three states. A general literature has also begun to evolve on the subject, though it has been noted that this deals with general issues, setting out to measure the potential for cooperation and avoiding focus on any one area of possible triangular relationship. Studies have noted that:

Neither trilateral trading links, nor the significance of overlap of the military production establishment, or even charting out feasible paths of cooperation has been explored to any extent. Nor has there been a careful study of crucial times when positions coincide/diverge as in the case of the run up to the Iraq crisis of 2003. Either leading actors treat the notion as far-fetched, merely a gambit to be played upon to contain the expansion of US authority. Or it is acknowledged that there are still relationships in the making.⁴⁴

However, others have noted that changed global politics and particularly the recent upgrade of Pakistan's status to a non-NATO ally by the US should facilitate closer linkages between China and India and further strategic cooperation within the triangular framework.⁴⁵ Another area of confluence of interests relates to ballistic missile defence where any US attempt to deploy theatre missile defence in

Pakistan would affect both Indian and Chinese interests. However, it is also pointed out that the extent to which this happens would depend on how far China redefines its military relationship with Pakistan. Also the Sino-Indian boundary issue will continue to bedevil the triangular cooperation.⁴⁶ The emergence of a formal strategic India–Russia–China triangle does not appear to be on the agenda in the immediate future, given the numerous other issues that would first have to be resolved at the bilateral level. The inclusion of India within multilateral forums that deal with Central Asia and its immediate neighbourhood also remains to be seen. However, India and Central Asia do share common concerns and India, after all, is a part of CICA.

From the Indian point of view, the last decade of the twentieth century presented a major strategic challenge as far as the Central Asian region was concerned. With the collapse of the former USSR and subsequent Russian retreat from the region, the regional balance was altered, and India's favoured position in a region identified by its strategic thinkers as 'India's extended strategic neighbourhood' was reduced.⁴⁷ The emergence of a number of regional players and the potential for local conflicts also significantly changed the strategic environment for India. Further, most of the Central Asian borders are fluid, having been demarcated out of political considerations rather than any ethnic contiguity. The possibilities of demographic changes and the proliferation of non-state actors was also a distinct possibility. The fact that Afghanistan and parts of the Central Asian region were emerging as significant opium producers also made India vulnerable to the opium trade. The consequent proliferation of small arms is also a destabilizing factor. As far as India is concerned, Afghanistan, terrorism, illicit drug trade and extremism have been identified as significant bases for collaboration.⁴⁸

The Indian and Central Asian positions coincide on a number of such issues of common concern. The people of the region have an ancient tradition of close and friendly relations that resulted in the development of cultural and economic cooperation, which strengthened further by common heritage and commitment to ideals of tolerance, democracy, secularism and the desire for peace. Another issue of common concern is terrorism, and here too the positions are similar. Hence, the Central Asian states strongly condemned the terrorist attack on the Indian Parliament on 13 December 2001. In this connection, Central Asian initiatives to collectively deal with security issues have been acknowledged by India.

India has also noted the progress being made by the SCO as a regional organization. Central Asian states, particularly Kazakhstan, expressed the belief that considering India's geographical proximity in the neighbourhood and its active participation in regional and global matters of cooperation, India's membership of the SCO would contribute significantly to the organization.⁴⁹ At the July 2005 summit in Astana, the then SCO Chairman and host Kazakh President Nursultan Nazarbayev established a precedent by inviting senior officials from India, Iran and Pakistan to participate as 'guests of the Chairman'. Although these countries

obtained formal observer status at the summit, Afghan representatives have attended several SCO meetings without receiving any such distinction. Commenting on the inclusion of the three states with observer status Pan Guang notes that this is a big step based on a number of factors.⁵⁰ First, it exhibits to the international community the promise, made at the launch of the initiative, of openness and cooperation on regional and global. Secondly, it demonstrates that the SCO is concerned not just with Central Asia but also with the Middle East and South Asia as regions with close inter-connections with Central Asia. Third, the recent expansion makes up a new platform for multilateral and bilateral cooperation between SCO members and SCO observers.

The President of Kazakhstan, noting the role being played by India in world affairs, supported India as an appropriate candidate as a permanent member of a restructured UN Security Council. Both countries are also agreed upon the expediency of expanding the Security Council of the UN to make it more representative and efficient. President Nursultan Nazarbaev's support for the inclusion of India as a permanent member of the UN Security Council and the SCO is significant since both the countries are fighting cross-border terrorism and insurgency. However, some analysts have also warned that the inclusion of India would involve the SCO in the larger foreign-policy zone of competition involving other South Asian states.⁵¹ Given that the SCO projects itself as an attempt at creating a multilateral 'peaceful buffer' in the Eurasian world, expansion of the membership and cooperation with other states seems inevitable, but the apprehension against expansion is that the more the SCO expands as a macro-regional structure, the less likely it is to have an operational role in security policy or to correspond with the common concerns out of which a Central Asian security identity might emerge.⁵²

Despite these limitations, analysts have noted that the multilateralism that the SCO epitomizes remains significant.⁵³ Concluding his speech at the plenary Session of the Council of Ministers of Foreign Affairs of the SCO, Kasymzhomart Tokayev, the State Secretary-Minister of Foreign Affairs of Kazakhstan, emphasized this by stating:

The Shanghai Cooperation Organization can and should by means of joint efforts (emerge as) an efficient instrument of ensuring stability and security in the region; an instrument of the creation of efficient mechanisms of trade, economic, cultural and humanitarian cooperation.⁵⁴

CONCLUSIONS

While an India–Russia–China axis is yet to emerge, there is realization that a common multilateral approach is the only viable option in terms of solutions in a number of areas. For instance, all three states have significant stakes in the

working of multilateral institutions in the Central Asian region. How far each remains a significant part of the process is yet to be seen. What is important is that there now seems to be recognition about the need for a multiplicity of institutions dealing with multiple security issues that involve more than two states particularly in regions where the possibility of conflict is high.

NOTES

1. See for instance Stephen Schlesinger, "The United States and the World: Is a Return to Multilateralism Possible?" in C. Uday Bhaskar et al. (eds), *United Nations: Multilateralism and International Security*, Delhi: Shipra Publications, 2005.
2. John Gerard Ruggie (ed) *Multilateralism Matters, The Theory and Praxis of an Institutional Form*, New York: Columbia University Press, 1993.
3. Collective security as a distinct multilateral approach towards global security was the centrepiece of the United Nations Charter. The lack of institutionalized sanction against states that deliberately defied the principle, however, proved to be its major impediment.
4. Muthiah Alagappa, *Asian Security Practice: Material and Ideational Influences*, Stanford: Stanford University Press, 1998, p 4.
5. See for instance Anatol Lieven, 'The End of NATO', *Prospect*, December 2001, cited from Anar Khamzayeva, 'Novaya Strategiya NATO? Eyo Posledstviya Dliya Tsentralnoi Azii', *Kazakhstan i Sovremennii Mir*, No. 1 (2) 2002.
6. It has been argued that the US is not a *principalled multilateralist* but an *instrumental multilateralist* whose core is pragmatism. For a detailed analysis of the various visions about multilateralism see Joachim Krause, 'Multilateralism: Behind European Views', *The Washington Quarterly* 27, No. 2, Spring 2004.
7. John Van Oudenaren, "What is Multilateral", *Policy Review* 117 and "Unipolar Versus Unilateral", *Policy Review* 124.
8. This idea is represented in this quote from a Chinese scholar Huang Zhengji who writes, 'multipolarity just refers to the multiple forces in the international community that are possessed of certain strengths and are representative of certain interests'. See Hung Zhengji, 'The Irresistible Multipolarity Trend of the World', *International Strategic Studies* 4, 1997.
9. In the Central Asian region the emergence of 'new' threats has led to calls for reform of the UN and creation of effective multilateral forums to curb terrorism. See for instance this speech by the State Secretary-Minister of Foreign Affairs of the Republic of Kazakhstan, 'Vestupleniye Kasymzhomarta Tokayeva na Transaziatskom Parlamentskom Forume PA OSCE 'vorba protiv terrorizma: ucpekhi, noviye ugrozi', *Kazakhstan i Sovremennii Mir* 2 (5), 2003, where he clearly notes that 'there is no alternative to global multilateral cooperation of nations'.
10. See for instance *Speech by Minister of Foreign Affairs of the Russian Federation Igor Ivanov at the Joint Session of Federation Council and State Duma Foreign Affairs Committees*, February 12, 2004 where he points to 'assertion of multilateralism in international relations, the strengthening of the role of the UN and International law', Russian

Ministry of Foreign Affairs, <http://www.russianembassy.org>. Similarly the Ministry of Foreign Affairs, China elaborating on foreign policy clearly points to the necessity of multilateral options, www.fmprc.gov.cn/eng

11. For a detailed analysis of conditional multilateralism see Jing-dong Yuan, *Asia-Pacific Security: China's Conditional Multilateralism and Great Power Entente*, Strategic Studies Institute Publication, Carlisle, Pennsylvania, 2000. This however, seems to be changing with regard to at least some multilateral organizations. The SCO for instance is now attempting to institutionalize its activities with the establishment of a Secretariat and the Regional Anti-Terrorist Centre at Tashkent.
12. Uzbekistan is the most recent entrant in the CSTO process. This means that Uzbekistan is now committed to maintaining security in all CSTO member states.
13. For writings that stress on the inevitability of change in geopolitical alignments around Central Asia in the post-9/11 period and the image of the region as 'liberated' from the Russo-Chinese condominium institutionalized in the SCO, see Svante E. Cornell, 'Introduction' *Nordic Newsletter of Asian Studies* 3, 2002. See also Stephen Blank, 'The Shanghai Cooperative Organization: A Post Mortem,' *Nordic Newsletter of Asian Studies* 3, 2002.
14. See for instance, S. Neil MacFarlane, 'The United States and Regionalism in Central Asia', *International Affairs* 80 (3), May 2004. MacFarlane argues that the US has actively promoted the establishment of the NATO's PfPs, rather than seeking to establish free-standing regional security structures. Similarly, in the economic sphere, it has promoted accession to the WTO far more consistently than any regional trading structures.
15. In May 2005, there were demonstrations in Andijan as thousands took to the Streets, attacking a prison to protest the detention of 23 prominent businessmen. The men were charged with anti-constitutional activity and forming a criminal and extremist organization, *Akramia*, which was accused by the Uzbek government of having links with the outlawed radical Islamic party *Hizb-ut-Tahrir*. The arrested men formed the backbone of Andijan's small business community, giving employment to thousands of people in the impoverished and densely populated Ferghana Valley. Armed demonstrators then went to a prison and freed nearly 2,000 inmates, including men accused by the Uzbek government of criminal activities. The severity with which the demonstration was put down by government forces was criticised by the US government, leading to a downswing in Uzbek-US relations.
16. At the July 2005 Summit of the SCO, the following statement was issued: 'As the active military phase in the anti-terror operation in Afghanistan is nearing completion, the SCO would like the coalition's members to decide on the deadline for the use of temporary infrastructure and for their military contingents' presence in those countries'. This was remarkable in that it indicated a possible rebalancing of foreign policy priorities and interests for SCO members. However, assigning the SCO statement its proper significance is a complicated task. The US maintains important ties with individual members of the SCO and all the observers except Iran. It is unlikely that this relationship will be sacrificed over Central Asia or that Central Asia provides a compelling base of support with which it could challenge US leadership.
17. Mashan Meirzhan, elaborates on the role of the Central Asian Economic Union in this regard in his article, 'Regional Security As a System Factor in Central Asian

- Integration', in Jasjit Singh (ed.), *Peace and Security in Central Asia*, New Delhi: IDSA, 2000.
18. For a detailed discussion see Anita Sengupta, 'Region, Regionalization, Regionalism: The "Myth" of Tsentralnaya Aziia Revisted,' in K. Warikoo and Mahavir Singh (eds), *Central Asia Since Independence*, New Delhi: Shipra, 2004.
 19. Cited from *Carnegie Endowment for International Peace, Meeting Report*, Vol 2, No 8, November 3, 2000, www.ceip.org/files/events/gulomov.asp EventID=218
 20. For a detailed analysis of CICA see Murat Laumulin, *The Security, Foreign Policy, and International Relationship of Kazakhstan After Independence, 1991–2001*, Almaty: Kazakhstan Institute of Strategic Studies and Freidrich Ebert Shiftung, 2002 and M. Ashimbaev et al (eds), *New Challenges and New Geopolitics in Central Asia After September 11*, Almaty: Kazakhstan Institute for Strategic Studies, 2003.
 21. The term Multivector refers to a policy where choices were kept open for both bilateral and multilateral agreements on particular issues according to specific security perceptions of individual states. In the Central Asian case options for bilateral agreements were kept open with all the major powers, Russia, China and the United States.
 22. Ashimbaev et al. (eds), *New Challenges and New Geopolitics in Central Asia After September 11*.
 23. Talgat Ismagambetov, 'Some Geopolitical Peculiarities of Central Asia, Past and Present', in Sally N. Cummings (ed.), *Oil, Transition and Security in Central Asia*, London and New York: Routledge-Curzon, 2003.
 24. A security system, as defined by Barry Buzan, is a group of states whose security interests bind them sufficiently closely so that their national security cannot be realistically considered separate from each other.
 25. Farkhod Tolipov, 'East vs West? Some Geopolitical Questions and Observations for the SCO', *CEF Quarterly*, July 2005.
 26. Farkhod Tolipov, 'Multilateralism, Bilateralism and Unilateralism in Fighting Terrorism in the SCO Area', *China and Eurasia Forum Quarterly* 4 (2), 2006.
 27. Stephen Blank, 'Which Way for Sino-Russian Relations?', *Orbis*, Summer 1998.
 28. This, however, did not work since the US changed its cautious policy towards the NATO and Poland, the Czech Republic and Hungary became a part of it. For details see V. Zhurkin, 'Russia and the Enlargement of NATO', in T. Hayashi (ed.), *The Emerging New Regional Order in Central and Eastern Europe*, Sapporo: Slavic Research Centre, 1997.
 29. See the text of the Russo-Chinese Joint Declaration in *Sbornik: Rossiisko-Kitaiskikh Dogovorov*, 1999, cited from Akihiro Iwashita, 'The Shanghai Cooperation Organization and Its Implications for Eurasian Security: A New Dimension of "Partnership" After the Post Cold War Period', in S. Tabata and A. Iwashita (eds), *Slavic Eurasia's Integration into the World Economy and Community*, Sapporo: Slavic Research Centre, 2004.
 30. *Krasnaia Zvezda*, April 30, 1996, cited from Iwashita, 'The Shanghai Cooperation Organization and Its Implications for Eurasian Security'.
 31. In fact, the idea has been present within strategic think tanks in the region as well. The idea of developing a cooperative mechanism between NATO, CICA and SCO was referred to at meeting that the author had with members of the Centre for Foreign

- Policy and Analysis in Almaty (an organization under the Ministry of External Affairs, Kazakhstan) in December 2003. It was emphasized that since the three share common concerns, coordination among them would prevent unnecessary overlaps.
32. For a detailed discussion, see Richard Weitz 'Terrorism in Eurasia: Enhancing the Multilateral Response', *China and Eurasian Forum Quarterly*, 4 (2), 2006.
 33. For details, see, Zhou Huasheng, 'The SCO in the Last Year', *CEF Quarterly*, July 2005.
 34. Bondarez, 'Formirovaniye Systemi Collectivnoi Bezopasnosti v Tsentralnoi Azii — osobennosti, itogi, perspektivi'. However, there are opinions to the contrary. In the course of a conversation with the author on 26 November 2003 at the *Institut Vostokovedeniia* in Moscow, Professor Shaken Nadirov, an ethnic Kazakh associated with the *Institut Vostokovedeniia*, opined that the SCO was a Chinese creation aimed at dealing with separatism in Xinjiang, and as such it has nothing to do with the Kazakh people.
 35. Assylbek Tauasarov, 'SHOS Priobretayet Realnie Ochertaniya', *Kazakhstan i Sovremennii Mir* 2 (5), 2003.
 36. Tolipov, 'East Vs West? Some Geopolitical Questions and Observations for the SCO'.
 37. Pan Guang, 'China—Central Asia—Russia Relations and the Role of the SCO in the War Against Terrorism', *SIIS Journal*, 9 (2) May 2002.
 38. Ashimbaev et al. (eds), *New Challenges and New Geopolitics in Central Asia After September 11*.
 39. For details, see Amitabh Mattoo, 'United States of America and Central Asia: Beginning of the Great Game', in Nirmala Joshi (ed.) *Central Asia, the Great Game Replayed—An Indian Perspective*, Delhi: New Century Publications, 2003.
 40. Strobe Talbott, 'A Farewell to Flashman: American Policy in the Caucasus and Central Asia,' *Speech at the Central Asia Institute, School of Advanced International Studies, The Johns Hopkins University*, July 21, 1997.
 41. The idea of strategic co-operation with China and India has long been present in Russia's foreign policy. E. M. Primakov put forward this idea in Delhi in December 1998 as part of a search for partners to create a greater space for Russian manoeuvre. The idea was also present in Andrei Kozerev's 'new approach' to Asia. On the eve of his visit to India in October 2000, President Putin also mentioned the idea, and it was repeated by Igor Ivanov, the Russian Foreign Minister in November 2001. For a detailed analysis see Hari Vasudevan, 'Russia—India—China Cooperation: The Shaping of a Notion in Russian Foreign Policy', unpublished paper presented at a seminar on *Building a New Asia: Problems and Prospects of Regional and Pan-Asian Cooperation for Security and Development*, organized by MAKAIAS, Kolkata, March 29–31, 2004.
 42. Zhou Yuyun, 'Strategic Triangle of China, India, Russia: Ideality and Reality', unpublished paper presented at a seminar on *Building a New Asia: Problems and Prospects of Regional and Pan-Asian Cooperation for Security and Development*, organized by MAKAIAS, Kolkata, March 29–31, 2004.
 43. Yuyun, 'Strategic Triangle of China, India, Russia'.
 44. Vasudevan, 'Russia—India—China Cooperation: The Shaping of a Notion in Russian Foreign Policy'.

45. R.R. Subramanian, 'Russia-China-India: Strategic Cooperation in a Pan Asian Order', unpublished paper presented at a seminar on *Building a New Asia: Problems and Prospects of Regional and Pan-Asian Cooperation for Security and Development*, organized by MAKAIAS, Kolkata, March 29–31, 2004.
46. Ibid.
47. Julie A. MacDonald and S. Enders Wimbush, 'India's Energy Security', *Strategic Analysis* 23 (5), August 1999.
48. Irina Komissina, 'India: Cooperation with the Central Asian Countries in Regional Security', *Central Asia and the Caucasus* 6 (24), 2003.
49. See, for instance, Atul Aneja, 'India Asked to Join Central Asian Grouping', *Hindu*, February 13, 2002.
50. See Pan Guang, 'The New SCO Observers: Making a Leap Forward in Cautious Augmentation', *CEF Quarterly*, July 2005.
51. Cited in Ibragim Alibekov, 'India set to Expand Presence in Central Asia', *Eurasianet, Business and Economics*, April 7, 2004.
52. Roy Allison, 'Regionalism, Regional Structures and Security Management in Central Asia', *International Affairs* 80 (3), May 2004.
53. Iwashita Akihiro, 'The Shanghai Cooperation Organization and Its Implications for Eurasian Security: A New Dimension of 'Partnership' After the Post Cold War Period', in S. Tabata and A. Iwashita (eds), *Slavic Eurasia's Integration into the World Economy and Community*, Sapporo: Slavic Research Centre, 2004.
54. Cited from 'Vistupleniye Kasymzhomarta Tokayeva na Plenarnom Zasedanii Soveta Ministrov Inostrannix Del Shanxhaiskoi Organizatsii Sotrudnichestvo', *Kazakhstan i Sovremennie Mir* 2 (5), 2003.

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The political dynamics of the 20th century led to the birth and demise of the Cold War, and the creation of new global identities. At the same time, the inequitable distribution of economic resources has simultaneously created another axis of global identity for the nations of the world—the North and the South. It was the rhetorical force of this ‘South–South cooperation’ that made it possible for India to share a ‘friendly and cordial’ relationship for the past five decades or so with the countries of Latin America and the Caribbean. Sadly, the latter’s identification with the ‘South’ did not transcend the enormous communication barriers which historically existed between the two. Even today, at the level of popular perception, Latin America symbolizes little more than football and samba. One does not know whether India too continues to be regarded as the land of rajas, elephants and snake charmers in Latin American eyes.

Most of the countries in the world today are in the process of synchronizing their economies with the increased pace of capitalist universalization, euphemistically called globalization. In a way, they are all travelling along the same path and share the same destination. Even their vocabulary is the same. Countries are adopting structural adjustment programmes, a standard menu of financial sector reforms and are removing trade barriers. Thus, any perceptive study of India–Latin America relations in the changing international context requires an approach that looks beyond the usual scholarly analysis of the ‘official visits and volume of trade’, howsoever in vogue among students of international relations.

In the era of globalization, and with the adoption of outward-oriented policies, India like many other nations is attempting to integrate itself with the global economy. Such efforts are underway at all levels and are anchored in both traditional and non-traditional means. The diplomatic and economic relations and initiatives are both newer and time-tested and are being configured and re-configured with different regions of the world. In the present scenario, India is seeking

new partners, re-orienting its policies towards the 'unexplored' regions which makes it imperative for it to take a fresh look at its Latin America policy as well.

Broadly speaking, Latin America has been treated with benign indifference and well-intentioned neglect by most Indian governments till date. Of course, there have been certain developments from the Indian side vis-à-vis certain countries of the region. Yet, the significant links between India and Latin America are minimal in scope, to say the least. Against this backdrop, this paper attempts to identify the current efforts being made to re-vitalize the relationship with the region with new, mature and achievable goals. In this context, the emerging initiatives between India and Brazil towards a strategic partnership have been dealt with at length. While briefly presenting the historical contours of India-Latin America relations, the paper primarily focusses on their promises and potential rather than historical achievements.

INDO-LATIN AMERICAN RELATIONS: FROM RHETORIC TO REALITY

The Portuguese sailors of the 15th century discovered Latin America during their search for a sea route to India in the absence and non-availability of a land route via Constantinople. The Americas were named after the Florence mariner Amerigo Vespucci who was supposed to have stepped on the continent in 1497. It is an accepted fact of history that Christopher Columbus stepped onto the Bahamas before Vespucci. But it was only in 1498 that Columbus reached the mainland of Venezuela or 'tierra firma'. The Iberian sea explorers and seafarers first brought India and Latin America together. The interaction resulting from trade ensued in the exchange of many goods and ideas in the subsequent centuries. In fact, some of the commonly used fruits and vegetables grown in either region owe their origins to the other. While rice, pepper, cinnamon and sugarcane were carried from India, pineapple, cashew, *chikoos*, chillies and tapioca came to India from Latin America. The relations between the two regions continued during the next centuries mainly through trade and commerce and the establishment of Portuguese colonialism in parts of India. The Jesuit missions in many of the Latin American countries played a crucial role in religious exchanges of some kind between the two regions.

During the Indian national movement, the Latin Americans' valiant struggle against colonialism and economic imperialism inspired many of our freedom fighters who were fighting British colonialism. Moreover, the Indian freedom struggle had generated recognizable sympathy and support from the Latin Americans. Though during the Second World War India unhesitatingly fought on the British side from day one, Argentina remained neutral and Brazil reluctantly joined the allied forces at a much later stage. On numerous occasions, India and Latin America adopted vastly divergent policies towards international politics and the emergent global order notwithstanding their shared history of colonialism and economic imperialism. Of course, geography had been a major constraining factor.

Jawaharlal Nehru must have been conscious of this when he remarked that although India and Latin America were 'far away from each other in geography ... in the geography of mind we are close to each other'.¹ Expectedly, this closeness in 'the geography of mind' failed to go beyond the rhetorical flourish of India's Latin American relations.

The policy indifference of the Indian state is not a recent manifestation of its strategy towards Latin America and the Caribbean. For example, when India failed to garner support from the Latin American countries for the Korean Political Conference under the aegis of the United Nations, Nehru was sufficiently incensed. In the Lok Sabha he declared that 'the will of Asia' could not be 'flouted' by the Americans, 'who really are not intimately concerned with the question'.² Sure enough, Nehru failed to understand why the Latin American countries voted against India on 'an Asian question such as Korea'.³ Moreover, if the Indian foreign policy towards Latin America during the 1960s is probed, it becomes quite apparent that India willingly ignored the Cuban question. On the issue of the Bay of Pigs invasion, India's reluctance to comment was visible when Nehru observed that it was 'some kind of invasion ... on Cuba from outside ... It may be from some part of the United States, Central America, or some other place ... If that is so, it *does appear* to be a case of intervention'.⁴ In fact, during his trip to Latin America he visited Mexico without going to Cuba, and his cold indifference to Fidel Castro's friendly disposition towards India in the early 1960s was clear when he said, 'I have plenty of work in my own country'.⁵ While, on the one hand, India ignored Cuba, on the other, India signed a trade protocol with Mexico, renewed its 1958 trade agreement with Chile, and concluded fresh agreements with Brazil and Argentina. At the United Nations Conference on Trade and Development (UNCTAD), India and the Latin American countries developed some kind of contacts, but 'these developments...were coincidental, not a result of cooperative behaviour'.⁶

The situation altered slightly when Indira Gandhi strode to power. She believed that India and Latin America had many 'common ideals' but what these were remained vague and unclear. This was the first instance that Latin America was accorded the distinction of being included in an important foreign policy statement made by the prime minister of India. The striking similarity in their socioeconomic conditions and their common commitment to world peace by both the regions, in addition to the need to do away with the inequalities between the developed and the developing countries had encouraged them to formulate some common strategies to abridge the gap between these two developing regions of the world.⁷ Despite this, the visit of Indira Gandhi to Latin America did not generate an adequate momentum towards strengthening the relations between them. Most of her speeches there were non-controversial except for the two statements made in Brazil and Guyana which created a flutter of sorts. Much like her predecessor Nehru, she too avoided visiting Cuba and was careful to avoid the mention of the

US intervention in the Dominican Republic as well as the US role in the Vietnam War. On her return, responding to the questions pertaining to her visit to Latin America, she replied in Parliament that, 'the political and the economic realities of the contemporary world make it essential for us to constantly renew and establish our international links ... it is to our advantage and in our national interest to forge closer relations with the large number of proud and resurgent nations of South America and the Caribbean'.⁸ Moreover, she promised a new Latin America policy for India. Some of the significant developments and achievements resulting from her visit in 1969 were:

1. Dispatch of a commercial delegation to Latin America to study first hand the ways and means of developing India's trade and economic relations with the region further;
2. Opening of two diplomatic missions in Peru and Venezuela to strengthen trade ties with these countries;
3. Establishment of regular cargo services between India and Latin America;
4. Negotiation of cultural agreements with some countries of the region;
5. Creation of Indian studies chair in selected universities of Latin America;
6. Organizations of exhibitions of Indian Art;
7. Cooperation with Brazil in peaceful uses of nuclear energy;
8. Proposal to establish a centre for Latin American studies in India so that people are encouraged to take interest in the language, literature and problems of South American countries.⁹

In addition, during her visit to Brazil, in a joint communiqué signed by both the countries, Indira Gandhi agreed 'in principle [with Brazil] to promote cooperation between the two countries in the field of development of atomic energy for peaceful purposes and affirmed ... to conclude, in the near future, an agreement to facilitate such cooperation'.¹⁰ Subsequently, in 1970, India announced that an agreement with Brazil had been signed on cooperation in peaceful uses of nuclear energy.

Even though resident missions were established in Caracas and Lima as envisaged during Indira Gandhi's visit to Latin America, the question of setting up a similar mission in Cuba did not receive active consideration till the Government of India decided to upgrade its representation in North Vietnam and raise the status of the trade mission in East Germany. This lent credence to the criticism voiced in this period that Indian diplomatic policy was 'pianissimo' and 'fortissimo'.¹¹

One of the significant trade delegations from India to visit some of the select countries in Latin America was from the Federation of Indian Chambers of Commerce and Industries (FICCI) in 1969. Prior to this delegation's visit, in 1962 the Engineering Export Promotion Council had visited a number of countries in Latin America. The FICCI report made more than 40 recommendations. But they conceded that India's efforts to strengthen economic and trade ties with Latin

America suffered from 'handicaps' like 'lack of planned and scientific marketing strategy, lack of contact among businessmen, and non-availability of shipping services'.¹²

Undoubtedly, India and Latin America had reacted to each other's overtures of friendship sporadically and intermittently. However, they have been, more often than not, issue-based. The economic relations between the two remained insignificant and mutual declarations in this regard did not yield much substantive dividends. The Indian nuclear at Pokhran in 1974 was welcomed by both Argentina and Brazil who themselves had embarked on nuclear energy programmes for which they were facing a lot of criticism from the West, especially the United States. These countries, along with India, emphasized that their programmes were for the peaceful usage of nuclear energy, and the West, should not consider them (including countries like Pakistan, Israel and South Africa) as potential threats to proliferation. By the end of May 1974, Argentina announced that an agreement had been signed between India and Argentina for cooperation in the peaceful uses of nuclear energy. The agreement provided for exchange of information and scientists among other things. Despite this, as R. Narayanan asserts, 'India's response to the "emerging" Latin American continent ... [has been] lukewarm and half-hearted...'¹³ Also, there had been concentration of trade in a few Latin American countries. Even as India's exports to the Latin American region have grown substantially, the trade balance has over the years remained unfavourable towards India.

In the 1980s, despite India's close relations with the region through the Non-Aligned Movement, there was perceptive stagnation in interactions in real terms. True, India had supported the Argentine rights over the Malvinas/Falkland Islands, had cooperated rigorously with Peru, Mexico and other Latin American nations to consolidate the objectives of non-alignment. Indira Gandhi took over chairpersonship from Fidel Castro of Cuba at the 1983 NAM summit in New Delhi. Nevertheless, Latin America continued to be seen as a region that was too far away to trade, or even be seriously considered as a strategic alliance partner. On the other hand, the Latin American nations, which were going through a period of domestic convulsions and transitions, were too preoccupied with their home turf to think about a thaw in their relations with India. As most large countries of the region were coming out of the deadweight of authoritarianism and were deeply imbricated in a crisis arising from the huge foreign external debt that these countries had amassed, their economic, political and diplomatic initiatives were naturally geared towards these immediate national goals and objectives. No wonder, foreign policy considerations were either limited to dealing with the consequences of foreign external debt, and attempting to redeem them, or at dealing with the large northern neighbour, the United States. As a consequence, the 1980s too, did not turn a new leaf in Indo-Latin American relations. The collapse of the Soviet Union and the disintegration of Eastern Europe compelled states to

rethink their foreign policies in the changed global matrix. Simultaneously, the process of globalization brought forth its own imperatives, bearing heavily on the domestic and foreign economic policies of many countries of the developing world. By virtue of its globalizing impulses (arising out of structural adjustment programmes and attendant neo-liberal economic reforms), India can ill-afford to neglect the region of Latin America and the Caribbean any longer. The end of the Cold War has, unleashed unprecedented forces and offered new opportunities to explore, establish and sustain varied relations with these countries, that had hitherto been somewhat constricted by the on-going superpower rivalry.¹⁴

Given the comparable levels of development and complementarities between India and the major countries of the Latin American region, the deepening of economic interactions is a *sine qua non* for the making of robust geo-political relations between them. Arguably, the trade could move from merchandise to manufactures, and evolve economic relations that could mature into higher levels of technology transfers, consultancy services and joint ventures. In view of the overall balance-of-payments crisis, counter-trade arrangements could also be considered that would be advantageous to both the regions. Any concerted bid to promote relations with Latin America calls for the strengthening of institutional mechanisms of cooperation. Carlos Saul Menem, the former President of Argentina, shared Indian sentiments when he remarked, 'Proxy wars, state-sponsored terrorism and narrow dogmatism have emerged as sinister threats to freedom, democracy and human rights'. During his visit to India, he called upon the Latin American and other nations to lend support to one another and cooperate 'to face resolutely ... these dangers'.¹⁵

Evidently, there is an urgent need to develop a coherent and comprehensive strategy towards the Latin American and Caribbean region. There has been too much of dithering and too many ad hoc and piecemeal solutions. Any comprehensive approach will have to move within the region on the basis of well-identified and clearly demarcated country-specific issues and areas of cooperation. The identification of the thrust countries within the region will necessarily gravitate towards the larger ones. This would certainly make economic sense as the larger countries offer opportunities for interaction in several areas such as joint ventures, consultancy contracts and transfer of technology agreements. India needs to focus on such countries that could provide it with a foothold in the region and facilitate its entry in the regional trading blocs such as MERCOSUR (the South Cone Common Market) and the Andean Pact. Presumably, as recognition to these potentials of the Latin American market, new missions are being commissioned, reopened or plans are being made to set them up.¹⁶ While various issues of common concerns could be identified and projected, trade still probably remains the most important item on India's policy agenda towards Latin America.

INDO-LATIN AMERICAN TRADE RELATIONS: THE NEW PRAGMATISM

In 1997, the Government of India announced an action plan, Focus LAC, with the express motive of revitalizing Indo-Latin American trade and economic relations.¹⁷ As mentioned earlier, the apparently close and cordial relations between India and the countries of Latin America have not been commensurately translated into vigorous commercial relations. Distance, language barriers, inadequacy of information, and the absence of fast and economic shipping and air links have been some of the obvious obstacles in the way. Still, India's trade with the region during last few years has been growing rapidly. Trade with the region has increased from \$473.66 million in 1991–92 to \$1,705.8 million in 2000–2001, registering an increase of more than 260 per cent in the short span of nine years (see Table 17.1 for details).

Encouraged by this development, Focus LAC intends to increase the interaction between the two regions by identifying areas of bilateral trade and investments. Under Focus LAC, the eight major Latin American trading partners, namely, Argentina, Brazil, Chile, Colombia, Mexico, Peru, Trinidad and Tobago, and Venezuela, have been accorded special attention (see Table 17.2).

Some of the important steps taken by the Indian government in this direction included enhanced interactions, institutional mechanisms, eight joint commissions, and a number of joint business councils. The FICCI/ASSOCHAM (Associated Chambers of Commerce and Industries) were to have increased interaction with their counterparts and hold the meetings of the joint business councils (JBCs) at regular intervals. The Confederation of Indian Industries (CII) has signed a number of memoranda of understanding (MoUs) and have regular interaction with their counterparts in the Latin America and the Caribbean region. The commercial attachés of India have set up missions in 13 countries within this region. Moreover, the government has opened a special cell to look into matters of trade related to the region. In addition, the CII and FICCI have separate cells to exclusively look after the trade promotion and development matters pertaining to the LAC region. These two organizations have also agreed to organize seminars at main centres in India/LAC based on the potential for enhancing trade. These initiatives were to be followed by major product specific buyer-seller meetings (BSMs). In addition, many other measures were instituted as well. These are new export-import (Exim) Policies, new textile quota policy, double weightage, and new initiatives at trade promotion measures. Under these initiatives, business houses from India were encouraged to participate in specialized and commodity specific fairs and exhibitions in the countries of the Latin America. The government would also help in special promotion and publicity campaigns in the Latin American countries and also facilitate buyer-seller meets. Awards have also been instituted for the top export performers to the Latin American region. The government has also introduced a detailed market development assistance (MDA)

programme in tune with the Focus LAC programme.¹⁸ Certain amendments have also been made to the MDA guidelines in 2002.

The Indian government's recent initiatives with regard to Latin America may be viewed as the outcome of a number of factors. The region is the second fastest-growing region in the world, and nearly accounts for 5 per cent of the world trade. Their reasonable success at controlling their foreign external debt and the liberalization of financial markets with reduction in tariff and non-tariff barriers have also attracted India's attention. The inauguration of a direct shipping line has definitely played its role in motivating India's business thrust towards the region. Moreover, India's keenness in having bilateral arrangements with the various regional trade agreements like MERCOSUR, the Andean Act is another prime factor behind its growing emphasis on the region through Focus LAC.

Table 17.1 India's Trade with the Region (in \$ million)

<i>Year</i>	<i>Exports</i>	<i>Imports</i>	<i>Total trade</i>	<i>Balance of trade</i>
1991–92	124.40	349.26	473.66	-224.86
1992–93	165.55	316.24	481.79	-150.69
1993–94	241.53	319.15	560.68	-77.62
1994–95	358.43	780.17	1,138.60	-421.74
1995–96	368.07	592.37	960.44	-224.30
1996–97	478.74	593.71	1,072.45	-114.97
1997–98	699.83	580.42	1,280.25	119.41
1998–99	611.31	730.69	1,342	-119.38
1999–2000	652.46	936.74	1,589.20	-284.28
2000–01	978.42	707.71	1,686.13	270.72
2001–02	1,455.71	1,006.17	2,461.88	(+) 449.54
2002–03	1,636.36	1,044.92	2,681.28	(+) 591.44

Source: DGCI&S, Kolkata (2002–03), Export Data Source For Brazil: SECEX (2002–03), Export Data Source For Mexico: EOI, Mexico (2002–03), Export Data Source For Colombia: DIAN Agency, Colombia.

India has also signed preferential trade agreements (PTAs) with some of the larger countries in the region like Colombia, Chile, Brazil and Venezuela. There are plans to constitute joint working groups to further explore bilateral mechanisms for enhanced economic and trade links with Mexico, Brazil and Colombia. The government has also initiated a programme to encourage invitations to journalists from Argentina, Venezuela, Chile and Mexico to visit India. Various Indian banks intend to open branches in some of the major capital cities of the region. Plans are on as well to jointly organize an Indo-LAC health summit by the department of culture (Government of India) and FICCI.

Table 17.2 Total Trade of Some of the Major Latin American Countries (In \$ million)

Country	Exports 2002–03	Imports 2002–03	Trade Balance
Argentina	60.32	404.17	(–) 343.85
Brazil	583.00	316.65	(+) 266.35
Chile	71.71	166.37	(–) 94.66
Colombia	94.92	5.83	(+) 89.09
Mexico	474.00	65.52	(+) 408.48
Panama	46.72	17.94	(+) 28.78
Peru	49.70	24.77	(+) 24.93
Trinidad & Tobago	22.31	0.11	(+) 22.20
Venezuela	40.55	3.72	(+) 36.83
<i>Total</i>	1,443.23	1,005.08	
<i>Others</i>	193.13	39.84	
<i>Gross Total</i>	1,636.36	1,044.92	
<i>Percentage Share of 9 Countries</i>	88.19	96.18	

Source: DGCI & S, Kolkata, SECEX, EOI, Mexico, DIAN Agency, Colombia.

Surely, there has to be a coordinated action plan by the Indian business and export organizations which might lead to the preparation of the blueprint of a long-term strategy based on their experiences in the region.¹⁹ As of now, India's economic ventures into Latin America seem inadequate especially when compared with those of China. In any case, the problems that have hindered the growth of Indo-Latin American trade should have been equally applicable in the case of Sino-Latin American trade. Yet, the total bilateral trade between China and the region has been growing steadily in the last two decades. In fact, there are direct shipping services from Shanghai to Santos (Brazil), to Montevideo (Uruguay) and to Buenos Aires (Argentina) twice a month. These services have greatly facilitated the bilateral trade, overcoming the problems of delivery and distance. The Chinese have focussed on joint ventures, consultancy and maintenance contracts as their thrust areas in the region. Since 1983, China has signed more than two dozen agreements to establish joint ventures in Latin America. It has also signed joint ventures with Latin American countries to capture markets elsewhere. They have jointly entered businesses like forestry, mining, petroleum extraction, civil construction and textiles in countries like Colombia, Peru and Venezuela.²⁰ China has a number of agreements with Brazil, the most significant being the Chinese assistance for the Brazilian satellite programme. Recently, during the visit of the Chinese premier to Brazil, the latter recognized China as a market-based economy giving it special status. Of late, India has been engaging certain countries of Latin America on specific issues rather than going

the whole hog with a sweeping policy. This is amply discernible in India's deepening relations with Brazil. Indo-Brazil relations are oriented towards the fulfilment of mutual interests ranging from strategic partnership to reciprocal claims of a permanent seat at the United Nations' Security Council. Besides, both the countries are attempting to engage each other in a wider trade dialogue as well as on issues that are of common concern to both the nations. India and Brazil have maintained cordial relations for long even as Brazil remained an observer member of the Non-Aligned Movement. Their recent attempts at re-inventing the bilateral relationship are a noteworthy enterprise by historical reckoning. Indeed, India–Brazil relations seem to be poised for vigorous expansion amid the disappointingly slow growth in India–Latin America relations in general. Our explication of the Brazilian case is an instance of the promises and pitfalls of the emergent India–Latin America relations in the prevailing day international context.

INDIA–BRAZIL RELATIONS: TOWARDS A PROSPECTIVE PARTNERSHIP

The current global order inheres promising new scenarios leading to the creation of feasible and concrete bilateral ties between the two developing nations, India and Brazil. In the recent past, Brazil has been focussing greater attention on Asia and the Pacific Rim. Brazil recognizes that Asia is a continent of fundamental importance for the world's political stability, apart from the numerous economic and trade possibilities that it provides. True, with India, Brazil's interactions so far had only resulted in some scientific treaties and protocols along with some infrequent visits of the heads of states on both sides. Of late, India has actively interacted with the Rio Group in the region, of which Brazil is one of the leading members.

In a way, India and Brazil seem to be transgressing the 'rhetorical' sway of the past relations. The newly found confidence and maturity of this partnership are visible on multiple fronts. They have successfully identified some of the core issues that need to be dealt with by them. This is a far cry from the low-key, though 'friendly and cordial', relations that have dominated the scene for decades. In a manner of speaking, the bilateralism of the yore was not grounded in any substantial institutional cooperation save the shared rhetoric of 'South-South cooperation'. By contrast, one witnesses today certain concrete initiatives by both countries to impart substance to their bilateral relations. The lessons of history seem to have made them wiser as they are focusing on common interests rather than amplifying their differences.

Bilateral economic relations between India and Brazil have been growing steadily in recent years. Two-way trade between the two countries reached a record \$1.227 billion (exports from India were \$573.25 million while Brazilian exports to India totalled \$653.6 million) during 2002. The bulk of Brazil's exports to India constitute crude oil, soya oil, auto parts, sugar and inorganic chemicals. The bulk of Indian exports to Brazil constitute diesel oil, pharmaceuticals, engineering

goods and related products, textiles, dyes and pigments and rubber. India–Brazil trade during the first eleven months of 2003 reached \$986.63 million (exports from India were \$461.30 million and Brazilian exports to India totalled \$525.33 million). In April 2002, India and Brazil established the India–Brazil Commercial Council comprising officials and businessmen to promote bilateral trade and investment. The council had its first meeting in New Delhi in April 2002. India has also proposed a preferential trade agreement with MERCOSUR. India has organized two trade fairs in Sao Paulo in 1996 and 2001. An Indian Engineering Exposition (Indiatech) was also held in Sao Paulo from 11–14 November 2003. Indian companies and export promotion bodies regularly participate in trade fairs in Brazil, mostly in São Paulo. The commerce ministry had launched its Focus Latin America programme in 1997, setting up India–Brazil Commercial Council later that year to promote trade and investment between the two countries. The India–Brazil Commercial Council was to comprise officials and businessmen to promote bilateral trade and investment. The Council had its first meeting in April 2002. India–Brazil two-way trade has tripled during the period 1998 to 2003 touching the level of about \$1.2 billion. The Brazilian national health programme provides free treatment for HIV/AIDS and other diseases and it sources less costly drugs and medicines from India. India has proposed a fixed preferential tariff agreement with MERCOSUR, the customs union between Brazil, Argentina, Paraguay and Uruguay, which would give further impetus to trade with that region.

In the recent years, apart from recognizing India as an emergent regional power, Brazil has come to appreciate its achievements in many fields. India, in turn, explicitly accepts Brazil as one of the biggest powers in the world, and particularly capable of influencing the power balance in Latin America. This recognition by India was recently institutionalized with the opening of the new consulate at São Paulo. The consulate aims to facilitate trade and commerce with Brazil, and projects India as a new potential collaborator. Brazil has acknowledged India's proven expertise in diverse knowledge-based industries, including software, biotechnology, oceanography and space and is interested in working with both Indian government agencies and the private sector in related areas. The visit of President Luiz Inacio Lula da Silva to India offered an excellent opportunity to widen and deepen bilateral cooperation in a number of areas including tourism, science and technology, space, agriculture, railways, pharmaceuticals, education, and multilateral economic cooperation with an air link being the tangible outcome. Brazil and India share similar perceptions on issues of interest to developing countries and have cooperated in the multilateral fora on issues such as international trade and development, environment, reform of the UN and the UN Security Council expansion. Both are members of G-15 and G-22.

The most visible sign of the newly found cosiness between India and Brazil concerns their common stand *qua* developing countries at various international fora—be it the membership to the United Nations Security Council (the creation of G-4) or the deliberations at the World Trade Organization (WTO).²¹ As

'regional powers', India and Brazil appear to have achieved a working level of coordination to put forward the case of the developing world before the strong group of the developed nations. At the official level, it is noteworthy that the former Indian Prime Minister Atal Behari Vajpayee and the Brazilian President Luiz Inácio Lula da Silva had met twice. Prime Minister Manmohan Singh met President Lula at the UN General Assembly deliberations at New York. The Brazilian foreign minister completed a successful visit to India in March 2004. Not surprisingly, the Brazilian President Lula was the chief guest at India's Republic Day celebrations on 26 January 2004.

Moreover, India and Brazil have tried to cooperate at other international forum as well. At the WTO, during the negotiation rounds, they presented a unified opposition to the arbitrary policy initiatives of the developed world. Indeed, both India and Brazil have suffered at the hands of the WTO thanks to the latter's capricious judgements. The appellate body of the WTO (in its report on 23 August 2003) rejected the legal issues regarding India's quantitative restrictions maintained on grounds of the balance of payments. A similar ruling was made against Brazil over subsidies to aircraft exports.

At the Cancun round of the WTO talks, the developing world adopted a unified stance on contentious issues. The developing countries were particularly unhappy with the manner in which their interests were ignored at Cancun. By virtue of their unified front, they attempted to influence the agenda of the talks so as to reflect their common concerns. This ultimately led to the creation of the Group of 22, a group of developing nations like India, Brazil, Mexico and many others from Asia, Africa and Latin America who shared the same predicament. India and Brazil are the leaders of G-22 notwithstanding their diametrically opposite farm trade agenda. It was this willingness to work for a common cause amidst differences that facilitated the emergence of a developing country coalition at Cancun. The G-22 posed a direct challenge to the trade majors in agriculture. The credit goes to Brazil for championing the cause of farm trade reform at the Cancun meeting. Expectedly, India's protectionist agenda diverged from the Brazilian interests. Surely, it is a sign of growing maturity of the bilateral relations that their divergent interests do not degenerate into mutual antagonism.

Although it was during the term of President Henrique Cardoso that India-Brazil relations moved beyond the realm of past indifference, the issue of permanent membership to the Security Council has sparked off a new alliance between the two. The restructuring of the United Nations has been a long-standing demand of the developing countries. Some developed countries have also lent support to this demand. The United Nations has, over the years, grown disproportionately and today it deals with not merely security concerns, wars, and peacekeeping but also with humanitarian issues, elections, infrastructural support, and civic and ethnic conflicts. Countries like India, Brazil and South Africa have consistently staked their claims to the Security Council membership on the basis of

various criteria such as their consistent support to the UN activities, regular supply of troops for peacekeeping, good record in paying dues to the United Nations, their geographical sizes, populations, strategic locations, and democratic polities. Against this backdrop, India, Brazil and South Africa formed a trilateral commission in June 2003 to pursue vigorously the issue of their entry as permanent members in the Security Council. Brazilian Foreign Minister Celso Amorim in an interview to the Indian daily, *The Hindu*, said, 'India, Brazil and South Africa were the natural candidates ... with a reasonable degree of stability and internal harmony'.²²

Of late, India and Brazil have been working towards improving their relationship on multiple fronts. This has manifested not only in the increased bilateral trade that has reached \$1 billion, but also in the fields of science, technology and defence cooperation. India has agreed to purchase five civilian Embraer aircraft from Brazil. In the long run, Brazil could be India's new strategic partner as it has established its credentials in the field of air defence surveillance systems. The visit of Brazilian Defence Minister Jose Viegas Filho to India in 2004 imparted a fillip to defence cooperation between India and Brazil. The two have signed an agreement laying special emphasis on cooperation in areas such as aeronautics and shipbuilding. Proposals concerning military-to-military cooperation, jungle warfare, jungle survival training and integrated air defence management have also been discussed. On the trade front, the Indian pharmaceutical industries have already started making inroads into the Brazilian markets because of their reliable quality and competitive pricing.

The visit of Dr Manmohan Singh to Brazil on 13 September 2006 was a first by an Indian prime minister in 38 years. He described it as a 'voyage of discovery'. During this visit, India and Brazil agreed to cooperate in three broad areas. These are links in the commercial, scientific and agricultural sectors, the start of a strategic dialogue, and closer partnership in the international fora including the UN and the WTO. In the bilateral sphere, agreements were signed on scientific and technological cooperation, air services, human settlements, plant health protection, cultural festivals, technical standards, oil exploration and construction. In the arena of sports, Mr Lula agreed to send Brazilian football coaches to train Indian players. An important outcome of the meeting was the decision to start a bilateral strategic dialogue on regional and global issues such as energy security and the international security situation including terrorism. Laying out the framework for the dialogue in their joint communiqué, they noted that international terrorism was one of the most serious threats to peace and reaffirmed their support to measures to combat terrorism.

The third strand in the newly strengthened relations was a decision to have closer coordination in international fora such as the UN and WTO. Both the leaders stressed the need for a successful conclusion of the Doha round of trade negotiations that were deadlocked mainly over the question of agricultural subsi-

dies and tariffs. Regarding reforms of the UN in general and the expansion of the Security Council in particular, India and Brazil continued to claim permanent membership to the Security Council and alongside Japan and Germany under the G 4 framework.

Indo-Brazil relations are undergoing a promising metamorphosis. True, the two have a unique set of regional issues to deal with. Understandably, very often they are mired in the trials and tribulations of their respective regional geo-politics. Nonetheless, the newly found camaraderie between the two augurs well for the prospects of a healthy and meaningful bilateral relationship. Their unified thinking, common goals and collaborative political action at the global fora sketch the contours of such a relationship. The bilateral economic and defence agreements inaugurate a substantive step in that direction. In the ultimate analysis, the future of Indo-Brazil relations is predicated on their ability to project a unified front in the midst of challenges emanating from globalization and the attendant dangers of a unipolar world.

INDIA—MERCOSUR PREFERENTIAL TRADE AGREEMENT

A preferential trade agreement (PTA) was signed between India and Mercosur on 25 January 2004 with a view to establish a free trade agreement between the two sides. The agreement was signed during the visit of President Lula to India.²³ This PTA between India and Mercosur is expected to encourage a healthy growth of trade between the two. Subsequently, on 21 March 2005, India and Mercosur signed an agreement to operationalize the PTA between the two sides. The foreign minister of Brazil, Celso Amorin, described the agreement 'as a path breaking pact of extreme importance which would open new doors to trade among member nations, besides continuing trade with the north'. Mr Kamal Nath, the commerce minister of India, described it as very important milestone in the economic history of the five signatory countries and said, 'the countries of Mercosur and India would now be looking forward to increasing the coverage of products as well as deepening the preferences in their PTA, so that they can make the transition from the PTA to a free trade area in reality in the very near future'.²⁴ The aim of the agreement to operationalize the PTA is to expand and strengthen the existing relations between Mercosur and India and to promote expansion of trade by granting reciprocal fixed tariff preferences with the ultimate objective of creating a free trade area between the parties. The Indo-Mercosur PTA in 2004 provided for several annexes to the agreement. They cover 450 products of eight-digit level on which India has given tariff preferences and 452 products on which Mercosur has reciprocated the same; tariff concessions ranging from 10 per cent to 100 per cent; rules of origin providing for 60 per cent value addition; and safeguard measures and dispute settlement procedures available to members on the fast track which will be in addition to the redressal mechanisms available with the WTO. India had total trade of nearly \$1.5

billion with Mercosur in 2004. India's export to Mercosur was approximately \$566.96 million and imports from Mercosur were \$849.69 million. The region holds huge potential for Indian exports, as India's share is just 0.83 per cent of the global imports of Mercosur.²⁵

'India is a significant point of reference for Mercosur, and not solely on account of the extraordinary growth that we have witnessed in some sectors, such as information technology and specialty chemicals', said the Paraguayan foreign minister. Initiatives for greater interaction between the Latin American economies and India are already in place. The Focus-LAC (Latin American Countries) programme, the most important from the Indian side, is an integrated effort of the Government of India, Indian Trade Promotion Organisation, export promotion councils, chambers of commerce and industry, and institutions such as the Exim Bank and the Export Credit Guarantee Corporation of India (ECGC), and had been drawn up in 2000 to explore greater trading possibilities in the Latin American region. Among the Mercosur countries, the programme concentrates on such regional giants as Brazil and Argentina.²⁶

THE JOURNEY AHEAD: PROMISES AND PITFALLS

India seems to have overlooked the issue of the People of Indian Origin (PIOs) living in Latin America and the Caribbean region. Notwithstanding a great deal of hullabaloo about *pravasi bhartiya*, the government has failed to give adequate attention to the category of PIOs. In reality, India is going out of its way to woo the NRIs who have impliedly been restricted to the developed countries of the world. At the second Pravasi Bhartiya Diwas the government posited the idea of dual citizenship for such NRIs. Yet, none of the proposals discussed at the meet had anything to offer to the great number of PIOs living in the various countries of Latin America. Even though in the official lexicon, PIOs and NRIs are spoken in the same breath, the former comes as poor second to the latter in terms of perks and privileges. The Indian government's attitude towards them has been lackadaisical, to say the least. Its initiatives in this region are generally restricted to spreading 'cultural' awareness in context of language, literature, music, and, of late, religion. The hardboiled business and other pragmatic proposals are singularly missing which could help integrate Latin American PIOs with the Indian subcontinent. In passing, it should be noted that the Government of India has adopted an almost similar approach towards the PIOs in Africa as well. It seems that there exist two groups of Indians abroad—the NRIs and PIOs—the former are expected to bring in much-needed economic resources (FDI in particular) back home while the latter are thought to be spreading 'cultural' awareness in distant lands in the absence of any visible 'economic prowess'. This discrimination of sorts has really not helped the Indian cause in Latin America. The Latin American and the Caribbean PIOs' nostalgic recollections of India, and their quest for roots in the land of

their ancestors, is no match for the breadth and value of ever-growing economic ties between India and Latin America.

Indeed, India and Latin America can also look forward to mutually advantageous cooperation in the field of biodiversity. Both regions are rich in biotic resources that play a crucial role in maintaining the ecological balance of the planet. According to Joao Paulo Capobianco, a well-known Brazilian environmentalist, between 60 and 70 per cent of the planet's biological diversity is concentrated in just a few countries, the so-called 'regions of megadiversity', that include India and some of the countries of Latin America like Brazil. In fact, India and countries like Brazil can wisely utilize these natural resources to do business worth billions of dollars if they plan and programme themselves accordingly.²⁷ It is noteworthy that a few Latin American countries have used their rich forest resources to redeem a part of their outstanding foreign debts to the United States by promising to restore and maintain some of the Amazon rain forests which are the life-giving ecological cover in that region. In fact, the idea of sustainable development which emerged during the Rio Earth Summit of 1992, and the subsequent Rio + 5 and Rio + 10 meetings could be further consolidated by India and the countries of Latin America. These innovative ties have the potential to go much beyond the usual strategic partnership in economic and political affairs. Undeniably, a common agenda pertaining to biodiversity and sustainable development can thoroughly reinvigorate Indo-Latin America relations.

The India, Brazil, South Africa Dialogue Forum (IBSA) has become an integral part of the Indo-Latin America relations, especially in the context of Indo-Brazil relations. India hopes to use this opportunity to further its relations with other countries of the region. In this backdrop, as part of the on-going dialogue, Prime Minister Manmohan Singh, met Brazilian President Luiz Inácio Lula da Silva and South African President Thabo Mbeki in Brasília on 13 September 2006 at the historic first Summit Meeting of the IBSA forum. Common agenda items such as commitment to the promotion of peace, security and sustainable economic and social development in the world and in their respective regions was discussed. The members reiterated their support for the comprehensive UN reforms and welcomed the creation of the peace-building commission and the human rights council. They reaffirmed the need for a conclusive decision on the expansion of the Security Council in both its permanent and non-permanent categories, and felt that it would rightly reflect contemporary realities and making the UN more democratic, legitimate, representative and responsive. Some other important decisions taken at the IBSA meet were:

- (i) It reiterated its commitment to the action against hunger and poverty initiative and, in particular, the Millennium Declaration and the 2005 World Summit Outcome. The members also committed themselves to furthering the trilateral cooperation in the field of HIV/AIDS, malaria and tuberculosis and to explore the possibilities of concluding a trilateral instrument for

collaboration among them for research and development of HIV/AIDS, malaria and tuberculosis diagnostic tools, drugs and vaccines.

- (ii) They reaffirmed the inalienable right of all states to the peaceful application of nuclear energy, consistent with their international legal obligations. They also agreed to explore approaches to cooperation in peaceful uses of nuclear energy under appropriate IAEA safeguards. Brazilian President Lula also supported the Indo-US nuclear deal.
- (iii) They felt that the failure of Doha talks would deprive the developing countries of fair and equitable conditions in realizing their right to development. Taking into account the spirit of the Brasilia declaration, they welcomed the progress achieved so far in the São Paulo Round of the Global System of Trade Preferences (GSTP) among the developing countries.
- (iv) They expressed deep satisfaction with new, concrete results achieved during the first IBSA summit in the areas of energy, agriculture, transportation, trade, science and technology and information society and expressed satisfaction with the signing of the IBSA action plan on trade facilitation for standards, technical regulations and conformity assessment.
- (v) All the three members were in full support to the expeditious establishment of the working group to focus on the modalities for the envisaged India–Mercosur–SACU trilateral free trade area. The presence of important and high level business delegations from India, Brazil and South Africa at the business summit was a step in that direction.
- (vi) The heads of states and government expressed deep appreciation for the signature of a memorandum of understanding (MoU) on biofuels, with the decision to create a trilateral task force on biofuels to work on concrete areas of common interest. The MoU on trilateral cooperation in agriculture and allied fields is aimed to be an important instrument in promoting socioeconomic development and 'South-South' cooperation. The IBSA trilateral agreement concerning merchant shipping and other maritime transport related matters was also signed.²⁸

On closer scrutiny, one finds that there are promising, howsoever rudimentary and diffused, institutional frameworks on both sides to push further the cause of Indo-Latin America relations. The Indian efforts at enhanced understanding of the region took institutional shape by way of establishment of two Latin American studies centres. The first such centre was incorporated as a division in the Centre for American Studies way back in the early 1970s at the School of International Studies, Jawaharlal Nehru University (JNU), New Delhi. Subsequently, a full-fledged Centre of Latin American Studies was set up under the University Grants Commission (UGC) area studies programme at Goa University in 1988. The primary objective of these study centres is to disseminate knowledge about this region through various programmes of study, Latin-America specific research,

publications, exchange of scholars through field trips and the creation of a general intellectual climate regarding the region. Indeed, these initiatives have started yielding dividends. At present, there is a band of professionally trained scholars on Latin America. Research on the region has also been consolidated over the years as evidenced in the growing number of M.Phil and Ph.D dissertations and related publications on Latin America. For instance, Indian Council of World Affairs's *India Quarterly* (the oldest journal in the field of international relations) has brought out two exclusive issues devoted to Latin America.²⁹ There is talk of opening another Latin American studies centre under the aegis of the University Grants Commission of India. Out of 13 cultural centres that the Government of India has established around the world to disseminate information and awareness about India, three are located in the region of Latin America and the Caribbean. These are at Georgetown (Guyana), Paramaribo (Suriname) and Port of Spain (Trinidad and Tobago). The Indian Council of Cultural Relations (ICCR), the nodal agency entrusted with this task, generally refers to these centres as part of its 'cultural diplomacy'.

There are reciprocal initiatives from the Latin American side as well. For example, Brazil has already instituted two Brazilian Studies Chairs at JNU and Goa University respectively with a view to making Brazil academically more visible. Countries like Argentina, Panama have intermittently organized all India essay competitions with handsome prize money so as to encourage Indian students and young researchers to contribute scholarly pieces on different aspects of these countries. The idea has obviously been to generate an active interest in these countries among the students of Indian universities. The Candido Mendes University in Brazil followed suit by organizing their first All India essay competition in 2000 in association with the Publishers and Book Sellers Guild in Kolkata. This competition has already seen its second round in 2001.

CONCLUSION

The previous sections amply demonstrate that India can no longer claim its lack of knowledge and awareness about Latin America as the major hurdle in taking their relations to newer heights. Equally true is the realization that the efforts made hitherto towards developing meaningful economic relations have been few and far between. The prevailing political climate in the region and the historically cordial relations that some of Latin American countries share with India should act as the building blocks for further advancement by both the sides. The strategic relationship that India needs to develop with the major countries of the region need not be limited to merely economic and trade relations though this remains the pre-eminent preoccupation of the current policy regime in India.

The existing 'feeble' relations need to be strengthened and given a new lease of life. After all, even today, foreign policy-makers as well as academics and scholars

keep thinking in terms of an undifferentiated continental mass called 'Latin America'. The fact that India's relations with Latin America have failed to penetrate the regional smokescreen speaks volumes about our accomplishments on this count. By contrast, one does not fail to notice the significance of bilateral ties when we talk in such specific terms as Indo-US relations, or Indo-Russian relations, or even Indo-Nepal relations for that matter. Clearly, India does not like being lumped with the vague regional entity called South Asia by other dominant powers of the world. The message is loud and clear: there are individual countries that hold far more value for Indian policy-makers than the entire Latin America put together. Small wonder, then, that even after more than five decades of independent foreign policy-making, we remain prisoners of Indo-Latin American relations. This studied indifference towards the region has to be vigorously shaken off. India's recent policy overtures towards Brazil promises a new beginning in the general context of Indo-Latin America relations.

Indeed, one can argue for stronger Indo-Latin American ties along several axes. In geo-political terms, both sides have great stakes in the permanent membership to the United Nations Security Council. Besides Brazil, Suriname has also supported India's claim to a permanent seat in the Security Council. Economically too, India and some of the countries of the region like Brazil, Argentina, Chile, Venezuela, Mexico and Peru are going to constitute the largest markets in the future. The sheer potential of their markets is bound to provide them a level-playing field in the era of Globalization. It would be an enriching endeavour for both sides if they jointly shoulder the responsibility to negotiate a fair deal for the countries of the South in the multilateral organizations seized with the issues of global concern such as trade and tariff, environment, services, labour and agriculture.

Thus, there is no dearth of either issues or possible arenas to anchor India and Latin America as meaningful partners in the emerging international context. Nonetheless, much depends on the political will of the ruling classes on both sides of the divide. It is true that India and Latin America have never been *terra incognita* to each other; they have to travel a long way to become active bilateral and multilateral partners. Arguably, globalization need not totally undermine the imperative of the 'South-South cooperation' even though it might have changed the matrix which will inform such a cooperation. Certainly, the contours of the international relations are bound to be different in the changed global context. Like other countries and regions of the world, India and the Latin America will have to negotiate their way through the zigzag of shifting polarities that the new world is witnessing. This, in no way, should dampen their spirit or make them lax in their endeavours. In fact, a sense of optimism is visible on both the sides. It is this shared sense of optimism that will bind them together in years to come. Both entities can potentially play an important role in shaping the future global order by virtue of their geo-strategic endowments. They can, in large measure, help shape the future trajectory of world politics.

In any case, cultural and civilizational differences need not come in the way of building long-sustaining and mutually enriching relationship between the two sides. After all, such differences are not insurmountable. The onward march of human history has been a witness to the reconciliation of many apparently irreconcilable differences. At a time when the postmodernist echo of global academia is reverberating with the slogan *vive la difference*, to treat differences as hurdles is to go against the grain of history. Differences are here to stay, as also is humanity's resolve to build a 'global nest'. Multiculturalism is no threat to bilateral cooperation. Rather, it adds to the richness of human legacy. That day is not far off when the global world order will metaphorically represent a great-multicoloured palimpsest where nations will be free to contribute their own scripts. And it is this vision of a multi-polar world that opens up a vista of possibilities for India and the countries of Latin America and the Caribbean. Their increasing proximity and growing cooperation on various fronts is bound to contribute the unfolding of a humane global order.

NOTES

1. *Hindu*, 18 November 1961.
2. Abdul Nafey and Om Gupta, *Latin America in Emerging World Order: Opportunities for India, Reflections of R. Narayanan* (Delhi: B. R. Publishing, 2000), p. 259.
3. *Ibid.*
4. *Ibid.*, p. 260. Also see N. P. Chaudhary, *India's Latin America Relations* (New Delhi: South Asian Publishers, 1990) and Daulatsinhji P. Jadeja, ed., *India and Latin America: Partners in Progress* (New Delhi: Trans Asia Publications, 1988).
5. *Ibid.*, p. 261.
6. *Ibid.*, p. 262.
7. *Ibid.*, pp. 262–63.
8. *Ibid.*, p. 266. Also see R. Narayanan, 'Recent Trends in India–Latin American Relations', *India Quarterly* (New Delhi), April–June 1975.
9. *Ibid.*, p. 267. See R. Narayanan, 'Indo-South American Economic Relations, Patterns and Promise', *Indian and Foreign Review*, Vol. 18, No. 22, 1–14 September 1981.
10. *Foreign Affairs Record* (New Delhi), September 1968, p. 194. Also see *ibid.*, April 1969, p. 77.
11. Nafey and Gupta, *Latin America in Emerging World Order*, p. 268. See Robert Gillete, 'India and Argentina: Developing a Nuclear Affinity', *Science* (London), 28 January 1984. See R. Narayanan, 'India and Latin America', *International Studies* (New Delhi), Vol. 17, Nos 3–4, 1978.
12. See FICCI, *Report of the Indian Economic and Trade Delegation to Latin America, April–May 1969* (New Delhi, 1969). Also see R. Narayanan, 'Indo-South American Economic Relations, Patterns and Promise', *Indian and Foreign Review*, Vol. 18, No. 22, 1–14 September 1981.

13. Nafey and Gupta, *Latin America in Emerging World Order*, p. 278. For details refer to R. Narayanan, 'India and Latin America', in Bimal Prasad, ed., *India's Foreign Policy: Studies in Continuity and Change* (New Delhi: Vikas, 1991).
14. *Ibid.*
15. *Ibid.*, p. 327.
16. *Ibid.*, p. 315.
17. 'Focus: LAC' was launched in November 1997 by the Commerce Minister, Government of India, in order to significantly enhance India's trade with the Latin American region.
18. For details see <http://commerce.nic.in/flac/flac13.htm>
19. Nafey and Gupta, *Latin America in Emerging World Order*, p. 324.
20. During the visit of the Chinese premier Chinese President Hu Jintao on 16 November 2004 to Argentina, China promised investments of up to \$19 billion to Argentina over a period of 10 years in railroads, housing and oil exploration.
21. Initially, it was called the G-3 or the 'India–Brazil–South Africa (IBSA) Dialogue Forum', and was launched by the foreign ministers of India, Brazil and South Africa. All members have endorsed each other's candidature to the permanent seats in the UN Security Council. The Minister of External Affairs of India, Mr Yashwant Sinha, the Foreign Minister of Brazil, Mr Celso Amorim, and the Foreign Minister of South Africa, Dr Nkosazana Dlamini-Zuma, met in New Delhi on the 4th and 5th of March 2004 for the first meeting of the Trilateral Commission of the IBSA dialogue forum. The foreign ministers reviewed developments in the trilateral initiative that began with their meeting in Brasilia in June 2003 and the meeting of the three heads of state and government in New York in September 2003. They appreciated the progress achieved so far and stressed the importance of carrying forward the multi-faceted dialogue and of registering tangible results in the operational areas already agreed upon. The ministers noted the significant steps already envisaged at the trilateral meeting of the defence ministers of the three countries (held in Pretoria on 1 February 2004) for stepping up cooperation. IBSA has set as its agenda the issues of peace and security, environment, health, education, tourism, terrorism, infrastructure, trade and investment, sustainable development, telecommunications, e-governance, traditional medicines, energy, defence and many other issues that will benefit all the three members of G-3.
22. *The Hindu*, 22 October 2003. For instance, as part of the India–Brazil–South Africa caucus, direct flights commenced between India and Brazil via Johannesburg from December 2004.
23. *The Hindu*, 25 January 2004.
24. Ministry of Commerce and Industry, Government of India, 21 March 2005.
25. *Ibid.*
26. Ranja Sengupta, 'Free Trade Between Mercosur and India: New Bonds, New Boundaries', in Global Policy Forum (Washington, D.C.), 18 July 2003 <http://www.globalpolicy.org/globaliz/econ/2003/0718indiamercosur.htm>
27. Fabricando Pela Microservia Industria Brasileira—SOB encomenda do Ministerio das Relacoes Exteriores—Assessoria de Comunicacao Social, *Brasil em Foco* (Rio de Janeiro, 1997) (CD-ROM).

28. The IBSA Framework of Cooperation on Information Society, which provided the basis for future trilateral work aiming at reducing the digital divide in their societies, was also signed. Also, the IBSA Facility Fund that was created would constitute a pioneer and unique initiative of South-South cooperation with initiatives in Guinea-Bissau and Haiti. The IBSA members underscored their countries' commitment to allocate at least \$1 million a year to the IBSA Facility Fund.
29. *India Quarterly* (New Delhi), Vols 60–61, Nos 1–2, January–June 2004.

V.S. Sheth

Indian policy towards the African continent has to be based on an appreciation of contemporary global and state-level conditions, and the history of past relationships between India and Africa. Today, there are 53 nation-states in Africa and any policy framework for the whole continent will have to concern itself with macro-level issues. Besides placing India's Africa relations in a multidimensional time perspective, this chapter attempts to find commonality in the crises affecting India and African states to identify common areas of cooperation, and to draw up a policy framework towards African continent in the next millennium.

INDIA—AFRICA RELATIONS IN A MULTIDIMENSIONAL TIME FRAME

The Inhabitants of the western coast of India had a fairly good knowledge of the east coast of Africa in ancient times through their trade links. Indian presence in the Red Sea, the Persian Gulf, and the eastern seaboard of the African coast has been well-documented in Sanskrit and Greek, and substantiated by the discovery of civilizational ruins showing Indian influence on the southeastern African coast.

The arrival of colonial and imperial forces in the Indian Ocean region with the discovery of a sea-route to India in the 16th century brought African societies into the vortex of international relations, and the designs of imperial powers subsumed ancient trading and commercial relations among people of the Ocean littoral. The economic imperatives of imperialism converted the Indian Ocean into an international maritime highway and established enduring socioeconomic and cultural linkages between Africa and Indian subcontinent. It was a British policy during the 19th and 20th centuries to use colonial resources from the Indian subcontinent to pacify, develop and consolidate their colonial hold over African colonies. The poverty-stricken Indian population was recruited to work as indentured labour in South Africa, Kenya, Mauritius and several other places within the empire to

develop colonial economies and infrastructure. Troops of the British Indian army were deployed to pacify hostile African tribes, maintain law and order, and train Africans in the use of modern weapons.

The fluctuations in the relations between far-flung societies have been influenced by the development of science and technology. The expansion of science and technology since the days of renaissance has been continuous, and this has affected relations between and within societies and states. The growing capacity of European societies to control alien territories, resources and peoples created a social space to experiment with new political techniques during the 19th century, and this forged a commonality of approach among colonies to create an international order in the post-war period.

The discrimination against Indians in South Africa resulted in the invention of techniques of passive or nonviolent resistance by Gandhiji who later on further developed, transplanted and successfully used them to win Indian independence. The discriminatory colonial policy affected all categories of Indians in the eastern and southeastern coast of Africa. The adoption of passive or nonviolent methods of resistance to colonial rule by Indian National Congress, and the sympathy of the leaders of Congress to the cause of Indians in Africa united the diverse groups of Indians in the African continent. Political organizations were established in Africa on similar lines to that in the motherland during the inter-war period to fight colonial rule.

The seeds of African nationalism were sown by colonial policies and the changes at the global level during the 20th century enabled nationalist feelings to grow. India under the leadership of Gandhiji had gained independence by the time the young African intellectuals with Western educational background took up leadership of the African nationalist movement in the post-war period. India's long unbroken record of resistance to colonial rule and the model of the Indian National Congress for waging a successful mass struggle impressed the African nationalist leadership.¹ In the post-Independence period, Indian leadership not only successfully absorbed princely states, but also liberated French and Portuguese territories. The success of Pan-Indianism encouraged African nationalists to emulate, as Pan-Africanist goals also visualized the liberation and unification of the African continent as a whole.

The developmental model adopted by Pandit Nehru consisting of secular democratic polity, mixed economy which allowed coexistence of the private sector with a command economy and the policy of non-alignment in foreign relations was based on values derived from the Indian freedom struggle. The Indian model impressed African nationalists, as it enabled a weak and economically underdeveloped nation to maintain its autonomy in world affairs in the face of global pressures. India maintained good and equal relations with Britain, and joined the British Commonwealth even though it had a republican form of government. The British colonies in Africa followed in Indian footsteps and could easily join the Commonwealth when they became independent.²

INDEPENDENT INDIA'S ATTITUDE TOWARDS AFRICA UNDER CHANGING GLOBAL CONDITIONS

Prime Minister Nehru firmly believed that the common background of colonial rule and similarity in political and economic problems would bring the nations of Asia and Africa closer, and he pledged India's support to the Africans' fight to achieve political independence and end racial domination in South Africa by the white minority. India raised problems of racial discrimination against Indians in South Africa at the UN in 1946. India's Africa policy in the 1950s emphasized decolonization and achievement of African majority rule, and advised Indian settlers to integrate themselves with the indigenous population. India firmly believed that the winds of change at global level would force colonial powers to wind up their empires in Africa and that Africans should follow the peaceful constitutional path to win independence. Taking advantage of the Indian stand on the use of nonviolence to achieve political ends, racist colonial elements were able to generate violent clashes between the Indian and African communities.

The Cold War intervened to split the African nationalists in the 1950s. The Cold War influenced the process of decolonization in African continent during the latter half of the 1950s. The non-recognition of the Algerian government-in-exile and the Republic of Congo after Patrice Lumumba's assassination distanced the militant group of African states from India. On the other hand, India's participation in UN peacekeeping operations in Congo roused the suspicions of the conservative African states.³ However, when African struggle against the colonial powers took a violent turn, as was the case in Mau Mau rebellion in Kenya in 1952–53 and also in Algeria, the Indian government either passed resolutions terming the use of violence as undesirable and harmful or did not recognize provincial governments set up by the colonial people. The Indian stand was in sharp contrast to that of the Chinese⁴ who supported armed struggle to win independence. Besides, the Commonwealth connection influenced India to take a liberal view of British colonial policies in East Africa. As a result, New Delhi's image as a staunch supporter of anti-colonial struggle dimmed in the African mindset from 1956 onwards. Its isolation from African states was complete when only four African states, namely, Ethiopia, Kenya, Nigeria and Libya, supported her against Chinese aggression in 1962.

The military defeat at the hands of Chinese greatly undermined India's position in the world affairs. Besides exposing India's economic and political weakness, it showed that the policy of non-alignment held no guarantee against military attacks by a member belonging to a military bloc. Learning from experience, Nehruvian African policy was suitably reframed by the Government of India to suit India's changing national interests in the post-1962 scenario.

Africa is a big continent and, by 1963, a very large number of countries had become independent of colonial rule. India began to cultivate diplomatic

economic relations with only those African states who stood by it during the Chinese crisis in 1962, thereby giving up attempts to cultivate them as one collective bloc. She launched an all-out propaganda offensive in Africa first against the Chinese in post-1962 phase, and against Pakistan in the second half of the 1960s, to counter the growing nexus between China and Pakistan. At the preparatory meeting held in Djakarta during the mid-1960s to hold a second Bandung-type conference, India proposed that the Soviet Union and Malaysia should be invited in an attempt to isolate the Chinese.

India then strengthened her economic diplomacy with African states. Besides pouring Indian capital to construct a large-scale textile mill and allowing increased import of goods from Ethiopia, the Government of India encouraged Indian industrialists to build an industrial estate of 22 units in Nairobi. Around the same time, the Indian government made determined efforts to revive its image of anti-colonial and anti-racial power by withdrawing its mission from Salisbury, five months ahead of the Unilateral Declaration of Independence (UDI) by Ian Smith in Southern Rhodesia, and also began giving assistance to the liberation movements through the Dar-es-Salaam-based liberation committee of the Organisation of African Unity (OAU).

As part of the efforts to promote close economic cooperation with the African countries, the Indian government in the 1960s allowed the export of private capital and managerial expertise to the African countries through joint ventures.⁵ Eleven joint ventures started production between 1969 to 1972 in Libya, Algeria, Kenya and Ethiopia covering a wide spectrum of manufactures ranging from cotton textiles and razor blades to pharmaceuticals. The Indian government also started seriously considering the possibility of bringing the Indians settled in Africa within the framework of its policy goals in Africa. Indira Gandhi, who became Prime Minister of India in the mid-1960s had earlier called people of Indian origin settled in Africa 'Ambassadors of India'. Negotiations began with the Government of Kenya to establish Africa-India Development Cooperation with Indian and Kenyan 'Asian' capital. These efforts to rope in the Asian community to join Indian economic diplomacy, however, came to naught, partly because of the unwillingness of Kenyan 'Asians' to part with capital in politically insecure surroundings and partly due to the exodus of Asians to Britain with the passing of British Immigration Bill in 1968.

The coalescence of fortuitous circumstances at domestic and global level in the 1970s enabled the Government of India to rebuild its image in the eyes of African States. The liberation of Bangladesh in 1971 and the underground explosion of a nuclear device in 1974 showed the degree of India's progress in scientific and technological field and underscored the fact that it still possessed the strength to rush to the rescue of a persecuted people outside its borders in response to an appeal from them. While the conclusion of the Indo-Soviet treaty in 1971 and threatening gestures by the American seventh fleet to enter the Bay of Bengal at the height

of the Bangladesh crisis enabled India to regain its anti-imperialist image, the Chinese influence in Africa declined due to her incessant quarrels with the Soviet Union and her support for South African and CIA-supported forces in Angola. In the 1970s, the Government of India took the initiative to back liberation forces in Africa⁶ and made diplomatic efforts to make Africans aware of the dark forces of imperialism.

EUROCENTRIC STATE MODELS IN A COMPARATIVE FRAMEWORK

In the post-Independence period, the Indian and African nation-states have come under pressure while trying to meet rising expectations of the people. The nation-state in India was born out of the initial horrors of partition in 1947. From 1947 to 1972, the Nehruvian development model withstood pressures generated by the economic burdens of fighting three external wars in 1962, 1965 and 1971 and growing political heterogeneity. There were also significant changes at the global level during that period and the Government of India's policy towards Africa had to undergo changes to serve its changing national interests.

Departing colonial powers in the early 1960s bequeathed the Eurocentric nation-state model to the African elite to develop and modernize their societies. The ruling classes in Africa adopted democratic polity, a mixed economy and a nonaligned policy to conduct their external relations. This enabled them to manipulate Cold War conditions in the initial years of independence to get sympathetic attention from both power blocs and also fight the remaining vestiges of colonialism, imperialism and racialism in the continent.

The development of the modern state in sub-Saharan Africa in the European style destroyed the traditional features of African political life which put more emphasis on human resources than on territory. The state borders in the post-Independence period divided communities and ethnic groups due to its emphasis on territory rather than people. The acceptance of colonial boundaries and structures by the African elite tainted the image of the state with the stigma of exploitation and injustice. Although the educated African middle classes, with the help of Europeans and others, were able to channel popular anger and frustration against colonial rule in the post-war period, the acceptance of colonial legacy in form of the nation-state created an identity crisis for African masses. Disjointed state and societal structures in African conditions resulted in the military overthrow of democratically-elected governments and the adoption of one-party rule. The African elite's search for a unique path of development resulted in the adoption of 'African socialism' as distinct from the Soviet and East European model of socialism.

While the alienation between state and society in Africa created a crisis of state legitimacy, the declaration of internal emergency in 1975 in India provided a

watershed in the development of democratic ethos in the country. In the post-emergency period, political charisma, money and muscle power dominated the functioning of the Indian democratic system. Around the same time in the second half the 1970s to the first half of the 1980s, African states were caught in a vicious cycle of declining economic growth, increasing debt burden and political instability.

The non-aligned and UN forums provided a common platform to India and African states to initiate common action at the international level in the 1970s. The 1969 Lusaka Summit meeting of the heads of state and government of Non-Aligned Movement linked economic issues with the political agenda of the Non-Aligned Movement and at the 1973 Algiers NAM Summit, new economic concepts emerged which were adopted by the UN General Assembly in 1974 in the form of a New International Economic Order. Monetary, economic and technical assistance to the African states by India, ideological support to NAM and the UN by both India and the African states and subsequent Afro-Asian resurgence laid the basis of a broader framework of South-South cooperation between India and Africa.

THE ECONOMIC CRISIS IN AFRICA

The genesis of sub-Saharan Africa's economic crisis has both internal and external factors. Due to a mismatch between death and birth rates, the population in African countries grew at the rate of 2.1 per cent in 1950 to more than 3 per cent in 1980s. The population explosion had a cascading effect on the sub-Saharan African societies. It expanded the labour force faster than it created new jobs, strained food supplies and ecological life support systems, and entrenched malnourishment, ill health and illiteracy. While a few African governments supported population control, the cycle of drought, famine and starvation became regular features for many sub-Saharan African societies. The agricultural output and food production has been on a decline in the sub-Saharan African states since 1960s⁷ and by 1985 food output approximated 1.4 per cent against over 3 per cent growth rate of population. Agriculture accounts for nearly 65 per cent of the total exports and employs 75 per cent of the economically active population in Africa and with decreasing economic growth rate, food import bill for African states rose from \$11.9 billion to \$12.4 billion between 1970 and 1985. Lack of modernization of production techniques, existence of large-subsistence sector, faulty governmental policies in regard to agricultural pricing, research, marketing and experimentation in farming have been sighted as reasons for stagnation in agricultural and food production. The 1987 drought in Africa reminded policy-makers that it would not be possible to achieve economic and social progress without solving agricultural problems.

The problem of depleting forests and woodlands in African condition is closely connected with population growth which is forced to over-exploit local forest resources beyond their regenerative capacity. The growing population pressures on land have removed trees and groves needed to maintain soil moisture and protect it from erosion.⁸ The shrinkage of forests, loss of soils due to erosion, over-grazing of grasslands, use of cow dung and crop residues as alternative sources of fuel, have led to drying out of agricultural land and have affected the weather cycle. In order to arrest deforestation, Africa requires substantial financial support from the international community.

African states need to industrialize and modernize their economies, the cost of which would be met from export of minerals and raw materials.⁹ African economies have been linked to former colonial powers for the purpose of trade, aid and assistance in post-Independence period. While continued linkages with the metropolitan economies helped in attaining more than 3 per cent average annual growth rate in the 1960s and early 1970s, lack of dynamic self-sustained and self-reliant framework began to hurt many sub-Saharan African states in the post-oil crisis period. The prolonged recessionary trends witnessed in the Western economies due to the oil crisis of 1974 reduced the demand for raw materials. Subsequent lowering of international prices of raw materials hurt the African governments, which were dependent on the export trade for financing their industrialization programmes. While oil exporting states increased their revenue through hikes in prices of crude oil, the bank and companies in the West were flooded with excess petro-dollars deposited by oil producing states. The African states took the easy option out of this difficult situation and accepted recycling of petro-dollars in the form of loans to meet the short-fall in their balance of trade. Between 1973–74 and 1982–83, the external debts to African economies rose by around 22 per cent per annum, a rate much higher than the GDP growth rate or export growth rate achieved by the African states during the period. The total external debt as a percentage of GDP rose from 54 per cent in 1986 to 81 per cent in 1995. Africa has largest number of low income group of countries, several of whom have total external debt exceeding their total GDP.¹⁰ The heavy indebtedness of African states have put pressure on the monetary resources which are diverted to servicing of debt. The average annual growth rate in case of sub-Saharan African states declined from 3.8 per cent in 1970–80 to 1.4 per cent in 1990–1995. The declining economic growth rate and heavy external loans to meet the needs of the population, have led to more outflows of funds from Africa in terms of net purchases and interest charges than those received by it.

INDO-AFRICAN POLITICAL AND ECONOMIC RELATIONS

While African states were caught in a web of economic crises, the South–South cooperation in the 1970s did not get off the ground due to the Eurocentric

orientation of African economies and India's inability to provide financial support to the supply of intermediate range technology. However, the concept was endorsed at Lagos in 1980 as part of the African resolve for collective self-reliance in economic matters. India has trade relations with more than 40 African countries, excluding French-speaking Africa. However, on close examination of India's export-import trade figures with Africa, one finds that there are large numbers of countries outside India's trading arrangements. Out of the 40 countries with whom India had trading relations in the 1980s, 78 per cent of India's export was sent to only 11 countries and on the import front 70 per cent of India's import from Africa came from eight African countries.

In the early 1970s, India's export trade with Africa was mostly in traditional items, and its imports from Africa consisted of raw materials. Composition of India's trade with Africa during the mid-1970s underwent a change and non-traditional items such as engineering goods, iron and steel, chemical, pharmaceuticals and cosmetics began to increase their share in the total exports to Africa. On the political front, in the 1970s India supported African states in the UN and non-aligned forums. The support to UN resolutions on decolonization of South and Southern Africa, and the setting up of the Africa Fund went hand in hand with setting up joint ventures, training of African students under Indian Technical and Economic Cooperation (ITEC) programmes and providing most favoured nation status to some African states for trading purposes with India. India had earned considerable African goodwill through setting up of nearly 60 joint ventures in Kenya, Mauritius Tanzania and Nigeria and helped to build infrastructure such as railway lines and providing wagons and coaches.

The democratic ethos in India and Africa have undergone simultaneous deterioration. While the political climate in African conditions have alternated between democratic freedoms and authoritarian rule, the Indian political scene has witnessed a prolonged period of coalition governments, repeated elections, rise of communal and fundamentalist forces within and outside India and the deterioration of the regional security environs. While the 1974 oil crisis had highlighted the need for a self-reliant strategy of economic growth in Africa, the corruption and political non-accountability of ruling classes, ethnic and transborder conflicts have further added to the economic burden. India's performance has also suffered due to the deterioration of political parties, increasing role of money power, corruption, and entry of underground mafias in the state and central legislatures.

AFRICA IN POST-COLD WAR PERIOD

The African continent has been seriously affected by the end of the Cold War and the break up of the Soviet Union. Reduction in Cold War tensions and the elimination of Cold War-related conflicts in the African continent have affected the political vocabulary of elites. There is now only one superpower and only one

source of aid left to which African states have to turn to in times of crisis. During the last two decades several unsuccessful efforts have been made by regional and international organizations and financial agencies to find a way out of the African development impasse. The end of the Cold War has marginalized African states from the global economy and has made them vulnerable to the demands of the international funding agencies under the control of the Western countries.

The dismal economic growth rate of African states, inadequate development of infrastructure, lack of industrialization and skilled manpower, and lack of political and administrative transparency have affected the foreign direct investment (FDI) and investing of management skills and technology in Africa at a time when these are most needed to boost the economic growth and reduce the debt burden. The region-wise analysis of the FDI flows indicate that Africa's share of the FDI has declined from 31.2 per cent in 1970 to 4.5 per cent in 1998, and in comparison that of Asia and the Pacific region has increased from 13 per cent to 46.3 per cent during the same period. The international capital has become a highly mobile commodity under the process of globalization, and it has a tendency to bypass Africa and go to the most rewarding regions which are at present located in Asia-Pacific and Central and Eastern Europe.

In the contemporary phase of fast-track globalization and intense interdependence the Indian and African states have to cooperate at bilateral and multilateral levels. Besides democracy and open markets, establishment of regional groupings for economic integration is crucial to achieve higher economic growth in Africa and South Asia.

RELEVANCE OF DEMOCRATIZATION AND REGIONAL ECONOMIC COOPERATION IN AFRICA

In 1989 Africa had only nine multiparty states. Though most African states had emerged as democracies from colonial rule, only three in North Africa, two in West Africa, three in Southern Africa and an island state of Mauritius had survived as electoral democracies by 1980. The adoption of the democratic option by the Soviet Union and Eastern European countries made authoritarian or one-party rule unpopular. The worldwide trend of democratization or the transition away from authoritarian rule reached African shores due to the insistence of donor countries/institutions that African states must democratize their political set up and undertake economic reforms in order to entitle them to financial assistance. By October 1997—within a span of eight years—there were 41 functioning multiparty states out of 53 states on the African continent. Of the remaining 12 non-democratic states, leadership resisted changes and opted for maintenance of non-party status quo in five¹¹ and in another seven¹² transition to democratic rule was interrupted and authoritarian rule was imposed. From 1997 to 2007 each and every African state has adopted democracy as a principle of good governance.

The majority of the African states consist of multi-ethnic population and therefore liberal multiparty democracy provides opportunity to every group to participate in the development process.¹³ African societies need to modernize quickly and for which education is essential. It is believed that without proper training and education Africa would not be able to enter the modern technological world. While democratic rule sustains itself on social forces encapsulated in modernization, once installed democratic rule produces higher literacy rates, higher value-added exports, increasing per capital incomes and reducing inequalities between social classes. If African states have to survive in the modern world, they must have continued economic growth and reduced income inequality through proper education of its people.

International financial bodies had located the causes of rapid economic decline of the Third World countries and specifically those in the African continent in terms of too much state control and regulations, economic mismanagement, corrupt political and economic practices and imprecise development of the democratic processes. Adoption of democracy and open markets during the last one decade has helped several African states such as Ethiopia, Kenya, Tanzania, Uganda, Mozambique, Mauritius, Botswana, South Africa, Ghana, Nigeria on higher economic growth.

Regional organizations were established by the Western powers as part of Cold War strategy in the 1950s to maintain security of the Third World countries. The European powers at the end of the Second World War established a regional organization for promoting economic cooperation between them. The establishment of regional organization between the nation-states for economic and military purposes is validated by the UN Charter. The Cold War penetrated and divided African nationalist leadership in the 1950s and the worried African elites established Organisation of African Unity (OAU)—a continental level regional organisation—to promote peace and cooperation between independent African states, and unite them to fight forces of colonialism, imperialism and racism in Africa. The OAU was assisted by the UNO in its efforts to promote economic cooperation between the African states through the setting up of the United Nations Economic Commission for Africa.

In June 1991 OAU meeting of heads of states and governments of African states held at Abuja, Nigeria decided to establish Pan-African Economic Community which will aim at achieving structural change through the phased removal of the barriers to intra-African trade, strengthen regional economic groupings and promote Africa-wide economic integration by the year 2025.

NEW DIRECTIONS IN INDO-AFRICAN COOPERATION

The Indian population in various African countries is above one million. They are economically and educationally well equipped to help African economies emerge

out of the darkness. For example, Indians returning to Uganda in response to Museveni's appeal has played no uncertain role in Uganda's status as the fastest growing African economy. Indians in Uganda, Kenya, South Africa and several other places constitute middle level entrepreneurs and provide skilled manpower for economic growth. Their presence in several African countries as intermediaries could help Indian goods and capital to penetrate into hinterland once the process of trade liberalization in Africa takes place through removal of customs and tariff barriers. The Indian ministry of commerce has launched the Africa Focus programme for promoting India's trade and commerce with Africa. As a result of this India's trade with Africa has significantly increased during the last five years.

In the 21st century India is seen as a source of technology and products that are often more affordable and appropriate for African conditions, of managerial skills, and even of concessional finance to bridge the resource gap. During 2006 India received high-level visitors from Gabon, Mauritius, Angola, DR Congo, Ghana, Nigeria, Senegal, Benin, Ethiopia, South Africa, Namibia, Zambia, Zimbabwe, Malawi, Mozambique, Eritrea and other African states. There are several outstanding examples of India's technical and financial collaboration with African states: the establishment of machine tools factory in Nigeria, the Kofi Annan Centre for Excellence in IT in Ghana, the IT park in Mauritius and the Entrepreneurship Training and Development Centre in Senegal; the agricultural assistance package comprising 60 tractors and associated equipment to Cameroon, Benin and DR Congo; emergency foodgrains assistance to Chad Guinea; medical supplies to Cote d'Ivoire, Guinea, Niger, and the Gambia; and pumps, tents and other relief supplies to Senegal. Besides these, Indian buses have brought about a transformation in the urban transport in Dakar, Abidjan, and Kinshasa, while the Green Revolution in Mali and Senegal was spurred by the launch of a tractor assembly plant and a supply of 300 tractors, and launching of the \$27 million irrigation project. In Chad, India has supplied a cotton yarn plant, it is building military barracks in Sierra Leone and a pipeline and a power plant in Sudan.

The Indian president and the prime minister have visited Mauritius, South Africa, met top African leaders and addressed African Union parliament. President Abdul Kalam has offered a medicine project to the African states. The five African sub-regions are working towards greater economic integration and India has moved to establish an institutional relationship with these key economic sub-regional groupings. India has initiated a dialogue with the 11-member Economic Community for Central Africa (ECCAS), and 15-nation Economic Community of West African States (ECOWAS). India Southern African Development Community (SADC) forum links India with 14 countries of Southern Africa. India has signed a PTA and a comprehensive economic partnership agreement with Mauritius and envisages a PTA with Southern African Customs Union (SACU). The first ministerial summit with 20 member COMESA (Common Market for Eastern and Southern Africa) was held in October 2006.

NOTES

1. According to Kwame Nkrumah of Ghana, 'After months of studying Gandhi's policy and watching the effect it had, I began to see that when backed by a strong political organisation, it could be the solution to the colonial problems'.
2. In the words of Ali A. Mazrui, 'Men in distant lands who study the origins of Afro-Asianism will remember the naked fakir Mahatma Gandhi who helped to shape the doctrine of passive resistance as a strategy of liberation in colonial days; and the Brahmin aristocrat Jawaharlal Nehru who helped to shape the doctrine of non-alignment as a strategy of liberation after colonial rule.'
3. India's specific objectives in Congo were (1) to secure withdrawal of Belgians from the Congo, (2) to control the armed forces led by Colonel Mobutu and (3) to restore the Congolese parliament.
4. Based on theory of class conflict, the Chinese believed that the armed struggle was integral part of any nationalist movement and that ruling class never abandoned power voluntarily.
5. Such joint ventures were to provide a market for India's capital goods abroad, earn foreign exchange in the form of dividends and royalties, and create goodwill and mutual cooperation more quickly between India and the countries where investments being made. The government of India between 1964 to 1972 processed and approved nearly 34 joint ventures.
6. The Indian government, setting aside legal niceties, did not waste time in granting recognition to government-in-exile set up by nationalists of Guinea Bissau and also MPLA, Government in Luanda and Angola.
7. During the 1960s, agricultural output and food production increased at the annual rate of 3 and 2 percent respectively. During 1970s corresponding agricultural and food growth rates were placed at 1.8 and 1.5 percent.
8. It has been estimated that about 4 million hectares of African forests are disappearing every year, threatening the resource base on which food production and animal life depend.
9. Africa produces 53 per cent of the world's cocoa, and 20 per cent of its groundnuts and coffee, in addition to cotton, sugar, tobacco, most of which are exported. It produces 46, 28, 49, 85, 6 and 22 per cent of world production of diamond, gold, platinum, bauxite, iron ore, manganese, coal and uranium respectively.
10. Nearly 20 African states have total external debt of more than 100 per cent as a percentage of GNP/GDP.
11. The five one-party states are Libya, Sudan, Eritrea, Uganda and Swaziland.
12. The transition to democratic rule was disrupted in Nigeria, Burundi, Sierra Leone, Congo Brazzaville, The Gambia, Rwanda and Democratic Republic of Congo (Kinshasa).
13. Twenty-eight African states of the total of 53 states consist of numerous minorities, namely Senegal, Gambia, Gabon, Ivory Coast, Benin, Zambia, Burkina Faso, Cameroon, Mali, Ghana, Kenya, Djibouti, the Central African Republic, Comoros, Congo (Brazzaville), Niger, Togo, South Africa, Malawi, Guinea Bissau, Mozambique, Ethiopia, Guinea, Tanzania, Congo (Kinshasa), Nigeria, Uganda and Eritrea. Fifteen

African states are ethnically compact countries with one group constituting more than 50 per cent of total population. These are Botswana, Mauritius, Zimbabwe, Namibia, Cape Verde, Sao Tome, Mauritania, Madagascar, Rwanda, Burundi, Equatorial Guinea, Seychelles, Libya, Sudan and Sierra Leone.

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G.V.C. Naidu

Regional multilateralism in East Asia is primarily a post-Cold War phenomenon though the Association of Southeast Asian Nations (ASEAN) had been around since the late 1960s as a sub-regional organization. ASEAN's salience grew not so much because of the economic cooperation it sought to promote but the political role it played, especially since the outbreak of the Cambodian issue in the late 1970s. However, ASEAN became the rallying point of East Asian regional multilateralism that started taking shape as part of an effort to search for viable alternatives to deal with post-Cold War political uncertainties on the one hand, and on the issue of how best to take advantage of buoyant economic conditions on the other. To a great extent, economic and security multilateralism owe their origins to Japan,¹ which, for a variety of reasons, strongly advocated multilateral dialogue and frameworks, though most major powers such as the US and China and even ASEAN were reluctant to support it, albeit for entirely different reasons.

The momentum began in the late 1980s when some felt that regionalism could be promoted by taking advantage of the economic dynamism that the region was witnessing. The winding down of the Cold War came in handy as it removed the political problems that had created suspicions and divisions. If China's opening up of its economy provided the necessary impetus, countries such as Japan and several ASEAN nations were also concerned about the creation of trading blocs in Europe and North America.

A series of initiatives starting from the Asia Pacific Economic Cooperation (APEC), Malaysian premier Mahathir's East Asia Economic Caucus (EAEC), the creation of the ASEAN Plus 3 (APT) after the economic crisis of 1997–98 and the more recent East Asia Summit (EAS) are the region-wide mechanisms that have come into being. There are a number of other institutional arrangements built around ASEAN such as the ASEAN meetings with dialogue partners, ASEAN summit meetings with China, Japan, and South Korea, and separately with India. Furthermore, another major trend that is adding to the web of linkages among the

countries of the region are the plethora of different free trade/economic partnership agreements involving every country, both bilateral as well as regional and multilateral with ASEAN as a group. While the debate on creating regional multilateral mechanisms was being discussed vigorously in the early 1990s, India hardly figured in the deliberations. However, that has undergone a fundamental change both in terms of India's involvement as well as the country's own attitude. The following examines India's policies toward East Asian regional multilateralism.

An interesting phenomenon in India's foreign policy in the aftermath of the Cold War has been the growing interest in regional multilateralism. India, which traditionally had exhibited considerable aversion and scepticism towards such regional initiatives, in particular towards those related to political/security aspects, has gradually shifted its position by joining the ASEAN Regional Forum (ARF). It has now shown greater willingness to take part in regional forums meant purely for economic cooperation such as APEC, dialogue partnership with ASEAN, and more recently the East Asian Summit (EAS).

Since the early 1960s and till the early 1990s, India had been a quintessential follower of a 'realist' policy. Notwithstanding India's new found interest in regional multilateralism, it continues to lay faith in the nature of great power relations and pursue a subtle balance of power. New Delhi's evolving relations with Washington and Tokyo especially are not simply routine but will have considerable implications for East Asia. Yet, it cannot be denied that East Asian regional multilateralism has impacted India's policy to an extent. The initial interest could be because of proliferation of multilateral frameworks in the early 1990s, which was seen to be a major trend and main conduit to engage with the region and simultaneous redundancy of the military alliances that were viewed suspiciously earlier. Thus, it is not easy to conclusively prove whether the change in India's attitude toward regional multilateralism is purely tactical or longer lasting.

INTRODUCTION

Regional multilateral regimes are not a recent development; they have been around for a long time. Since the Second World War, a number of them came into existence for a variety of reasons, with varying aims and objectives. While some of them were global, many were regional. It is important to understand the dynamics and the role these organizations play in shaping not only the policies of its member states and others with direct or indirect stakes but also in influencing regional economic and security order and equilibrium. It is true that some of these were created with certain specific objectives and were allowed to decay once those objectives were met, or simply outlived their utility. The second significant aspect is that their survival and success are contingent upon the backing of the great powers. It does not mean all those regimes that have the full support of the great powers will automatically survive.

In the theoretical domain, the international relations theory is dominated primarily by two schools of thought that hold diametrically opposite views: the Realist and the Institutional schools.² Although it is beyond the purview of this chapter to undertake a review of the debate between these and various other derivatives of the two schools, it is useful to briefly mention the key arguments.

Proponents of an institutionalized multilateralism argue that states have certain neutral, common interests, for instance the pursuit of economic development, which would be a major incentive for them to cooperate. As economic interdependence grows, webs of overlapping institutions will act as disincentives for nations to resort to force which, in turn, will automatically increase stakes in the maintenance of peace and stability. This would also gradually help foster greater understanding of security concerns and help build confidence. The whole process, if channelled properly, would eventually lead to greater transparency and predictable patterns of relationship and would thus mitigate mutual suspicion and security dilemmas.

On the other hand, the Realists, who believe that the international system is basically 'anarchic' and states being sovereign would arrive at their own decisions to regulate their relations with other states to further their self-interests, take a pessimistic view of the role of these institutions and their ability to 'markedly affect the prospects for international stability'.³ They contend that these 'are basically a reflection of the distribution of power in the world. They are based on the self-interested calculation of the great powers, and they have no independent effect on state behaviour', and hence they are 'not an important cause of peace'.⁴ On the question of common interests, E. H. Carr argued that these were usually national interests of the strong states in masquerade.⁵ According to the Realists, international or regional institutions can be formed but their success would depend entirely on accommodating the interests of the dominant power(s). Further, there is the issue of 'relative gains', that is, a great power's support is contingent upon how much it gains, and if perceives that the other great power(s) is gaining more from these institutions, it may not have enough incentive to continue the support.

The above debate becomes important in analysing the attitude of major powers towards regional multilateralism since what may appear to be strong support may not necessarily continue on a long-term basis if perceived benefits fail to match expectations. Hence, the supposed support could be simply tactical for short-term political/diplomatic and/or economic gains and not necessarily a long-term commitment.

POST-COLD WAR INDIAN FOREIGN POLICY AND REGIONAL MULTILATERALISM

India has participated in only two regional multilateral arrangements during the entire Cold War outside the UN organization: the Commonwealth, and the South

Asian Association for Regional Cooperation (SAARC.) India's decision to join the Commonwealth of nations (that were once subjects of the British empire) obviously had more to do with its long colonial association with Britain rather than any intention of establishing a regional mechanism, since member states are spread out all over the world. On the other hand, SAARC was a local initiative and came into existence in 1984. Founded at the behest of Bangladesh, India suspected that there were external forces behind SAARC but was willing to support it as long as its agenda consisted of only economic cooperation issues with a firm refusal to discuss any political issues.

To understand India's attitude towards regional multilateralism in general, one should keep in mind the intense security pressures that the country was subjected to and severe political constraints that the Cold War atmosphere imposed. Thus, the end of the Cold War had a considerable impact on India's thinking, leading to a better appreciation and potential uses of multilateralism. The debate and growth of multilateralism in East Asia had tremendous effect in prodding India to make use of this route to engage with that region.

The changed attitude has also partly to do with the compulsions of a transformed political environment after the end of the Cold War. India had to suitably modify the earlier framework based on the twin formulations of security pragmatism and foreign policy idealism exemplified respectively by New Delhi's close relations with Moscow and the Non-Aligned Movement (NAM). Although NAM's credibility had started withering from the early 1970s onwards, India did not find any contradiction between signing a 'peace and friendship treaty' with the former Soviet Union (a different name for a sort of security arrangement) and non-alignment. India had no option but to pursue the above policy given serious security challenges it was faced with after the series of wars it had to fight between 1962 and 1971 and continued tensions in its immediate vicinity, including in the Indian Ocean. Thus, during much of the Cold War era, India's foreign and security policies were dictated by events not only in South Asia but also in the world.

A close scrutiny of reactions to various developments clearly demonstrate that, except for the brief stint with idealistic activism that Nehru pursued in his initial years, India primarily followed a realist foreign policy. It had been a willing partner in the balance of power at the global as well as regional levels led by the superpowers, although it spurned any move to involve in any formal security alliance or pact. A case in point is New Delhi's attitude towards events in Cambodia in the late 1970s. India preferred to recognize the Vietnamese-installed Heng Samrin regime in Cambodia in mid-1980 (the only non-communist country to do so) to accepting ASEAN's offer of a dialogue partnership (made to dissuade India from endorsing the Vietnamese military intervention). India's wariness regarding Western naval presence in the Indian Ocean and its acquiescence of the Soviet military action in Afghanistan earlier in 1978 are other instances.

Throughout the 1970s and 1980s, India pursued a policy of assertiveness in its immediate vicinity in South Asia with occasional military interventions and use of strong-arm tactics. Once India became militarily more confident of defending itself (in particular after the 1974 nuclear test), it started looking for opportunities to expand its role beyond South Asia especially into Southeast Asia where it was perceived that China was using the Cambodian issue to increase its influence in that region. Although these policies served Indian security interests, it was also constrained by them as they imposed certain limitations on its options.

For a variety of reasons, the end of the Cold War came at a very opportune time for India, enabling it to suitably adjust and re-orient its foreign and security policies as it opened up new opportunities to reinvigorate its activist policy. The foreign exchange crisis and poor economic performance forced India to radically change its economic policy from the earlier self-reliance socialist model to market orientation. In a way, they were also instrumental in effecting changes to external policies. As a result, a number of changes were brought about in the foreign policy domain. As it is beyond the purview of this chapter to elucidate and enumerate all those changes in detail, it is pertinent to mention the prominent ones. First, an earnest attempt was made to delineate security concerns with foreign policy priorities. Second, economic aspects—to attract foreign investments and promote trade—became a significant dimension of foreign policy.⁶ Third, all out efforts were made to increase interaction with the East Asian countries through the newly initiated Look East policy. This policy, as it progressed, was instrumental in influencing India's thinking on multilateralism.

India's change of heart from previous reticence to subsequent interest in regional multilateralism is to a large extent dictated by the exigencies of dealing with ASEAN and the other newly created regional organizations that have been sprouting in the region. In order to appreciate India's forays into the East Asian multilateralism, it is necessary to keep in mind the post-Cold War developments that took place in this region.

EAST ASIAN MULTILATERALISM

Notwithstanding the fact that some nations of East Asia were (and to an extent still are) involved in some form of arrangements or organizations within the region, they had been mostly exclusive in nature and related primarily to the Cold War, such as SEATO and the Five-Power Defence Arrangements (FPDA).⁷ ASEAN, which came into being in 1967 after two failed attempts in the form of Association of Southeast Asia (ASA) and MAPHILINDO, ostensibly for economic and cultural cooperation, was a political initiative with strong Cold War overtones and remained a sub-subregional venture till the mid-1990s when it became a sub-regional organization with the inclusion of the rest of countries of Southeast Asia.

Thus, the East Asia region, unlike its counterpart in Europe, never had a genuine multilateral mechanism encompassing a majority of countries as members.

Surprisingly, the interest to promote multilateralism in the region in the post-Cold War period came not from ASEAN, an association through which its member states gained considerable political and economic mileage, but from close American allies such as Japan, Australia and Canada. The two regional multilateral institutional arrangements that came into prominence are the Asia Pacific Economic Cooperation (APEC) and the ASEAN Regional Forum (ARF), both owe their origins to Japan. It was argued that given the nature of complex security environment in Asia along with the end of the most ubiquitous bipolar order that kept the region fairly stable, it would be beneficial to create region-wide institutional structures on the lines of those in Europe to maintain and manage regional peace and security. Yet, APEC and that ARF have widely divergent backdrops that made these initiatives possible.

Although Japan put across a variety of ideas to promote regional economic cooperation starting from the 1960s, political circumstances came in the way during the Cold War. The early 1990s trends towards economic integration especially in Europe and North America (mostly in the form of free trade agreements) engendered Japan into action to create an Asian version of a free trade area. However, it was Australia that pursued the idea and strongly pushed the concept in 1989 by convening the economic and trade ministerial meeting under the banner APEC—comprising countries from the Pacific Rim region—which was followed by similar meetings elsewhere. A proposal by Mahathir Mohamad of Malaysia in 1992 in the form of the East Asia Economic Grouping (EAEG), which had explicitly excluded not only the US but also Australia and New Zealand, indicated that attempts were being made to create a ‘yen bloc’ in Asia. Fearing that it might be left of the most dynamic region in the world, President Clinton quite unexpectedly convened the first ever APEC informal leaders meeting (Malaysia boycotted this for obvious reasons) in November 1993 in Seattle. Based on lofty ideas that were proposed in the subsequent summit meetings, it appeared APEC was poised to take off in a big way with the larger goal of economic integration rather than simply promotion of intra-regional trade.

As it turned out, there was no uniformity of views and objectives: the US seemed to use APEC to expedite the process of ending the Uruguay Round of GATT negotiations: Japan, worried that it might be shut out of the European and North American markets, was hoping to create its own niche in the Asian region, while the ASEAN countries were looking forward to taking advantage of economic benefits that might accrue with greater economic cooperation. By the time the Asian financial crisis hit Southeast Asia in 1997, it became apparent that APEC was not making much progress.⁸ The promised concessions, especially those by the US were not only not forthcoming, on the contrary it was looking to prise open the markets of Asia through APEC. Whatever little significance that

APEC had virtually disappeared with the onset of the WTO and the financial crisis that battered many economies of East Asia.

From an Indian viewpoint, APEC was created a time when India was frantically looking for greater interaction and integration with this region. It was frustrating for New Delhi that despite its best efforts, it could not obtain membership in APEC for some reason or the other, though not entirely for economic reasons. This was probably the first time that India had shown enormous interest and desperation to get into a multilateral mechanism⁹ as compared with the earlier Pacific Economic Cooperation Council (PECC) and the Pacific Basin Economic Council (PBEC), where India had showed absolutely no interest whatsoever.

When Australia and Canada strongly backed the Japanese idea of creating a regional multilateral structure to promote dialogue and regular interaction on security issues in view of enormous uncertainty that East Asia was facing after the end of the Cold War, most countries—including ASEAN, the US and China—were sceptical about its viability in the Asian context. However, a number of developments, especially the American withdrawal from its largest overseas bases in the Philippines, the growing contest for the disputed islands in the South China Sea, the rise of new power centres and growing aspirations of regional great powers, concerns about a possible power vacuum consequent to superpower withdrawal from Southeast Asia, and the re-emergence of a number of long-dormant territorial disputes prompted many countries to recognize the need for an intra-regional institution to deal with security matters, or at least a regional platform where views could be exchanged and differences discussed, thereby reducing the chances of open conflicts. Although East Asia did not have any previous experience, and despite lingering suspicions, support started growing because, it was argued, that there were certain common, neutral interests which would be major incentives for cooperation.

When a regional security institution finally materialized in 1993 in the form of the ARF, there was no common understanding among participants as to what its actual role would be except to create a congenial atmosphere for a regular dialogue among the members. The ARF received a major boost when the US showed interest, followed by China. Concerned by the prospect of getting pushed to the margins, ASEAN took the mantle to lead the forum. It should be kept in mind that all the major participants had their own expectations, which were not necessarily congruent with others. If the US viewed the ARF as a supplement to its alliance system, China was keen to promote its political interests in Southeast Asia, Japan wanted to enhance its political/security role through the ARF, and ASEAN had the twin motives of enhancing its own strategic significance and engaging China in what was called its 'enmeshment' strategy. Of course, it would be foolhardy to overlook some of the inherent contradictions in the ARF right from its inception. In any case, based on the concept paper that was approved at the 1995 ARF meeting in Brunei, a three-staged time-table was set for the forum, i.e., promotion of

confidence-building measures (CBMs), development of preventive diplomacy mechanisms, and eventually evolve conflict resolution mechanisms. It thus became clear that ASEAN in particular (because the concept paper was its idea) did not want the ARF to remain simply a talking shop but emerge into a dispute settlement mechanism. It was indeed an ambitious plan, and it is a different issue that it was an unrealistic proposition.

New Delhi's eagerness to join the other multilateral frameworks was also evident from the way it put its diplomatic machine in top gear starting from the enunciation of the Look East policy in the early 1990s. The objectives right from the start had been to become a dialogue partner of ASEAN and later to join regional multilateralism, especially the ARF, a multilateral security forum that was conceived around the same time that APEC was created. It was understandable why India was trying to seek some sort of formal links with ASEAN to advance its principally economic interests, but attempting to get into the ARF was a different issue altogether.

What is salient is that India for the first time was willing to not only become a part of the ARF, but also abide by its decisions by fundamentally changing its long-held position on regional security multilateralism. Previously, India was willing to consider economic multilateralism but had opposed outright any institutional mechanism for security purposes. As part of its commitment to the ARF in terms of providing greater transparency to defence and strategic policies, India for the first time produced and submitted a national security paper (equivalent to a defence white paper.) The official justification for India's participation in the ARF was articulated in this manner:

We see in the ARF, an experiment for the fashioning of a new pluralistic, cooperative security order in tune with the diversity of the Asia-Pacific region and in consonance with the transition away from a world characterised by poles built around military alliances. We remain ready to contribute to it. Though the ARF covers a broader region, India believes that it is built around the nucleus of ASEAN and is ASEAN driven. Our participation in the ARF demonstrates India's increasing engagement in the Asia-Pacific region, both in the politico-security and economic spheres and underlines our commitment to the objective of sustaining regional peace and stability.¹⁰

It is quite possible that before committing itself to joining the ARF, India must have ensured that its own bilateral problems with its neighbours, most notably the Kashmir problem, would not become part of the agenda. Once that hurdle was removed, it was much easier for New Delhi to go along with the ARF decision as they pertained to the East Asia region where India did not have any border or territorial claims. By joining the ARF, India had also underscored its own growing stakes in the East Asian security and reiterated that developments in that region could adversely affect its interests. The ARF was symbolic of not only India's shift in policy on regional multilateralism, but also its awareness about China's growing stature in the region.

The same eagerness could also be witnessed with regard to other frameworks led by ASEAN. India unleashed a diplomatic offensive to become a dialogue partner of ASEAN in 1995 and a summit partner from 2002. Unlike the EAEC, by the time the East Asia Summit (EAS) idea was conceived it was not easy to keep India out despite the reservations of China and some ASEAN countries. It is true that India is yet to become a member of another crucial mechanism around which the regional integration process is beginning to take place—the ASEAN Plus Three (APT). The APT in fact can be claimed as the first tangible step towards regionalism in East Asia.

OTHER MULTILATERAL INITIATIVES

The successes in establishing institutional linkages with ASEAN and a membership on the ARF, in fact, prompted New Delhi to undertake several initiatives towards creating and/or supporting other similar initiatives that included India. These are briefly discussed below.

Ganga–Mekong Initiative (GMI)

The GMI idea originally came from Thailand, which wanted to enlarge the scope of the earlier Suwannaphum (Suwarnabhumi in Sanskrit, meaning the land of gold) comprising five Buddhist countries of Southeast Asia sharing the Mekong river—Thailand, Myanmar, Vietnam, Laos and Cambodia—to promote cultural tourism. When Thailand sought Indian support to GMI, Indians proposed to join it by renaming it as the Ganga–Mekong Initiative justifying it on the grounds that Mekong itself was a derived from Ma Ganga (meaning Mother Ganga.) Thus, Suvannaphum idea became GMI in 2000. It was envisaged that the project would enable greater cooperation in a transport, education, tourism, science and technology, roads and rail links, etc. Unfortunately, it has not made much progress so far.

The Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation (BIMSTEC)

BIMSTEC is an ambitious proposal that India has strongly supported. It was initiated in 1997 and comprised Bangladesh, India, Myanmar, Sri Lanka and Thailand at the instance of Thailand. Unfortunately it failed to take off as Thailand was hit by the 1997–98 financial and economic crises. Since the holding of the first summit meeting of the member states in July 2004, BIMSTEC has come a long way to promote the idea of sub-regional cooperation comprising a region that has enormous untapped potential. This is a unique initiative in the sense its members

consist of nations from both South and Southeast Asian regions. When Thailand mooted the idea, it, on one hand, was looking at tapping the vast economic potential of India and, on the other, was beginning to understand the growing Chinese economic clout in Southeast Asia and excessive dependence on it.

BIMSTEC received a major boost with the signing of a clutch of wide ranging agreements on certain critical areas. Understandably, much of the emphasis has been on promoting economic cooperation while downplaying the politico-strategic dimensions. Aside from endorsing the framework agreement on free trade area (FTA) that was decided upon during the commerce ministers meeting of the member states in February 2004, another agreement on counter-terrorism was also signed.

A variety of factors prompted India to enthusiastically welcome the idea despite strong reservation from certain industrial quarters that an FTA of this kind with Thailand as part of it will have serious ramifications for certain sectors in India. One that has been highlighted prominently is with regard to auto components. It is argued that at a time when the Indian auto spare-parts industries are beginning to consolidate buoyed by strong growing automobile market domestically, the Thai companies that have far greater capacity would swamp the Indian market with their products. Similar fears have also been expressed with regard to air conditioners, refrigerators and other consumer durables. In fact, it was widely anticipated that the new government would insist on modifications to the framework agreement so that the Indian industries are not unduly affected. There is also the danger of Chinese products flooding the Indian market through Thailand. Significantly, India has fully endorsed the framework agreement and is looking forward to finalizing another bilateral free trade agreement with Thailand.

It appears New Delhi is taking a holistic view, taking into account the whole gamut of other political and strategic aspects and the gains that would accrue if BIMSTEC became successful. One, it would form another bridge to Southeast Asia thus further strengthening its Look East policy. Two, it was in tune with its newfound interest in multilateral initiatives to promote greater political and economic cooperation. Three, with the SAARC framework failing to make much headway in terms of greater economic cooperation, New Delhi had been looking for ways to evolve other mechanisms and BIMSTEC came quite handy. Four, in particular the northeastern parts of India would be major beneficiaries if the new initiative becomes successful, a region for a long time felt alienated from the mainstream and has remained relatively under developed. Judging from the fervour the member states have shown, it appears BIMSTEC is likely to become a major facet of India's Look East policy in the coming years.

From an Indian viewpoint, while the ostensible motive is to promote economic cooperation, there are several factors that weigh in propping the BIMSTEC initiative. One, India's northeast has been mired in insurgent activities for a long time and these in the past were sustained in part because of the strained relations with

countries such as Myanmar. The changed policy towards Yangon since 1992 prompted partly due to security consideration has resulted in regular high-level exchanges and signing of a number of bilateral agreements by the two countries particularly with regard to the movement of insurgents who used to take shelter across the border in Myanmar. With Nepal, Bangladesh and Bhutan under its fold, it becomes all the more easy to tackle the issue of insurgency and extremism through BIMSTEC.

Two, drug smuggling (and money laundering) from the famous Golden Triangle into India and beyond has been a major concern. In fact, it is no secret that the drug money sustains several of the secessionist movements in the region. This problem could not be addressed because of a lack of a multilateral mechanism.

Three, in a way related to narcotics is the trafficking in light weapons. One of the world's largest black markets for small weapons (consisting of mostly leftovers of the Cambodian conflict) is in the mainland region of Southeast Asia. The movement of weapons can be traced all the way up to Sri Lanka and leftist armed struggled in India and Nepal. Large caches of arms have been interdicted and much of the smuggling has been curtailed with close cooperation between Myanmar and India in recent years. The BIMSTEC will constitute an appropriate forum in the coming years to deal with this issue in a multilateral fashion.

Four, parts of the BIMSTEC region are also rich in proven hydrocarbon and hydroelectric resources. Bangladesh already has huge gas deposits and the Indian public sector companies, the ONGC and GAIL, have discovered vast reserves of gas in Myanmar. Along with the massive hydroelectric potential of the Himalayan states of Nepal and Bhutan, and Bangladesh agreeing to allow laying of pipes in its territory to transport gas from Myanmar to India, the creation of a sub-regional energy grid becomes a feasible and viable proposition in the BIMSTEC region.

Five, a number of proposals have also been discussed to bolster the infrastructure in this region through the development of highways and rail links. India has already initiated this process by constructing a road up to the border of Myanmar and the Myanmar have promised to connect that road all the way up to the Thai border. Thus, it is possible to have a motorable road from India up to Singapore. Similarly, agreements are also likely to be signed soon to extend the rail links from India to Thailand via Myanmar.

Six, if BIMSTEC becomes a successful venture, it will further bolster India's relations with the Association of Southeast Asian Nations (ASEAN). Not only do these two organizations complement each other but will also help India and other South Asian countries to further consolidate their links with Southeast Asia. India has already signed a framework agreement with ASEAN to create an India–ASEAN free trade area in a decade's time, has FTA in place with Sri Lanka and Singapore and is in the last stage of finalizing a bilateral FTA with Thailand. Further, India is also engaged in talks with Malaysia, Indonesia, and Vietnam to explore the possibility of signing similar agreements.

Conspicuous by its absence is Pakistan. BIMSTEC obviously raises questions about the future of SAARC, since five of the seven SAARC members would be actively cooperating with each other through BIMSTEC. In a way it will force Pakistan to rethink its attitude toward SAARC, lest it remain on the margins of the dynamics of the free trade area agreements that crisscross the entire Asian region. Exclusion of Pakistan is justified on the grounds that it does not fall within the geographic footprint of the Bay of Bengal Rim. In any case, it appears BIMSTEC will usher in a new era and remain a major priority area in India's foreign policy in the coming years.

Shanghai Cooperation Organization (SCO)

India's love affair with multilateralism seems to be continuing even with a relatively remote organization such as the Shanghai Cooperation Organisation (SCO). Since the disintegration of the former Soviet Union, India has evinced considerable interest in Central Asia for two reasons. First, India did not want this region to become a hotbed of radical Islam by becoming an extension of Pakistan-sponsored Taliban and Al Qaeda, which could further undermine the security situation in Kashmir. Second, the region has vast energy reserves that India is keen to tap. Nonetheless, when China came up with the Shanghai Five in 1996 which was later renamed as SCO in 2001, India surprisingly somehow did not evince much interest in it. Among the several reasons why India was cool to the idea could be the fact that geographically, Central Asia was not in the vicinity of India. Further, India was not overtly concerned about China dominating this region because of active Russian participation. In any case, it was probably assumed that China would not support India's candidature even if it was keen. The interest in SCO is a recent phenomenon that has resulted in India becoming an 'observer' in the SCO in 2005.

South Asian Association for Regional Cooperation (SAARC)

Where does the new Indian policy on regional multilateralism leave SAARC? After the bilateral agreements such as the one signed with Sri Lanka on creating a free trading zone between the countries, and the reinvigoration of BIMSTEC with ambitious plans in 2004, it appears India's interest in SAARC is waning because of the excruciatingly slow progress on the trade and investment liberalization front. In any case for a large and fast-growing country like India, SAARC cannot provide the kind of economic and political space that it would look for. It does not, however, mean India is about to abandon SAARC altogether. Despite all odds, SAARC has served one important purpose—to facilitate periodic interaction among top political leaders. There are several other reasons why SAARC was doomed from the start unlike its counterpart ASEAN.¹¹ In the two decades of SAARC's experience and the current trends are any indication, India is not likely

to change its policy radically. On the contrary, India would look to East Asia regional institutions to strengthen its links. If economic integration plans as envisaged in the East Asia Summit (EAS) meetings were to materialize resulting in the creation of a massive common market comprising economic powerhouses such as Japan, China and India along with the vibrant ASEAN nations, India's interest in SAARC may further decline. On the security front, despite repeated attempts, India has thwarted Pakistani attempts to place the Kashmir issue on the SAARC agenda. India has also adopted a similar approach with regard to other bilateral political or disputed border issues.

Indian Ocean Rim Association for Regional Cooperation (IOR-ARC)

Originally a brainchild of South Africa primarily comprising major countries of the rim such as Australia, India, Kenya, Mauritius, Singapore and South Africa, it was known initially as the Indian Ocean Rim Initiative. It was later launched as the IOR-ARC in 1997 by broadening the membership base.¹² Its principle objectives are: '(i) to promote sustainable growth and balanced development of the region and member states; (ii) to focus on those areas of economic cooperation which provide maximum opportunities, develop shared interests and reap mutual benefits; and (iii) to promote liberalisation, remove impediments and lower barriers towards a freer and enhanced flow of goods, services, investment, and technology within the Indian Ocean rim.'¹³ This is another regional multilateral initiative in which India has been involved. Right from its inception, India had been very categorical that IOR-ARC should remain confined to economic cooperation activities. India firmly rebuffed Australian attempts to expand the activities of the organization to include security aspects as well. India's attitude once again reiterated its previous policy that India was willing to partake in multilateral activities provided they were strictly for economic purposes and not for security reasons. It is a different issue though that the IOR-ARC has hardly made any headway in terms of forging greater economic cooperation.

CONCLUSION

What is the meaning of these mixed signals that India has been showing with regard to its attitude towards regional multilateralism? On the one hand, it is showing enormous interest in certain initiatives, while it is reticent with regard to the most immediate one in South Asia. In the case of SAARC, it can be argued that India's disinterest has to do with lack of progress on economic cooperation issues and the Pakistani factor. At the same time it is going out of its way to join others in East Asia. It is true that it would be in India's interest to use the SAARC platform purely for the promotion of economic cooperation and to keep security

issues out of its purview, but that is not necessarily congruent with the interests of other member states, especially countries such as Pakistan and Bangladesh, who feel that greater SAARC cooperation would invariably lead to their dependence on India.

In any case, India's changed attitude does not mean that it has effected fundamental changes to its foreign policy, which has been by and large premised on the 'realist' logic. In order to understand the dynamic of India's policy, it is essential to segregate economic and security-related multilateralism. India had all along strongly advocated multilateralism for region economic cooperation while remaining staunchly opposed to politically motivated organizations. For instance, when the ASEAN idea was being discussed in Southeast Asia, then Indonesian Foreign Minister Adam Malik was on a visit to New Delhi and the issue was discussed. India apparently was keen to fully support and, if possible, join it if the proposed organization was meant to foster economic cooperation purpose and not defence-oriented. It seems Adam Malik maintained total silence on the issue.¹⁴

When Bangladesh came up with the SAARC proposal, India joined it not because it had a change of heart but it did not wish to be seen as a spoilsport and that it was not acting as a 'big brother' in South Asia. However, by the time several multilateral ideas started sprouting and in fact began to take shape in the East Asian region coinciding with the end of the Cold War, India was worried that it might be left out. There were serious concerns that the post-Cold War era would be marked by trade blocs and economic battles and it was imperative to be a member of some bloc or the other. India had no choice but to get into East Asia; hence, the desperation to join APEC.

Right from the beginning and during the entire Cold War era, India has made a clear distinction between regional multilateral ventures that were meant to promote economic cooperation and security aspects. While unequivocally extending support to the former, New Delhi had always been wary of those that were, explicitly or otherwise, designed for security. With this policy, not only India refused to join but also steadfastly opposed any move to introduce security aspects into those organizations where it was already a member. This policy underwent minor modifications in the aftermath of the Cold War when it decided to join the ARF in the mid-1990s, which so far has been an exception. If ASEAN wanted India in the ARF to provide a strategic balance to China, India obviously would not be averse to it as long as its own relations with ASEAN improved. It is not that India has been averse to dealing with others in security matters, but it has exhibited a greater degree of comfort at the bilateral rather than at a multilateral level.

The interest in the ARF, as noted, was driven by a different set of factors. By the mid-1990s the Look East policy was beginning to take some concrete shape and India's stakes, especially in Southeast Asia, started to grow. It was argued that a peaceful and stable Southeast Asia was in India's interest. Throughout history, India's relations prospered as long as this region remained peaceful and devoid of

external intervention or presence. India was also concerned about Southeast Asia coming under the influence of China after the superpower military withdrawal. From a Southeast Asian perspective, however, India was hardly a factor in the regional security calculus in the early 1990s. That was the reason why India was conspicuous by its absence during the entire debate on the creation of the ARF as well as at the time of its launch in 1994. India was admitted only in 1996 and that had much to do with growing anxiety about China. India for the first time was seen as a possible counter balance to China because of its military capabilities. Just like China, which ensured that the territorial disputes that it was party to would not become part of the ARF's agenda, India too made sure that the Kashmir issue would not come up for discussion. Moreover, India lobbied hard till 2004 to deny Pakistan entry into the ARF. Only after Islamabad gave an unequivocal assurance that bilateral disputes would not be raised did India allow it to get into the ARF.

Yet, it is difficult to conclusively demonstrate that India's policy towards multilateralism has undergone a fundamental change. India appears to mimic other great powers' changing attitudes, especially that of China, i.e., make use of these mechanisms to advance its interest. However, it is erroneous to infer that India is adopting a 'me too' kind of a policy following the Chinese example. Recent Indian attempts in forging different kinds of strategic relationships, in particular, with the US and Japan and its readiness to take part in the Japanese Prime Minister Shinzo Abe's idea of a quadrilateral (US–Japan–India–Australia) dialogue¹⁵ indicate that its faith in the balance of power has not withered away.

NOTES

1. The Asia Pacific Economic Cooperation (APEC), the ASEAN Regional Forum (ARF), and, more recently, the East Asia Summit (EAS) are Japanese proposals.
2. For a brief review, see Amitav Acharya, 'Realism, Institutionalism and the Asian Economic Crisis', *Contemporary Southeast Asia*, Vol. 21, No. 1, April 1999, pp. 1–29; Thomas Berger, 'Set for Stability? Prospects for Conflict and Cooperation in East Asia', *Review of International Studies*, Vol. 26, No. 3, July 2000, pp. 411–526.
3. John J. Mearsheimer, 'The False Promise of International Institutions', *International Security*, Vol. 19, No. 3, Winter 1994–95, p. 7.
4. Ibid.
5. E. H. Carr, *The Twenty Years Crisis: An Introduction to the Study of International Relations* (London: Macmillan, 1939), quoted in Rajesh Rajagopalan, 'Why the Non-Proliferation Regime Will Survive', *Strategic Analysis*, May 1999, p. 205.
6. A Separate Economic Section was created in the Ministry of External Affairs headed by an officer of the rank of a secretary.
7. FPDA, which consists of the United Kingdom, Australia, New Zealand, Singapore and Malaysia, was signed in 1971 as a security guarantee for Singapore and Malaysia consequent to the British decision in 1967 to withdraw its troops from the east of Suez. Prominent private sector and non-official regional organizations purely for economic-

oriented organizations are the Pacific Economic Cooperation Council (PECC) and the Pacific Basin Economic Council (PBEC).

8. See G. V. C. Naidu, 'India and APEC', *Strategic Analysis*, March 1998.
9. For the record, India's application for membership is still pending with APEC.
10. <http://meaindia.nic.in/onmouse/arfl.htm>
11. There are several factors that made ASEAN relatively more successful: It was a product of the Cold War and the parties had certain commonly shared political objectives. Most of them were faced with the serious problem of armed insurgencies with cross-border linkages. There was also a shared-economic philosophy of export-led development by attracting huge foreign investments. Japan played a vital role in providing the capital and relevant technology which propelled these countries to achieve high growth rates. The danger of wars in Indochina spilling over into the rest of South-east Asia also contributed to ASEAN's success.
12. The Association comprises 18 member states: Australia, Bangladesh, India, Indonesia, Iran, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Singapore, South Africa, Sri Lanka, Tanzania, Thailand, UAE and Yemen. Egypt, Japan, China, France and the United Kingdom are dialogue partners while the Indian Ocean Tourism Organisation is an observer. Seychelles withdrew as a member on 1 July 2003.
13. <http://www.kln.gov.my/english/foreignaffairs/foreignpolicy/ior-arc.htm>
14. Author's interview with Mr Jha, who was the Foreign Secretary at that time.
15. Amit Barua, 'India Likely to Take Part in 4-Nation Talks', *Hindu*, 17 January 2007.

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