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## India–US Relations in a Changing Strategic Environment

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I N F O R M A T I O N   A N D   R E S E A R C H   S E R V I C E S

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## India–US Relations in a Changing Strategic Environment

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## Major Issues

Significant improvements in India–US relations have gone relatively unnoticed. However, after the events of September 2001 and US operations in Afghanistan and elsewhere, this relationship has assumed a degree of significance that, it is argued, will have an impact on the future strategic environment in the Asia–Pacific region.

India's perception of itself has been of a country destined to achieve major power status. This was evident in the global vision of its first Prime Minister, Jawaharlal Nehru, the architect of India's post-independence foreign policy. This pursuit of non-alignment was not so much as 'aligning' India with the Soviet Union as an attempt not to enter the Western alliance system. Hence India, along with other like-minded newly independent countries pursued a policy of not aligning themselves with either power bloc. Countries in this loose knit grouping eventually formed the Nonaligned Movement (NAM), which formally met for the first time in 1961.

While this gave India a high profile internationally, it was not backed by military and economic strength. The policy was tested in the conflict with China (1962) and found to be severely deficient. A decade later, India's victory in the 1971 war with Pakistan and the creation of Bangladesh indicated a shift in India's foreign policy: its security goals now ranked foremost.

On the issue of nuclear weapons, while India consistently championed the cause of nuclear disarmament there would appear to be a tacit acknowledgment that such a goal was unattainable. Realising the status that nuclear weapons accorded to the major powers, it demonstrated its nuclear capability by exploding a nuclear device in 1974. It could be argued that the 1998 nuclear tests were carried out to establish India as a nuclear power before the Comprehensive Test Ban Treaty (CTBT) came into force. The refusal of the Bush administration to ratify the CTBT does not detract from the fact that India is now a de-facto nuclear power.

Paradoxically, the acknowledgment of India as an influential player in the Indian Ocean region has not been matched by its economic performance which has stalled after a promising start in the 1990s. Nonetheless, its economic potential cannot be ignored.

India–US relations have had a turbulent past. The bilateral relationship has a history of being influenced by US policies towards India's neighbours and India's policy of non-alignment and its relations with the erstwhile Soviet Union. Add to this the politics of the

Cold War and it becomes easy to understand why relations between the two democracies were often based on mutual mistrust and misperceptions. While the end of the Cold War led to a gradual improvement in India–US relations, these shifts came to a halt in May 1998 when India (followed by Pakistan) conducted nuclear tests and the US imposed wide ranging sanctions.

Less than two years later, in March 2000 President Clinton visited India, the first visit by a US president in over 20 years. Since then India–US relations have developed at an unprecedented pace, especially in the politico-military sphere. The terrorist attacks in the US in September 2001 further galvanised the growing closeness. The terrorist attack on the Indian Parliament in December 2001 and the operations in Afghanistan were further evidence that the two countries faced similar threats to their security. The result has been an unprecedented cooperation on security issues and indications are that this is going to intensify further. Despite the recent increase in tension between India and Pakistan, India–US relations continue on a 'business as usual' basis. This is proof of the fact that the engagement is bilateral and not influenced by other factors.

As far as Australia-India relations are concerned, while economic relations continue to develop, a lot of work needs to be done on the politico-strategic side of the relationship.



## Introduction

The US sees its relations with India as central to maintaining long-term stability in Asia and in fighting terrorism. The transformation of our military relationship is essential to achieving these goals<sup>1</sup>

US interest in India was evident as early as 1942 (Appendix A provides a chronology of key dates), five years before independence when President Franklin D. Roosevelt suggested to Winston Churchill that he supported India's independence movement. This support soon evaporated after the Indian National Congress decided not to support the war effort and launch the Quit India movement.<sup>2</sup> This move was not critical to the independence movement since its lobbying efforts were directed at the British government. In any event contacts between Indian leaders and the United States had been minimal and most of them (including Mahatma Gandhi and the future Prime Minister Jawaharlal Nehru) had been educated in Britain.

Independent India, under Prime Minister Nehru (who was the primary architect of India's foreign policy), was determined to keep away from the Cold War. Nehru chose a middle path, which subsequently came to be known as non-alignment. As early as 1947, in a note to India's Ambassador designate to China, K. P. S. Menon, he wrote:<sup>3</sup>

Our general policy is to avoid entanglement in power politics and not join any group of powers as against any other group. The two leading groups today are the Russian bloc and the Anglo-American bloc. We must be friendly to both and yet not join either. Both America and Russia are extraordinarily suspicious of each other as well as of other countries. This makes our path difficult and we may well be suspected by each of learning towards the other. This cannot be helped.

... The Soviet Union, being our neighbour, we shall inevitably develop close relations with it. We cannot afford to antagonise Russia merely because we think that this may irritate someone else. Nor indeed can we antagonise the USA.

Consequently, India under Nehru pursued a globally oriented foreign policy while trying to maintain a careful distance between the power blocs of the East and West. Its stand on disarmament, anti-colonialism and world peace won for India the respect of the newly independent countries of Asia and Africa, gratified that one of them could speak on equal terms with the two great powers. It was also a source of satisfaction for Indian nationalists who viewed it as final proof that Independence had truly been won.

However, India's policy of non-alignment suffered from two inherent weaknesses. While the policy of globalism and Asianism (a vision of United Asia) secured for India a politically high profile in spite of its military and economic weakness, success was dependent on the requirements (of the great powers) of the support and goodwill of the newly emerging nations which India claimed to have influence over. Secondly, Nehru ignored the need to evolve a concept of regional security. Political influence at the global level was considered to more than offset the need for diplomacy and military power to protect Indian interests (including territorial integrity) in South Asia. This policy was finally tested in the India–China border conflict in 1962 and found to be seriously deficient.

It is against this background that this paper traces the development of India–US relations, a relationship that had a shaky start, a history of disagreements over a wide range of issues, and instances of cooperation, albeit rare. The bilateral relationship had also been influenced by Pakistan and China's relations with the US. The result was a prismatic nature of India–US relations which tended to be affected by the dynamics of US ties with India's neighbours. The end of the Cold War and the collapse of the Soviet Union accompanied by India's economic reforms initiated a process of gradual shift in the way the two countries perceived each other. This gradual process of the warming up of bilateral relations came to an abrupt halt after India's nuclear tests in May 1998. The freeze did not last very long and improvement in relations was evident in the visit of President Clinton to India in March 2000, the first presidential visit in over 20 years. Since then relations between the two countries have swiftly evolved into what has been termed as a policy of comprehensive engagement. The paper concludes with an assessment of the implications of these changes in the politico-strategic landscape for the region in general and Australia in particular. (It should be emphasised that this paper discusses the Kashmir dispute between India and Pakistan only in passing. The issue is dealt with in an e-brief ['India-Pakistan: Tensions over Kashmir'](#),<sup>4</sup> published on 12 June 2002.)

## **The Early Years**

As has been observed, after the end of the Second World War there existed in the US 'a profound ignorance of Asia in general and India in particular. Secretary of State Dean Acheson's ... illusion that 'if the world is round, the Indians must be standing on their heads' represented the vagueness prevailing even among educated Americans'.<sup>5</sup> Neither the Truman nor the Eisenhower administrations had people who were familiar with India. Eisenhower, despite being the first President to visit India still viewed Asia in terms of a power vacuum ripe for communist expansion. The Korean War (1950–53) would certainly have reinforced his conviction. India's actions during and after the war were also a demonstration of its policy of non-alignment. As a member of the UN Commission on Korea and a non-permanent member of the Security Council, India voted for the 25 June 1950 resolution naming North Korea as aggressor and calling for the withdrawal of its troops to the 38th parallel. It opposed or abstained from voting for subsequent US

sponsored resolutions including one naming China as the aggressor and the Uniting for Peace resolution of September 1950. It also established an informal grouping of Asian and Arab delegations for purposes of mediation. It was the Indian draft resolution on the question of repatriation of prisoners of war that was ultimately passed. The five-nation Neutral Nations Repatriation Commission subsequently established had India's General K. S. Thimmaiya as chairman. While India had established its non-aligned credentials by balancing US interests with those of the Soviet Union and China, the US was not only unhappy with the loss of support but also perceived India as moving away from the west but not from the communist countries. Another question on which India and the US consistently disagreed was that of China's membership of the United Nations.<sup>6</sup>

India also opposed US acts of establishing bases in Asia as part of its containment policy as well as its military aid to Pakistan from 1954 onwards while denying such assistance to India. Also, it was with US support that Pakistan could raise the Kashmir issue in the Security Council (1957, 1962 and 1964). In terms of perception, while India's world-view was that of members of military alliances and non-aligned nations, the US perception was that of allies and others.

These differences did not preclude occasional cooperation between the two countries when their interests converged. This was evident in Indian participation in the UN backed solution of the Suez crisis (1956), the agreement on the neutralisation of Laos (1962) and the UN operations in Congo after 1961.

Economic relations between the two countries provided an interesting contrast to their political relations. American investment in India was substantial compared to that by other countries. The US aid program has been described as having 'motivations ranging from pure humanitarianism to crass materialism'.<sup>7</sup> Between 1950 and 1965 the US provided 50 per cent of foreign aid received by India. However, more than half of this was in the form of food aid under Public Law 480 (1954). For the US it was a politically convenient way of disposing its food surplus. In 1957 the US established a Development Loan Fund to provide loans to enable India to procure capital goods from the former. It was also on a US initiative that the World Bank established an Aid-India Consortium which provided substantial funds to India's Third Five Year Plan. An agreement on the construction of nuclear power plants was signed in 1963 beginning with the one at Tarapur near Bombay. A contentious aspect of economic relations was that with very few exceptions, the US declined to invest in or assist Indian heavy industry. This could be perceived as an attempt to prevent India from achieving self sufficiency in this sector as well as to ensure a market for US products. For this, as well as the supply of military equipment, India turned to the Soviet Union.

### **Post 1962: After the India–China War**

In the aftermath of the India–China border conflict of 1962, India requested, and received, military assistance not only from the Soviet Union but also from the US and Britain.

Although much has been made of this gesture by the latter two countries, circumstances soon allowed the reduction of this commitment. There are two points to be made in this context. Firstly, only a small amount of 'emergency' assistance was actually committed. There was no offer of long term military aid. Secondly, the US-UK offer was conditional on the successful resolution of the Kashmir dispute in which India was expected to make substantial concessions. US–UK brokered negotiations did take place in 1962–63 but were unsuccessful.<sup>8</sup> Also, US military aid was provided on the condition that it 'would in no circumstances be used against any adversaries but China'.<sup>9</sup> This was in total contrast to the unconditional military assistance by the US to Pakistan. According to the then US Ambassador to India, Chester Bowles, it also led 'the Indians to conclude that we attribute to the Peoples Republic of China lion-like qualities in Southeast Asia and sheep-like qualities along India's 2200 mile border'.<sup>10</sup> In any event the very limited military assistance came to an end in September 1965 when Pakistan attacked India across the ceasefire line in Kashmir and India retaliated by attacking Pakistan across the border in Punjab. India was also less than impressed by the relatively less critical reaction by the US (and UK) to Pakistan's attack than to India's counter attack as well as the use of US supplied military hardware by Pakistan. (India's earlier concerns are discussed later in the paper.)

The war also revealed a new correlation of forces in the region. China openly supported Pakistan while the Soviet Union was somewhat more neutral as compared to its earlier partisan support of India. Presumably with the tacit agreement of the US, the Soviet Union played a mediatory role at the Tashkent talks between India and Pakistan and, for a while seemed to emerge as a security manager for the subcontinent. It even provided limited military supplies to Pakistan (already receiving arms from the US and China) between 1967–69, a move which angered India but had little effect, considering India's dependence on the Soviet Union for military and economic assistance.

Also during this period India was undergoing an economic and food crisis and the newly elected Prime Minister, Mrs Indira Gandhi, was discovering the limitations that dependence imposed on India's desire for autonomy. The issue was micro-managed and ineptly handled by President Johnson. The US pressured India into devaluing the Rupee in 1966 and, during the food crisis, used supply pressures in order to have India relent on international issues, especially Vietnam.<sup>11</sup> According to the then US Ambassador to India:<sup>12</sup>

Cables from Washington burned with comments about 'those ungrateful Indians', and the shipments of wheat were further delayed. Our official logic in regard to India seemed to run as follows ... if India cannot support US policy, it should at least refrain from criticising it, or accept the consequences.

This spirit at its worst was reflected in a remark a White House official made to me ... Mrs Gandhi, I asserted, was only saying what [UN Secretary General] U Thant and the Pope had said over and over again. 'But', replied the official, 'the Pope and U Thant don't need our wheat'.

Prime Minister Indira Gandhi's mistrust of US policies in later years probably had its origin in these series of humiliations and, while India refused to compromise, the Prime Minister reportedly determined never again to be put in such a plight.<sup>13</sup>

India-US relations further deteriorated after Richard Nixon assumed the presidency and moved towards a *rapprochement* with China, thereby eliminating the last argument in favour of support for India as part of a policy of containing China. Brought about with the help of Pakistan, the establishment of US-China relations resulted in what was a convergence of US–Pakistan–China interests, a move that could not but be perceived by India to be threatening. The crisis in East Pakistan (later Bangladesh) that led to a war in 1971 resulted in the first steps towards what would emerge as an Indo-centric power structure in South Asia. India decided to defy the US and its 'tilt' towards Pakistan and signed the Treaty of Peace, Friendship and Cooperation with the Soviet Union, thereby assuring India of material and diplomatic support in case of a war with Pakistan which, by then, seemed inevitable. (These issues are discussed later in the paper.)

## **Post 1971: In the Aftermath of the Bangladesh War**

India's victory in the 1971 war with Pakistan and the creation of Bangladesh owed their success to Prime Minister Gandhi's primary policy objective: that India's security goals ranked foremost in its foreign policy. (It was also an indication as to how far India's foreign policy goals had changed since the days of her father, Prime Minister Nehru.) India had now emerged as South Asia's pre-eminent regional power. This was further demonstrated by the fact that the Simla Agreement (July 1972) with Pakistan was arrived at without the involvement of any external powers. Further, the two countries agreed to resolve any future problems bilaterally and work towards the development of friendly relations. This trend towards bilateralism became fairly well entrenched in the 1970s. As an analyst has observed:<sup>14</sup>

From the Bangladesh war of 1971 till the Iranian Revolution of 1979 and the Soviet intervention in Afghanistan later that year, the development of Indo–Pakistani relations had been to a large extent insulated from the course of superpower rivalry. Trends and events that helped or hindered the evolution of a regional *détente* in South Asia were largely, if not exclusively subcontinental in origin ...

Indeed, US attitudes towards the region had changed. US policy on the eve of the Soviet intervention did 'recognise as a fact of life that no matter what measuring stick one uses', as State Department South Asian expert Howard Schaffer explained, 'India is the most important power in the region'.<sup>15</sup> This was not a realisation that came about spontaneously. In May 1974, India had demonstrated its capabilities by testing a nuclear device. In 1976 it initiated a move towards normalisation of relations with China and worked towards a *rapprochement* with the United States. But it should be emphasised that despite these moves towards diversification of its relations, India maintained close relations with the Soviet Union.

In 1975, President Ford lifted the embargo on arms sales to India and Pakistan. In theory both countries could seek to buy arms which would be considered on a case-by-case basis. During the subsequent Carter Administration India did enter into negotiations with the US for the purchase of TOW anti-tank missiles and light howitzers. The US agreed to sell anti-tank missiles worth \$32 million (all figures are dollars US unless otherwise mentioned) in 1980 but the deal fell through because the US would not allow their manufacture under licence in India. The howitzer deal also failed to materialise on the issues of licence manufacture, supply of spares and ammunition with the US refusing to guarantee more than a twenty day supply of ammunition at a time.<sup>16</sup> India clearly did not want to be put in a situation where its military capabilities would be reliant on US policies. On the nuclear front, while the US had imposed sanctions on the transfer of nuclear technology after the 1974 test, it had continued to supply fuel for the Tarapur nuclear plant. In March 1978 US Congress passed an act, with a two-year grace period, that prohibited nuclear exports to countries that did not accept safeguards. In 1980 President Carter approved a temporary waiver that allowed the export of 32 tons of fuel and in 1982 an agreement allowed France to supply fuel in return for India's acceptance of safeguards for the facility. With the advent of the Missile Technology Control Regime (MTCR) in 1987, India also faced embargoes on missile related technology. In 1992–94 the United States allowed India to buy a cryogenic rocket engine from Russia but blocked the transfer of related technology.<sup>17</sup>

The 1980s also witnessed a gradual acceptance of India's growing pre-eminence in the region. This was reflected in India's (albeit unsuccessful) peacekeeping efforts in Sri Lanka despite India's earlier involvement with the Tamil separatists, and during India's intervention in a coup attempt in the Maldives. In a letter to Prime Minister Rajiv Gandhi, President Reagan not only extended his 'appreciation' but was also 'impressed by your willingness to restore order without unnecessary bloodshed. I have no doubt that your action will be remembered as *a valuable contribution to regional stability*' (emphasis added).<sup>18</sup> Economic and trade relationships improved. Cooperation in the fields of defence and technology transfer also increased. Symbolic of this was the visit to the US by Defence Minister K. C. Pant in July 1989, the first visit by an Indian Defence Minister in over 25 years. This followed the visit of the US Secretary of State Caspar Weinburger in 1987 followed by his successor Frank Carlucci in 1988. President Reagan also issued a directive (1984) instructing government agencies to seek improved relations with India and accommodate its requests for dual-use technology. In 1986 the US agreed to supply a number of General Electric F-404 engines and avionics for India's Light Combat Aircraft (LCA) then under development (it still is). Later, the US also agreed to sell a Cray XMP-14 supercomputer, the first such sale to a country outside the western alliance.<sup>19</sup>

After the end of the cold war, India–US relations in the first half of the 1990s have been described as one of 'missed opportunities and contradictory policies'.<sup>20</sup> This could be attributed to a slow acknowledgment of the changed international order both at the political and bureaucratic levels. India and the US continued to have differences on various issues including the extension of the Non-Proliferation Treaty (NPT) and the

Comprehensive Test Ban Treaty. Another action that caused friction between India and the US was the passage through Congress of the Brown Amendment (November 1995) which allowed the US to supply Pakistan with military equipment worth \$658 million and included maritime reconnaissance aircraft and missiles. President Clinton supported this move on the grounds that Pakistan had already paid for the equipment but refused to release the 26 F–16s. As has been observed:<sup>21</sup>

Indian policymakers responded as much to the symbolism as the substance of the decision. Above all, *the Brown Amendment indicated that the United States did not have an India policy but rather a South Asia policy, and that Congress and the president would continue to equate India and Pakistan* (emphasis added).

The situation was further complicated when it was revealed that China had supplied M–11 missiles to Pakistan and the US did not apply sanctions on China for violating the MTCR. On the other hand, there was a degree of India–US military cooperation. In 1991, US Airforce General Claude M. Kicklighter visited India and proposed extensive training and exchanges between the two militaries. The government's view of these exchanges was articulated by Prime Minister Narasimha Rao who 'noted how the professional-to-professional relations had achieved much more than politicians had been able to do in decades'.<sup>22</sup> In the 1990s, especially after India's declared policy of economic liberalisation, it came to be viewed as an attractive market for US business. Despite the lack of an overall policy framework, security cooperation also increased during this period. During the Gulf War, the Indian Government granted refuelling rights to US military aircraft en route from the Pacific to the Middle East. In 1996 and 1997, the Indian and US navies held joint exercises (the Malabar series) in the Indian Ocean.<sup>23</sup> A Defence Policy Group was established in the mid-1990s. Its activities included high-level exchanges, periodic policy reviews and reciprocal visits by senior commanders.<sup>24</sup>

India's nuclear tests in May 1998 brought this cooperation to a complete halt as the US also withheld spares for the Indian Navy's Sea King helicopters and Sea Harrier aircraft then undergoing repairs and overhaul in the UK.

## **Post 1998: The Clinton Visit**

It has been observed by some that President Clinton's India visit was recognition of India's new-found status after its nuclear tests, that is, India was now a major power because of its nuclear capability. A more plausible explanation is that it was a consequence of the realisation that India's nuclear capability could not be reversed. The US is India's largest market and its largest foreign investor. As Karl Inderfurth, Assistant Secretary of State for South Asian Affairs, observed:<sup>25</sup>

This trip should have taken place almost three years ago, in 1997 ... At the time of the 50th anniversary (of India's independence) when Clinton was going to go, the government fell. Shortly after that, there were the nuclear tests. Then we started thinking

again about going. The government fell. So it has been a combination of domestic politics and world events that has delayed this. It's long overdue.

That there were going to be no surprises was made clear by statements by senior officials in the US in the days preceding the visit. Speaking at the US Institute of Peace on 9 March 2000, Karl Inderfurth said that US-India relations would not be hostage to US relations with any other country and that India was viewed as a 'key player in global affairs in the 21st century, and as a vital contributor to overall Asian regional peace and stability'.<sup>26</sup> A few days later Secretary of State Madeleine Albright in her remarks to the Asia Society in New York also referred to the fact that, while there were differing views between India and the US on nuclear and other strategic issues, they would not be allowed to stand in the way of the development of the overall bilateral relationship.<sup>27</sup>

Subsequently, during his visit to India, President Clinton and India's Prime Minister Atal Bihari Vajpayee on 21 March 2000 resolved to 'create a closer and qualitatively new relationship between the United States and India' and signed a joint statement on bilateral relations entitled *US–India Relations: A Vision for the 21st Century*, which stated *inter alia*.<sup>28</sup>

The United States believes India should forego nuclear weapons. India believes that it needs to maintain a credible minimum nuclear deterrent in keeping with its own assessment of its security needs. Nonetheless, India and the U.S. are prepared to work together to prevent the proliferation of nuclear weapons and their means of delivery. To this end, we will persist with and build upon the productive bilateral dialogue already underway.

The 'agreed principles' on institutional dialogue included:

- regular India–US 'summit' meetings
- an annual foreign policy dialogue between the Secretary of State and the Minister for External Affairs
- the continuation of the ongoing Dialogue on Security and Non-Proliferation between the Deputy Secretary of State and the External Affairs Minister
- the Joint Working Group on Counter-terrorism would continue to meet regularly
- the institutionalisation of a bilateral economic dialogue
- the creation of a Joint Consultative Group on Clean Energy and Environment and the setting up of the US–India Science and Technology Forum to promote research and development and the transfer of technology.

Prime Minister Vajpayee also accepted President Clinton's invitation to visit Washington later that year.



In his address to the joint sitting of the Indian Parliament on 22 March, President Clinton spoke of the commitment by both countries to forego nuclear testing and said that India could pursue defence policies in keeping with its commitment not to pursue a nuclear or missile arms race 'which the Prime Minister has forcefully reaffirmed just in these last couple of days'. On the question of India–Pakistan relations, he praised the Prime Minister for 'his courageous journey to Lahore'. He made it clear that he had not come to South Asia to mediate the dispute over Kashmir, and that this was a matter for resolution between them.<sup>29</sup>

This was reflected in an interview with the American ABC on 21 March, President Clinton enunciated US policy on the Kashmir dispute: respect for the line of control, resumption of dialogue between India and Pakistan and renunciation of violence as a means of solving the dispute (the three Rs). He further went on to add that he believed that there were 'elements within the Pakistani government that have supported those who engaged in violence in Kashmir'. However, he also maintained that there was no military solution to Kashmir's problems by India either, and that they 'deserve to have their own concerns addressed on the merits'.<sup>30</sup>

Nonetheless, his remarks were significant from the Indian perspective. At a joint press conference earlier that day, Prime Minister Vajpayee had said that if Pakistan reaffirmed the principles of the Lahore Declaration, respected the Line of Control (the Simla Agreement of 1972 renamed the 1948 ceasefire line as Line of Control, LoC) and did not promote or support violence across it, he thought a dialogue could be resumed.<sup>31</sup>

Despite the similarity of views between the two countries on the Kashmir problem, Pakistan's role and preconditions for peace in the region, President Clinton was reminded of his 'dangerous place' comment at the state dinner in New Delhi. During the exchange of toasts, Indian President Narayanan commented:<sup>32</sup>

It has been suggested that the Indian subcontinent is the most dangerous place in the world today, and Kashmir is a nuclear flashpoint. These alarmist descriptions will only encourage those who want to break the peace and indulge in terrorism and violence. The danger is not from us who have declared solemnly that we will not be the first to use nuclear weapons, but rather it is from those who refuse to make any such commitment.

This latter was a pointed comment aimed at Pakistan, which has refused to give such an undertaking.

The trade part of the visit went off successfully with some US\$2 billion worth of commercial agreements and US\$1 billion in US Export Import financing being finalised. Most of the agreements related to the information technology sector in which India's exports were growing at a rate of 50 per cent a year, with about two-thirds of them going to the US.

In all, this was probably the most extensive and successful visit to India by a US President, made more so by a decision by both sides to avoid the proliferation roadblock and concentrate on the expansion of the broader relationship. Even on proliferation issues the US appeared convinced by India's commitment to no more tests, no first use of nuclear weapons, and controls on the transfer of sensitive technology. In the words of Secretary Albright 'it was the beginning of a new chapter'<sup>33</sup> or, as a senior administration official put it 'what we've heard this week is the sound of ice melting...a relationship that for 50 years was frozen in the contours of the Cold War'.<sup>34</sup>

## **2001: The Bush Administration**

Under the new Bush administration Indo-US relations have developed at a pace that few could have foreseen. In his confirmation hearings before the Senate Foreign Relations Committee, the then Secretary of State designate Colin Powell stated '*... 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 help them in this endeavor*' (emphasis added).<sup>35</sup> During a visit to Washington by the Indian Minister for Foreign Affairs and Defence, Jaswant Singh in April, his meeting with the National Security Adviser, Condoleezza Rice, was 'interrupted' by President Bush who then proceeded to have a 40 minute ostensibly unscheduled private dialogue with him.<sup>36</sup>

It was a reflection of the improvement in bilateral relations under the new US administration that India was one of the few countries that were informed of President Bush's forthcoming speech on his proposals regarding Nuclear Missile Defence (NMD). A day before, Condoleezza Rice phoned Jaswant Singh to advise him about the policy statement.

India's swift albeit carefully ambiguous response to the proposals was followed by a visit of the US Deputy of State Richard Armitage to New Delhi on 11 May 2001. This appeared to have been successful, with the Indian Government appreciating his presentation and looking forward to 'further exchanges'.<sup>37</sup> He also carried a letter from President Bush in which he accepted an invitation to visit India.

These moves are part of evolving Indo-US relations. In a wide-ranging interview in May 2001 the Indian Ambassador to Washington, Lalit Mansingh, made the following points.<sup>38</sup> Firstly, the nuclear genie could not be put back in the bottle, the two countries had to 'go beyond and look at common strategic interests'. Secondly, contrary to the perception that the missile plan would impel China to expand its nuclear missile stockpiles, at present India did not fear such an outcome, but he refused to say whether growing cooperation was aimed at deterring China.

The appointment of Dr Robert Blackwill, 'a confidante of the President and his National Security Adviser, Dr Condoleezza Rice',<sup>39</sup> as US ambassador to India is an indicator of the importance that the Bush administration has placed on its relations with India.

However, it should be pointed out that while politico-military ties have continued to grow, the trade and investment relationship, despite its enormous potential, has continued to flounder if not stagnate. India, after successfully implementing its first round of economic reforms in the early 1990s failed to maintain the momentum. Many bureaucratic hurdles remain and progress on privatisation has slowed. Structural reforms appear to have stalled and the economy is now in its fourth year of slowdown.<sup>40</sup> As the US Trade Representative Robert B. Zoellick has pointed out, India's tariffs and regulatory barriers remain high. Although the average tariff rate has fallen to about 30 per cent, it is still twice as high as China's average rate and 10 times as high as that of the United States.<sup>41</sup>

Consequently, while India's exports to the United States have steadily expanded since the mid-1990s (from \$5.7 billion in 1995 to \$10.7 billion in 2000), US trade flows to India since 1995 have stagnated, averaging \$3.5 billion during the same period. US investment in India has not had a very successful track record either. Ambassador Blackwill, in a speech delivered to the Indo-American Chamber of Commerce on 28 January 2002 observed:<sup>42</sup>

... current performance is disheartening. In the calendar year 1995, US investment in India was \$192 million; in 1996, \$255 million; in 1997, \$737 million; in 1998, 347 million; in 1998, \$347 million; in 1999, \$431 million; and in 2000, US investment in India totalled \$336 million. Perhaps even more telling is that US firms ended up investing only 38 per cent of that approved by the Government of India.

... In certain quarters there still seems to be an elemental distrust of foreign investment.

(This is in sharp contrast to US investment in China which amounted to \$4.4 billion in 2000.)<sup>43</sup>

However, attempts are underway to improve India–US business links. The two countries have initiated a dialogue in economics (with the full participation of the private sector) and in the areas of trade, finance, environment, energy security and power. Additionally specific fields including information technology, agricultural biotechnology and medical technology and pharmaceuticals have been identified as having significant potential for future business ties.<sup>44</sup>

## **Post September 2001**

While the India–US engagement had been proceeding at a fairly fast pace right from the beginning of the Bush administration, it gained a new sense of immediacy after September 2001. In a speech delivered in New Delhi on 2 September (soon after he had presented his credentials), the US Ambassador to India, Robert Blackwill, reiterated the earlier US position saying that 'President Bush has a global approach to US–India relations, consistent with the rise of India as a world power' adding that this was 'because no nation ... can promote its values and advance its interests without the help of allies and friends'.<sup>45</sup>

In a Presidential Determination signed on 22 September, President George W. Bush waived all nuclear related sanctions on India and Pakistan. These included those under the Glenn Amendment which bars licences for items on the US Munitions list and prohibits defence sales under Foreign Military Sales and Foreign Military Financing.<sup>46</sup> It was also revealed that the Commerce Department's 'Entity List' (which deals with the transfer/sale of dual-use technologies) continued to be reviewed.

In a Joint Statement issued during Prime Minister Vajpayee's visit to Washington in November 2001, the two sides:<sup>47</sup>

- reaffirmed the enduring ties between the two countries and the importance of further transforming the relationship
- noted that both countries were targets of terrorism 'as seen in the barbaric attacks' on 11 September in the US and on 1 October in Kashmir. (This point is significant in that it equated the events in the US to the attack Jammu and Kashmir Legislative Assembly building in Srinagar, allegedly by Pakistan-based terrorists)
- expressed satisfaction with the progress made in India-US cooperation on counter-terrorism
- announced the establishment of a Joint Cyber-Terrorism Initiative
- agreed to begin a dialogue 'between the two governments with a view towards evaluating the processes by which we transfer dual-use and military items, with a view towards greater transparency and efficiency'
- agreed to initiate discussions on civil space cooperation.

The intensity of India–US engagement can also be gauged from the fact that in the month of January 2002 alone Secretary of State Powell, Environmental Protection Agency Director Governor Christine Todd Whitman, FBI Director Robert Mueller, Defence Intelligence Agency head Admiral Thomas Wilson, and the State Department's Counter-Terrorism chief Francis Taylor visited New Delhi. In turn, Defence Minister George Fernandes and Home Minister Lal Krishna Advani travelled to Washington.<sup>48</sup> In addition, in late April the Assistant Secretary of State for Political Military Affairs Lincoln Bloomfield Jr. visited India for the first Indo–US Political Military Dialogue 'to set the stage for a closer and even more productive bilateral security relationship', and in May the Indo-US Cyber Security Forum was also launched to discuss Critical Infrastructure Protection (CIP).<sup>49</sup>

## **India–US Military Cooperation**

Following the events of September 2001—but probably reflecting the strategic realities of the post Cold War world and America's increasing appreciation of the part India must play in the regional balance—there has been a substantial change in US military cooperation with India in recent months. At a meeting of the US–India Defence Policy Group (DPG) in December 2001, the two sides committed themselves to substantially increase the pace of high-level policy dialogue, military-to-military exchanges and other joint activities (details of these activities can be found at Appendix B).

As part of the growing India-US military links, the Indian Defence Minister George Fernandes visited Washington in January 2002 and held substantial talks with Defence Secretary Donald Rumsfeld and National Security Adviser Condoleezza Rice. Issues covered included terrorism as well as sharing of military intelligence.<sup>50</sup> Defence Minister Fernandes took the opportunity to reassure the US that India's military standoff with Pakistan could be resolved, easing concerns that the situation could escalate into a major war. The two sides also signed a General Security of Military Information Agreement (GSOMIA) which essentially guarantees that they would protect any classified technology shared between them. It also paves the way for the future sale of US weapons to India.<sup>51</sup>

Clearly the events of September changed the dynamics of US–India defence relations.<sup>52</sup> This was reflected in an interview with *The Hindu* newspaper on 3 May by the US Deputy Secretary of State Richard Armitage who once again emphasised the growing defence relationship saying that India had 'been very helpful' in assisting with 'logistics and flights' and what was significant was this relationship was now 'astronomically different' from what it had been a year ago. 'We love the idea of being able to call on occasion on Indian ports, naval ships ... we hope it will be good for US-India relations'.<sup>53</sup> On the other hand, allaying apprehensions from some sections of Indian politicians, Ambassador Blackwill has made it clear that the US has no intention of stationing US troops permanently in India. Regarding Indian military acquisitions from Russia, the US attitude is that India was a free country and as such it was free to acquire defence systems from any country. Further, given the changed international situation, good relations between India and Russia were now in the interests of the US.<sup>54</sup> This statement indeed is a measure of the changed quality of US-India relations.

In a move likely to cause concern in Pakistan and China, joint exercises involving specialised mountain warfare troops are scheduled to take place in Alaska in September 2002.<sup>55</sup> These exercises would be of mutual benefit given the Indian army's combat experience in the Siachin glacier and the Kargil sector in Kashmir combined with the US army's superior equipment (Map 3). (In a parallel move, India and the UK intend holding a joint amphibious exercise at an unspecified date. Britain will also send an expert on improvised explosives devices to help India's efforts in combating terrorism.)<sup>56</sup>

The US–India DPG met between 20–23 May 2002 and agreed to further cooperation agenda (details at Appendix B) and is scheduled to meet again in New Delhi in February

2003. It should be pointed out that the May DPG meeting took place at a time when tensions between India and Pakistan were very high. As the *Times of India* observed, '(i)n what may count as one of the more remarkable chapters in the checkered history of Indo–US relations, New Delhi and Washington are engaged in a serious long-term military tie-up in the shadow of an immediate war in the sub-continent that the Bush administration is trying to prevent'.<sup>57</sup> (This issue is discussed in Appendix C.)

## **Impact of India's Neighbours on India–US Relations**

A major hurdle in the development of India-US relations in the past has been what could be termed the 'third country prism'. For a long time US–Pakistan relations had an adverse effect on US-India relations. Development of US–China relations had the same impact. Until recently, conventional wisdom had it that the rapid growth in China-Burma relations would be inimical to India's security in its northeast region. The following paragraphs briefly discuss developments in these three-way relationships.

### **India–US Relations, the Cold War and Pakistan's Influence on Events**

For almost half a decade, India's relations with the US were heavily influenced by the politics of the Cold War, India's policy of non-alignment as well as US perception that Pakistan was a trusted ally in its fight to contain communism. At no time was this more evident than during the period of Soviet intervention in Afghanistan when Pakistan became a front line state in the war against communism as well as a conduit for the supply of arms and other support to the Afghan resistance. Enthusiastic support by the US declined after the Soviet withdrawal from Afghanistan and the refusal of President Bush Sr. to certify that Pakistan did not possess nuclear weapons (1990). Subsequent cooling of US–Pakistan relations have ensured that Pakistan is no longer a major factor in the improvement of India–US relations. (Detailed analysis is at Appendix C.)

### **China's Influence on India–US Relations**

China became a factor in India–US relations following the normalisation of its ties with the US in 1971 and the subsequent 'tilt' by both countries towards Pakistan during its war with India that year. It is only during the last decade or so that India–US relations have not been influenced by relations with China and have developed a synergy of their own. (For detailed analysis, see Appendix D.)

### **India and China's Relations with Burma: Implications for India–US Relations**

It has been argued by some that the developing closeness of China's relations with Burma would be inimical to the strategic stability of the region as China seeks overland access to

Burma's ports in the Bay of Bengal as a means of sidestepping potential containment by the US (Map 5). The US has taken no official position on the growing closer relationship between China and Burma. What has escaped the attention of most observers is that both India and China are of the view that their bilateral relations and their relations with Burma are not mutually exclusive. In fact, it can be said that there is an element of cooperation that would be of benefit to all three countries. India's developing closeness with Burma in no way contradicts the US view that India is a responsible player in the region. (See Appendix E.)

## **India–East Asian Relations**

Not only is India the largest power in the ocean named after it, it also has the largest navy and coast guard of any state between the two most commercial straits in the world—Hormuz and Malacca. In addition, not only are the Straits of Malacca and the Strait of Lombok acknowledged to be two of the most crucial strategic straits in the world, more than half of the world's maritime trade passes through them (Map 7). In this region, more than a thousand miles from India's mainland lie its Andaman and Nicobar group of islands (Map 6) the southmost of which is barely 90 nautical miles from the troubled Indonesian province of Aceh. Of the 600-island cluster, over 300 are inhabited and are suspected of being used as transit points by gun runners, smugglers (including drug smugglers) and poachers. The region is also notorious for acts of piracy. Recognising this, in 1985 India established a joint-services base at Port Blair (FORTAN, Fortress Andaman and Nicobar Islands). India's action initially caused a certain degree of disquiet among its ASEAN neighbours because of the size of its navy and its perceived closeness to the Soviet Union. But this reaction was short lived as India became more open about its motives and the Indian Navy was soon paying port calls to and conducting exercises with the navies of Indonesia, Singapore, Malaysia and Thailand.<sup>58</sup>

The end of the Cold War also removed any remaining hurdles to close India–ASEAN cooperation. During the 1990s, India–ASEAN relations improved steadily. India became a sectoral dialogue partner in 1992, full dialogue partner in 1995, and joined the ASEAN Regional Forum (ARF) in 1996. The first India–ASEAN summit is scheduled to take place in Cambodia (November 2002).

In August 2001, India decided to upgrade its presence in the Andamans and set up its first tri-services command, the Far Eastern Strategic Command. Its military presence already includes air force helicopters, three naval Fast Attack Craft (FAC) and offshore patrol vessels. Eventually, India is expected to have a full strength army component and an air base in the Andamans. This will give India strategic depth to compliment its ability to protect maritime traffic bound for the South China Sea and Australia. An instance of this is the escort provided to a US vessel recently. Reaction to this activity has been favourable. For example Malaysia's Defence Minister Datuk Seri Najib Tun Razak said 'We also conduct monitoring in our waters in the Straits and will offer assistance to anyone. They (users of the Straits) need not rely on the patrolling team only'. He went on

to say that any nation had the right to escort their ships to ensure security without the need to seek permission from Malaysia or Indonesia as this did not violate international law.<sup>59</sup>

India has not only been coordinating its efforts to combat maritime threats with countries in the region but with countries as far away as Japan. A joint India–Japan Coast Guard Exercise took place for the first time in Indian waters in November 2000 and a second joint exercise was conducted off the coast of Japan in 2001. A strategic dialogue took place earlier this year. In an interview with *The Hindu* newspaper, Japan's Ambassador to India Hiroshi Hirabayashi stated that Japan welcomed the new security arrangement between India and the US that would make shipping through the Malacca Straits safer. He added that India–Japan relations were poised for a quantum leap in the security, economic and political spheres.<sup>60</sup> In the past there had been no systematic security dialogue between India and Japan although there had been informal contacts between military officials of the two countries.<sup>61</sup> The first India–Japan Security Dialogue took place earlier this year.

During a visit to Singapore in April this year, Prime Minister Atal Behari Vajpayee spoke of India's interest in the region. Delivering the Annual Singapore Lecture 2002, he observed:<sup>62</sup>

We have crucial stakes in protecting our common 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.

He once again emphasised India's interest in the wider Asia–Pacific region:

*... India has to be integral to any regional process pertaining to the Asia Pacific. We have a constructive and multi-faceted relationship with every major country of the region. This is also true of India's relations with ASEAN's East Asian neighbours (emphasis added).*

Consequently, it can be argued that given its historical military relations with Vietnam and its growing strategic ties with Japan, India will have a role in the evolving security structure in the wider Asia–Pacific region. This trend would be underscored by the growing strategic and military ties with the US Pacific Command. (It is an historical anomaly that India is within the geographical area covered by the US Pacific Command while Pakistan comes under the jurisdiction of the US Central Command.)

## **India–US Relations: Implications for Australia**

While this paper has focused primarily on India–US relations, the enhanced relationship between the two also has implications for Australia as part of the Asia Pacific region. US acceptance of India as a responsible player in the region implies that Australia needs to expand its strategic outlook to include India and the Eastern Indian Ocean region. There are indications that this is happening, but clearly more work needs to be done.



Sporadic attempts by Australian governments to generate interest in an Indian Ocean policy have met with mixed success. The most recent attempt was made in August 1994 when the then Foreign Minister, Senator Gareth Evans and the then Minister for Trade, Senator Bob McMullan announced that the Cabinet had adopted a 'Look West' strategy.<sup>63</sup> Consequently, Australia's relations with India remained friendly but distant till the 1990s despite their involvement in the Commonwealth and the Colombo Plan, not to mention cricket. India perceived Australia as part of the western alliance while its own policy of non-alignment was viewed as having a pro-Soviet orientation.<sup>64</sup>

The strengthening of Australia–India relations in the 1990s included establishment of the Australia–India Council in 1992 followed by the Indian Government's establishment of the India–Australia Council in 1995. There were also a series of high level bilateral visits, including a visit by the then Vice-President (now President) K. R. Narayanan in 1994 (the most senior Indian official to visit Australia), Senator Bob McMullan, then Minister for Trade, leading the largest Australian business mission to visit India in 1995 and, in late 1996, Australia held a major promotion in India called Australia–India New Horizons with the aim of promoting a broader image of Australia. In July 1997 the Minister for Foreign Affairs, Alexander Downer, visited India. A number of Indian ministers visited Australia the same year, including the Ministers for Commerce, Food Processing Industries, Petroleum and Natural Gas, and Railways.

A setback came with India's nuclear tests in May 1998 and Australia's strong and unequivocal response compared to President Clinton's reaction when he said that he was 'deeply disturbed' and 'strongly' opposed any new tests. On 13 May, after India had conducted two rounds of nuclear tests, the Minister for Foreign Affairs, Alexander Downer said:<sup>65</sup>

India clearly pays no heed to the world opinion in this matter or to the hopes of people everywhere (sic) for a world free of nuclear testing. I strongly urge India to cease immediately all further testing....

On 14 May, Mr Downer announced suspension of bilateral defence relations with India, including the withdrawal of Australia's Defence Adviser stationed in New Delhi, the cancellation of ship and aircraft visits, officer exchanges and other defence-related visits. Australian Defence Force personnel currently training in India were to be withdrawn and Australia would request the immediate departure of three Indian defence personnel currently at defence colleges in Australia. Australia would also suspend non-humanitarian aid and Ministerial and Senior Official visits.<sup>66</sup>

The reaction of the Government of India was equally forthright. A *Press Release* issued by the High Commission of India in Canberra opining:<sup>67</sup>

The comments of the representatives of the Australian Government have not only trivialised India's legitimate security concerns and misrepresented the compelling reasons

for India to undertake these tests but are also innocent of any understanding of the security environment in Southern Asia.

Among other measures India decided to decline the invitation extended to the Indian Defence Secretary to visit Australia, to suspend all proposals for bilateral military cooperation, to deny Australian naval ships permission to visit Indian ports or operate in Indian territorial waters and to deny overflight facilities to Australian military aircraft.

Australia's reaction to India's nuclear tests was significant in terms of the defence and political relations, but not, however, materially. With a total country program aid allocation of \$A16.7 million in 1998–99, or 1.1 per cent of the total aid budget, the suspension of non-humanitarian assistance was symbolic. The Australian reaction had no evident effect on bilateral trade and investment relations. By 1997, India was Australia's 17th largest trading partner and bilateral trade between the two countries had grown at an annual rate of 15 per cent between 1992–97. In 1997, Australia had a trade surplus with India of \$A1.06 billion.<sup>68</sup> Speaking at the Australia Summit conference in June 1998, the Indian High Commissioner, G. Parthasarthy, said that activities of banks and other business institutions remain unaffected 'despite the policy differences that we have with the Australian Government on issues like the dependence on foreign nuclear deterrents and nuclear disarmament'.<sup>69</sup>

The policy of suspension of high level contacts did not last very long. In December 1998 Australia decided to lift its ban on visits by ministers and senior officials, reportedly days after the US decided to lift certain economic and military aid sanctions.<sup>70</sup> The Health Minister, Dr Michael Wooldridge, was expected to visit India the same month but the trip was cancelled due to parliamentary business.<sup>71</sup> Eventually, the then Deputy Prime Minister and the Minister for Trade, Tim Fischer, visited New Delhi on 27 February 1999. His comments indicated a toning down of the strong rhetoric emanating from Australia so far, including (according to Indian officials) the 'personally offensive' remarks made by Mr Downer.<sup>72</sup> Implying sensitivity to India's security concerns, Mr. Fischer was quoted as saying:<sup>73</sup>

If you are an island continent you tend to think about border security differently than if you are a country adjoining major and minor powers, and which, since World War II, you have been at war with ... that would sear the minds of many quite understandably.

On the nuclear question however, he added: 'I stand by exactly what Australia did on this issue last year.' Mr. Fischer's visit was also different because he did not include a visit to Pakistan: traditionally, visits by Australian ministers to the subcontinent have included both India and Pakistan. In spite of being the first high level contact between the two countries, there was no change in Australia's policy towards India. In June 1999, a spokesman was quoted as saying 'We do not believe conditions justify lifting sanctions at present. We want to see concrete steps by India and Pakistan towards signing the Comprehensive Test Ban Treaty (CTBT)'.<sup>74</sup>

The next official contact was at the ASEAN meeting in Singapore in July 1999 where Mr Downer met his Indian counterpart Mr Jaswant Singh. The two ministers exchanged invitations to visit each other's country and it was decided that the Secretary of the Department of Foreign Affairs and Trade, Dr Ashton Calvert, would go to India for a senior officials' meeting.<sup>75</sup> This meeting took place on 22–23 February 2000 and was reported to have 're-energised a multi-faceted relationship'.<sup>76</sup>

On 21–24 March 2000, Mr Downer visited India, the first ministerial-level visit since Mr Fischer's and his second since July 1997. Before his departure Mr Downer stated:<sup>77</sup>

Australia continues to have concerns about the implications of India's nuclear tests, and we continue to strongly encourage India to sign the Comprehensive Test Ban Treaty. However, the bilateral relationship is broader than this one set of issues, and I would like to use my visit to re-energise the relationship between our two countries.

Although overshadowed by President Clinton's visit, Mr Downer's visit appears to have involved a change from the strong rhetoric that followed the 1998 nuclear tests. In an interview with Delhi-based Australian journalists, Mr Downer stated that 'what the international community can say is that it's not obviously going to get the Indian Government to abandon its nuclear capability'.<sup>78</sup> The Indian Foreign Minister Jaswant Singh, was invited to visit Australia. The two sides agreed not only to resume defence ties but also to ensure that 'there was a steady flow of high level contacts.' The Indian Minister for Commerce and Industry, Murasoli Maran consequently visited Australia in mid-April and an Australian parliamentary delegation visited India later in 2000.

Full normalisation of relations was symbolised by the visit of Prime Minister Howard in July 2000.

Another important milestone in the development of bilateral relations was achieved by the visit of the Indian Minister of External Affairs, Jaswant Singh, in June 2001. During his visit it was agreed that the two countries would initiate a strategic dialogue at senior officer level. The first India-Australia Strategic Dialogue was held in New Delhi on 30 August 2001. The talks were 'open, constructive and wide ranging, and demonstrated shared perspectives and common interests on a number of issues, including in the Asia-Pacific and Indian Ocean regions. The delegates agreed that both countries were factors for stability in these regions'.<sup>79</sup> The agenda included regional security issues including 'particular security situations *in the broad Asia-Pacific region*' (emphasis added), and maritime security. A significant feature of these talks was that as well as foreign affairs officials, each delegation also included a senior armed forces officer.

Foreign Minister Downer visited New Delhi between 21–23 April 2002 for the second round of the Australia-India Foreign Ministers' Framework Dialogue. According to the *Media Release*,<sup>80</sup> the talks focussed on the need to strengthen the strategic aspects of the bilateral relationship and that the two countries were working towards holding direct military-to-military talks towards the end of 2002.

These developments, combined with the closeness of India–ASEAN relations give rise to the question: is there any potential for India – ASEAN – Australia cooperation? Traditionally, Australia's foreign policy focus has been on 'Asia', a region stretching from Japan at one end and Thailand at the other. India has been relegated to a separate 'box' and relations with it treated as such. Nowhere was this more obvious than in Australia's 1997 foreign policy white paper *In the National Interest* which stated that 'India will become more important as its links with East Asia and the rest of the world deepen, *as they are likely to over the next fifteen years*' (emphasis added).<sup>81</sup> This observation came at a time when India's engagement with ASEAN was already well underway. As has been mentioned earlier India became a full dialogue partner in 1995 and joined the ASEAN Regional Forum (ARF) in 1996. The Department of Defence released *Australia's Strategic Policy* the same year. The review was more realistic and the contrast could not have been sharper. In a remarkably perceptive observation, it stated, *inter alia*:<sup>82</sup>

*India* in particular, is assuming a growing strategic and economic importance in global and regional affairs. In the short term, however, it is unlikely that either India or *Pakistan*—with their largely sub-regional focus and their own internal security problems—will have a major impact on the East Asian security environment. Nonetheless, given the longer-term potential for these countries, particularly India, to play a more prominent role in the strategic affairs of the Asia-Pacific region, we will continue to work to develop a strategic dialogue with it. More specifically, we will encourage India to play a constructive role within the ASEAN Regional Forum.

This point was reiterated in the defence white paper, *Defence 2000: Our Future Defence Force* released in 2000.<sup>83</sup>

There are, therefore, some signs of change in Australia's perception of the strategic importance of India but with no indication of an integrated regional security perspective on Australia's part, so far. Greater naval cooperation with India would be a good starting point, given that a sizeable proportion of Australia's maritime trade towards the west passes through the Strait of Lombok and then through the Malacca Straits. A case could also be made for the establishment of an Australian coast guard, which could eventually become part of a network of regional coastguards policing non-military threats. Greater recognition could also be given to the fact that the threats in the region are largely non-military—piracy, drugs, arms and people smuggling to name a few, threats that India and Australia share in common. In this context, it is relevant to note that the first meeting between ASEAN and the European Union Experts Group held in Manila recently proposed the formation of a 'neutral flag patrol fleet' that would be allowed to pursue pirates beyond a country's territorial waters.<sup>84</sup>

## Conclusions

While India–US relations floundered for nearly half a century, the recent pace of development of these ties have taken many observers by surprise. 'India watchers these

days are suffering from a bad case of whiplash'.<sup>85</sup> This comment by a respected 'India watcher' aptly sums up the speed at which the India–US strategic relationship has developed over the last few years. Instead of the gradual evolution that had characterised the bilateral relationship over a period of more than two decades, President Clinton's visit galvanised the pace at which it was proceeding. Whether it was a consequence of a tacit acknowledgement by the US of India's 'unofficial' nuclear status, its economic reforms, its acceptance as a pre-eminent regional power and a source of stability in the Indian Ocean region, or a reflection of a changed mind set of decision-makers on both sides in a post-cold war environment, the fact remains that these developments could not have been foreseen by any observer in 1998, the year India tested its nuclear devices.

The US no longer appears to view its relationship with India primarily through the prism of its relations with other countries in the region, or indeed with Cold War blinkers. This process started, albeit haltingly, with the end of the Cold War. Given the improvement in US–Russia relations, the US now appears to have no objections to Russia being India's largest supplier of military hardware. On the contrary, the US itself is in the process of becoming one of the major suppliers (along with Israel and South Africa). Moreover, despite its own, sometimes volatile, political relationship with China, there is no indication that it views the improvement in India–China relations with any degree of concern. In other words, the US, finally, is acknowledging the legitimacy of India's pursuit of an independent foreign policy; while there will be close politico-strategic-military ties between India and the US, there will be no 'alliance' relationship. It can be argued that India is well aware of the fact that (as has been observed in the context of Australia relations) 'you only have to think like a deputy to look like a deputy, and look like a deputy long enough and one day they'll pin a badge on you and tell you to shut up and do as you're told'.<sup>86</sup>

Perhaps the most significant development in the strategic relationship is that it has finally been decoupled from US relations with Pakistan. In the past this had been a major hurdle preventing any significant improvement in India–US relations. This was most vividly demonstrated after the events of September 2001 when the US launched military operations in Afghanistan. While Pakistan provided bases and other support to the US and its forces, the US still unequivocally reminded Pakistan that it had to stop terrorist organisations operating from within its borders. This was clearly aimed at addressing Indian concerns at Pakistan's support of terrorists operating in the Indian State of Jammu and Kashmir. While General Musharraf attempted to take advantage of US appreciation of Pakistan's help in its operations in Afghanistan by asking the US to take an active part in resolving the Kashmir dispute, the latter's response was clear. Apart from encouraging the two sides to continue bilateral dialogue, the US had no role to play. India's mobilisation of its troops after the terrorist attack on the Indian Parliament and its refusal to resume talks with Pakistan until there was evidence that cross-border terrorism had stopped, drew no criticism from the US apart from the standard comment that the dispute should be resolved through dialogue.

Meanwhile, as demonstrated by recent events, as far as the India–US politico-strategic-military relationship is concerned, it has been business as usual. High level contacts, arms sales and military exercises have continued as planned months ago. Firm plans have been developed for closer engagement in the future. This is the surest indication yet that India–US relations are developing with a long-term perspective in mind and that the recent US–Pakistan re-engagement has had no discernible impact.

So far as India-Australia relations are concerned, a strong case exists for a change in Australia's strategic outlook to include the South Asian region in its definition of 'Asia'. A case can also be made for better coordination of defence and foreign policies. Given the recent developments between India and the US, Australia's major ally, the forthcoming foreign policy white paper should address this anomaly.

## **Appendix A: Chronology**

- 1942 As part of its struggle to gain independence from Great Britain, Mahatma Gandhi and the Indian National Congress launch the Quit India Movement.
- 1947 India and Pakistan gain independence.
- 1947–48 India and Pakistan fight their first war over Kashmir.
- 1950 India, as member of the Security Council, votes for a resolution naming North Korea as aggressor. It however abstains or votes against subsequent resolutions naming China as an aggressor and the Uniting for Peace Resolution.
- 1954 US and Pakistan sign an aide-memoire under which the US agrees to a comprehensive military aid program ostensibly designed to help contain communism.
- 1959 US–Pakistan grants the US a ten year lease to set up a 'communications facility' near Peshawar, the capital of the Northwest Frontier Province. It also agrees that the US can use Peshawar airport for flights over the Soviet Union by its U–2 spy planes.
- 1961 India participates in UN Peacekeeping Operations in Congo.  
The Nonaligned Movement which had evolved as an informal grouping in the 1950s holds its first Summit Conference in Belgrade.
- 1962 India–China border conflict. In the aftermath, US and the UK offer limited military assistance conditional on the resolution of the Kashmir dispute with Pakistan. US–UK brokered talks unsuccessful.
- 1965 India–Pakistan conflict over Kashmir.
- 1966 Taking advantage of India's food crisis US pressures India into devaluing the Rupee and uses food aid as an instrument to try to change India's stance on international issues especially Vietnam.
- 1971 India and the Soviet Union sign a Friendship Treaty.  
India–Pakistan war resulting in the creation of Bangladesh.  
Normalisation of US–China relations.
- 1972 India–Pakistan sign the Simla Agreement. Agree to resolve any future problems bilaterally. Ceasefire line in Kashmir renamed Line of Control.
- 1974 India tests a nuclear device.
- 1976 India and China re-exchange ambassadors after a lapse of fifteen years.
- 1979 Soviet Union intervenes in Afghanistan. As a consequence US agrees to provide Pakistan with a \$3.2 billion in military and economic assistance.
- 1984 President Reagan issues a directive instructing government agencies to seek improvement with relations and accommodated its requests for dual-use technology.
- 1985 India establishes a joint-services base at Port Blair (FORTAN, Fortress Andaman and Nicobar Islands).

- 1989 Indian defence minister visits the US, the first such visit in 25 years.  
US agrees to provide Pakistan with a further \$4 billion in military and economic assistance.  
A Joint Working Group (JWG) consisting of diplomatic and military experts is constituted by India and China.  
China cracks down on student activists at Tiananmen Square in Beijing.
- 1990 During the Gulf War, the Indian government grants refuelling rights to US military aircraft en route from the Pacific to the Middle East.  
President Bush Snr. refuses to certify that Pakistan does not possess nuclear weapons resulting in cessation of military assistance and imposition of sanctions.
- 1991 US Airforce General Claude M. Kicklighter visits India and proposes extensive training and exchanges between the two militaries.
- 1992–94 US allows India to buy a cryogenic rocket engine for its space program from Russia but blocks the transfer of related technology.  
Foreign Minister Senator Gareth Evans and Minister for Trade, Bob McMullan announce that Cabinet has adopted a 'Look West' strategy.  
Australia–India Council is established.
- 1996 Australia holds a major promotion in India called Australia–India New Horizons.
- 1997 Indian and US navies hold joint exercises in the Indian ocean.
- 1998 India and Pakistan conduct nuclear tests. Australia announces suspension of defence relations and non-humanitarian aid. Bilateral trade and investment not affected.  
In December Australia lifts its ban on visits by ministers and senior officials to India.
- 1999 Deputy Prime Minister and Minister for Trade, Tim Fischer visits India.  
Foreign Minister Downer meets his Indian counterpart at an ASEAN meeting in Singapore.  
Foreign Minister Jaswant Singh visits China. The two sides agree to initiate talks on the demarcation of the Line of Actual Control as well begin a security dialogue.  
Pakistan's elected government led by Prime Minister Nawaz Sharif overthrown by General Musharraf in a military coup.
- 2000 President Clinton visits India and reiterates the US position that it would not mediate between India and Pakistan on the Kashmir dispute.  
Foreign Minister Downer visits India and states that Australia must aim to build a very strong relationship with India.  
Prime Minister Howard visits India.  
Indian President K. R. Narayanan visits China.



- 2001      The new Bush administration makes it clear that India has the potential to keep the peace in the Indian Ocean and that it would help India in this endeavour.
- In September President Bush waives all nuclear related sanctions on India and Pakistan.
- The US–India Defence Policy Group meets in December. The two sides commit themselves to substantially increase the pace of high level policy dialogue, military-to-military exchanges and other joint activities.
- India upgrades its presence in the Andaman Islands and sets up its first tri-services command, the Far Eastern Strategic Command.
- Indian Minister of External Affairs Jaswant Singh visits Australia in June. The first India–Australia Strategic Dialogue is held in New Delhi in August.
- 2002      Following a terrorist attack on the Indian Parliament in December 2001 India deploys troops along the border with Pakistan. Tensions rise following further terrorist attacks prompting successful US attempts (so far) to defuse the situation.
- India provides naval escorts to US ships supporting US operations in Afghanistan.
- Special forces from the US and paracommandos from the Indian army conducts joint exercises.
- Delivering the Annual Singapore Lecture 2002 Prime Minister, Atal Behari Vajpayee states that India has to be integral to any regional process pertaining to the Asia Pacific.
- Foreign Minister Downer visits New Dehli for the second round of the Australia–India Foreign Ministers' Framework Dialogue.
- Chinese Premier Zhu Rongi visits India.
- Foreign Minister Jaswant Singh visits China and Burma. India and China agree to strengthen Confidence Building Measures (CBMs) and then deal with the border question.
- India, Burma and Thailand agree to create a transport corridor linking the three countries and develop other infrastructure projects.

## **Appendix B: India–US Military Cooperation: Post September 2001**

At the December 2001 meeting of the Defence Policy Group (DPG) it was decided that the DPG would next 'convene on an accelerated schedule in May 2002, preceded by a meeting of the Military Cooperation Group'. Military-to-military cooperation would include combined special operations training, combined training exercises between US Marines and corresponding Indian forces as well as small unit ground/air exercises. It was also agreed:<sup>87</sup>

- to establish a separate Security Cooperation Group to manage the defence supply relationship between the US and India. This would meet in February–March 2002
- the Joint Technical Group under the DPG would meet at the same time to discuss the promotion of bilateral ties in the field of defence production and research
- the US Joint Staff and the Indian Chief of Integrated Defence Staff would meet in the spring of 2002 and regularly thereafter to discuss tri-service institutions, military planning and tri-service doctrine.

A new structured dialogue would be initiated between the US Defence Department's Office of Net Assessment and its 'Indian counterpart'.

On 17–18 February 2002, General Richard B. Myers, Chairman of the US Joint Chiefs of Staff visited India as part of the ongoing process to enhance India–US military cooperation. (This was a second visit by a Chairman of the Joint Chiefs of Staff within eight months). His visit had been preceded by a series of talks held by the Army and Navy Steering Groups (ESG) which resulted in the expansion of military—military cooperation to 'levels unprecedented in the history of the bilateral relationship.'<sup>88</sup>

- **Navy-to-Navy Cooperation:** A three-year program of substantive exercises, combined operations, port visits and conferences. These activities would include search and rescue operations, anti-submarine warfare, maritime surveillance as well as the continuation of the Malabar series of naval exercises. Detailed discussions regarding joint usage of training sites, logistics support, airspace control, personnel exchanges and plans to combat terrorism and piracy were also held
- **Army-to-Army Cooperation:** A specific security cooperation program for 2002 and a framework for activities for 2003 and 2004. These include high altitude and other joint training, disaster management, expert and military school exchanges
- **Air Force-to Air Force Cooperation:** This would cover topics such as search and rescue and support requirements for airlift forces
- **Defence Sales and Military Training:** International Military Education and Training (IMET) for India would double in 2002 to \$1 million and India would also receive

funding to enhance its peacekeeping training facilities. India would also be purchase AN/TPQ–37 Weapon Locating Radars, the first major Government-to-Government purchase from the United States. Purchases of other types of military equipment were expected to follow.

In March 2002 the US-India Joint Technical Group (JTG) was revived and several areas of cooperation begun before the 1998 sanctions were renewed and it was decided to explore opportunities for joint research, development and production of military systems. Later that month the Security Cooperation Group met in Washington to address future military sales and address export licensing procedures as well as an Acquisition and Cross-Servicing Agreement to enhance US-India military interoperability.

In a speech delivered on 26 February 2002, Ambassador Blackwill provided an update on the progress of bilateral military cooperation since the December 2001 DPG meeting:<sup>89</sup>

- there had been the largest number of US general officer visits to India ever
- the US Navy had already conducted five port calls and a search and rescue exercise in the past 15 months. The two navies would undertake a variety of activities at least once a month over the next two years
- the two armies had agreed to expand counter terrorism cooperation and training and to extend participation in national, bilateral and multinational exercises
- the air force agenda had a similarly ambitious schedule of cooperation
- to date, the US Government had received applications for 81 items on the Munitions List. None so far had been denied. Of these, 20 had been approved and were in various stages of notification to Congress. These included applications for components for satellite launchers, helicopter spare parts, micro detonators and the AN/TPQ–37 artillery locating radar. A variety of other high priority items including F404–GE–F2J3 engines and advanced avionics for the LCA, undersea remotely operating vehicles, submarine combat systems, P–3C maritime reconnaissance aircraft, satellite launch vehicle technical data, and ground sensors and electronic fencing for combating terrorism were in various stages of Congressional clearance.

The AN/TPQ–37 deal worth \$146 million was finally signed on 18 April 2002. This is the largest single purchase of military equipment from the US ever.<sup>90</sup> The sale was supported on the grounds that it would help 'improve the security of a country which has been and continues to be an important force for political stability and economic progress in South Asia'.<sup>91</sup> It has also been reported that India is exploring the possibility of acquiring Sikorsky-supplied helicopters to replace the navy's ageing Sea King fleet, and AGM–84 Harpoon anti-ship missiles.<sup>92</sup> In mid-May a first-ever Indian industry delegation with focus on the defence sector visited the US to explore opportunities for joint ventures and technology tie-ups.<sup>93</sup>

On 15 April 2002, US Assistant Secretary of State for South Asian Affairs Christina Rocca on a visit to New Delhi praised India's cooperation in the war on terrorism, specifically its agreement in principle to monitor the Malacca Strait in cooperation with the United States. It was also implied that the US was having discussions with Indonesia and Malaysia on the issue.<sup>94</sup> (Map 7)

Later that week it was reported that an Indian Navy offshore patrol vessel (OPV) had already escorted a 'high value goods' US merchant ship through the Malacca Straits from Singapore. (It was INS SHARDA that relieved the guided missile destroyer USS COWPENS of escort duties on 13 April. Since early March, the latter had been serving as a military escort to ships providing 'logistical support for the campaign against global terrorism'.)<sup>95</sup> It was also reported that this would now be a matter of routine and for the operational turn around for the naval ships, regional maritime nations were being consulted to enable the ships to dock and replenish supplies.<sup>96</sup> Ships from the Seventh Fleet would approach the area from the other side and the patrols would be jointly monitored by the Indian Deputy Chief of Naval Staff and the Commander of the Seventh Fleet.<sup>97</sup>

Paracommandos from the Indian Army and some 200 soldiers of Special Forces Group and supporting units from the US Pacific Command held joint exercises in India between 7–26 May 2002. Code-named 'Balance Iroquois' the exercise was backed by elements of the Indian and the US Air Forces.<sup>98</sup> As a senior Indian officer is reported to have commented, '(i)t is unknown in military circles for a country to carry out joint exercises and an intense military relationship with two countries (India and Pakistan) who are on the brink of war'.<sup>99</sup>

It has also been reported that later during the year joint army counter-insurgency and jungle warfare exercises would be conducted at the Counter Insurgency Jungle Warfare School in northeastern India. Access to India's High-Altitude Warfare School in the state of Jammu and Kashmir is also under consideration and the Indian and US navies will conduct Exercise 'Malabar IV', the fourth in a series of naval exercises in the Arabian Sea in December 2002. The US Air Force (USAF) is also seeking enhanced ties with its Indian counterpart in an attempt to earmark Indian airbases for the support of future US anti-terrorist operations and humanitarian relief missions. According to USAF Gen. William Begert, Commander Pacific Air Forces, India represents a 'key piece of geography' in the region and to use it as a staging base for tankers or for airlift can provide greater flexibility than has been available to the US in the past.<sup>100</sup>

A *News Release* issued after the DPG meeting in May 2002, listed the outcomes:<sup>101</sup>

- India and the US had participated in a Ballistic Missile Defence (BMD) Workshop in Colorado Springs, Colorado The Indian delegation had accepted invitations to the June 2002 BMD Conference to be held in Texas and the June 2003 Roving Sands BMD exercise. The two sides agreed to hold a future missile defence workshop in New Delhi

and '*agreed on the value of pursuing a missile defense requirements analysis for India* (emphasis added)

- significantly, the two sides 'reaffirmed their commitment to work together to prevent proliferation of weapons of mass destruction and their delivery systems ... (and) agreed to hold further consultations in the coming weeks on the threat such proliferation poses to their common security interests'
- schedules for specialised military training programs and joint exercises for 2002–2003 were finalised.
- the US agreed to address counter-terrorism equipment requirements for India's special operations forces.
- the need to develop a Foreign Military Sales (FMS) program and speedier approval process for export licences in the US. (It has been reported that the State Department has put a restricted interpretation of the relaxed sanctions legislation that requires it to approve export licences on a case by case basis while the Pentagon is not averse to a broader reading)<sup>102</sup>
- in the context of UN peacekeeping operations, the two sides agreed on the 'serious inadequacies' of the International Criminal Court (ICC) and 'underlined the importance of cooperation between the U.S. and India to oppose its applicability to non-parties, as such applicability would be an assertion of jurisdiction beyond the limits of international law'.

## **Appendix C: Pakistan's Influence on India–US Relations**

In October 1954 the US and Pakistan signed an *aide-memoire* under which the US agreed to a comprehensive military aid program. This was ostensibly designed to help build Pakistan as a bulwark against southward expansion of the Soviet Union, As a result the capability of Pakistan's armed forces were boosted considerably as they received modern artillery, Patton tanks, howitzers, transports and other state-of-the-art equipment. The air force received modern F–86 jet fighters and B–57 bombers. US military teams improved Pakistan's military training. The US in turn also benefited. In 1959 it was announced that the US had been granted a ten-year lease to set up a 'communications facility' near Peshawar, the capital of the Northwest Frontier Province. This was in fact one of a chain of electronic intelligence gathering stations that the US had set up to spy on the Soviet Union. Pakistan also agreed that the CIA could use Peshawar airport for flights over the Soviet Union by its U–2 spy planes.<sup>103</sup>

It can be argued that the development of US relations with Pakistan was a result of the US reaction to India's policy of non-alignment. This policy not only placed an obstacle in US attempts to 'contain' communism, but was also viewed as being objectionable because it attempted to create an additional force, based not on military capabilities but on a political mobilisation of Afro-Asian nations. Consequently, India viewed US military aid to Pakistan in the 1950s as directed against India rather than against communism. Moreover, the type of weapons provided to Pakistan appeared to suggest their target. When the Indian Government brought this to the attention of the US, there was no response. According to the former US ambassador to India, Chester Bowles:<sup>104</sup>

The Indian Government pointed out that the military equipment we were giving to Pakistan had no relevance to our alleged military objectives. If the Pakistan Army was actually designed to become part of a US-sponsored defence system to discourage a Soviet or Chinese military movement through the Himalayas or the Hindu Kush mountains, it would be seeking equipment suitable for fighting in the mountain areas. However, the equipment we supplied Pakistan was suitable for use on a relatively flat terrain, in other words, on the plains of North India. Moreover, from the outset, the Pakistan Government had itself made it clear that it had no quarrel with either the USSR or China and privately admitted that its military build-up was, in fact, directed against India.

It was also in 1959 that Pakistan expressed its interest in demarcating the several hundred km long border between its part of Kashmir and China, evoking a luke-warm response from the latter. After Pakistan changed its vote on the question of China's representation at the UN in 1961, the latter agreed to commence bilateral talks about a territory that India claimed as its own.<sup>105</sup> The Chinese government rejected Indian objections to the negotiations, asserting that the talks for a provisional boundary agreement did 'not at all involve the question of the ownership of Kashmir' and that the agreement made it clear that after the settlement of the dispute between India and Pakistan, the sovereign authorities concerned should reopen negotiations with the Chinese government on the

question of concluding a formal boundary treaty. Negotiations between China and Pakistan opened in October 1962,<sup>106</sup> (the same month India and China fought a short but bitter border conflict which resulted in China occupying large tracts of Indian territory) and an agreement was finally signed in March 1963.<sup>107</sup> (Map 4)

In the aftermath of the India-China conflict the US (along with the UK) approved a modest 'emergency' military aid package for India but balked at any large-scale supply of arms. Less than half of the military aid promised had actually been delivered before an arms embargo was imposed on both India and Pakistan after the two countries fought a brief war in 1965. Political alignments had also started to change even before the conflict. Pakistan had moved closer to China, signing a trade and civil aviation agreement. India for its part had signed an agreement with the Soviet Union for the supply and eventual manufacture of MiG–21 aircraft. The Soviet Union also helped broker the Tashkent Agreement under which both India and Pakistan agreed to withdraw to their pre-conflict boundaries. Also, as a result of the embargo by the West, the Soviet Union and China emerged as major suppliers of military equipment to India and Pakistan respectively. In 1967 the US lifted the ban on supply of 'non-lethal' spares, a decision that primarily benefited Pakistan as, till then, most of its equipment was of US origin. As is discussed below Pakistan was also a beneficiary of a US 'tilt' in its favour during the 1971 war with India which led to the creation of Bangladesh.

After the 1971 war India emerged as the pre-eminent power in the region. This was further demonstrated by the fact that the Simla Agreement (July 1972) with Pakistan was arrived at without the involvement of any external power. The two countries agreed to resolve any future problems bilaterally and work towards the development of friendly relations. This trend towards bilateralism was fairly well entrenched until the Iranian Revolution of 1979 and the Soviet intervention in Afghanistan in December that year.

The Soviet intervention in Afghanistan and the subsequent decision by the US to supply arms to Pakistan evoked a mixed reaction from India. Initial ambivalence soon gave way to muted opposition as India realised that the Soviet Union had no exit strategy. In 1980, the Soviet Union was told about India's inability to support Soviet actions and reminded of India's position that relationships in the region should be based on non-interference and peaceful coexistence.<sup>108</sup> While the Soviet action was opposed in principle there was a greater suspicion on the part of India vis-à-vis the US naval build up in the Indian Ocean and the change in its Pakistan policy. The latter moves were viewed as a reaction to the earlier overthrow of the Shah of Iran which had indicated the vulnerability of US regional policy; it was suspected that Pakistan was being groomed as the regional proxy.

Under the Reagan Administration, the US agreed to provide Pakistan with a US\$3.2 billion multi-year aid package equally divided between military and economic assistance. By 1982, Pakistan was receiving US\$600 million a year in assistance including 40 advanced F–16 aircraft. In return, the US with help from Pakistan and matching funds from Saudi Arabia, was helping fund resistance against the Soviet presence in

Afghanistan.<sup>109</sup> The military aid package provoked criticism from India, aware that the arms would only be used in the event of a conflict against India.

While the US had concerns about Pakistan developing nuclear weapons, in 1981 it waived the Glenn amendment that prohibited aid to countries suspected of doing so. The Pressler Amendment passed in the mid-1980s required the President to provide an annual certification that Pakistan did not possess a nuclear device. In April 1989 a new agreement provided for \$4 billion in economic assistance and purchases of military equipment. In 1989 a \$1.4 billion agreement was signed for the purchase of military equipment including a further 60 F–16 aircraft. According to a declassified State Department document, as far back as 1983, the US had 'unambiguous evidence' that Pakistan was 'actively pursuing a nuclear weapons development program'.<sup>110</sup> Despite this, certification that Pakistan did not possess nuclear weapons was provided till 1990 when the elder President Bush refused to do so.<sup>111</sup> This move had serious consequences for Pakistan's military preparedness although some spares were permitted to be sold on a commercial basis. It also affected the economy as economic assistance dried up. However, the Brown amendment (1995) permitted the resumption of economic assistance.

Pakistan's nuclear tests in 1998 and General Musharraf's overthrow of the Nawaz Sharif government in October 1999 saw the full range of sanctions being reimposed.

After the events of September 2001, Pakistan again emerged as a frontline state when the US began operations in Afghanistan. In spite of divided domestic public opinion it offered bases and other assistance to US forces. In return, the US lifted a wide range of sanctions, offered a generous economic assistance package<sup>112</sup> and limited military assistance in the form of provision of spares and training as well as sensors for border surveillance and a few helicopters for the same purpose.<sup>113</sup> At this stage, India, for its part, does not appear to be unduly concerned. This appears to be for a number of reasons including the speed, range and depth of strategic convergence with the United States, the type of US military aid being provided does not threaten India, and the crackdown on terrorists operating out of Afghanistan would have a beneficial impact on the level of terrorist activities in Kashmir.

In 2002, the US has also played a key role in reducing tensions between India and Pakistan. After a terrorist attack on the Indian Parliament on 13 December 2001, which India maintained was carried out by Pakistan based terrorist groups, India moved a substantial number of troops to its border with Pakistan provoking a similar response from the latter. In an attempt to reduce tensions Secretary Powell visited South Asia in January 2002. The US, however, has been urging both sides to reduce tensions while continuing to maintain that it would play no role in the resolution of the Kashmir dispute. According to Deputy Secretary of State Armitage, the US has had discussions with India 'about the need to be balanced and measured.' US–Pakistan discussions focussed '*additionally on the need to stop cross-border terrorism.*'(emphasis added).<sup>114</sup> This view has also been echoed by National Security Adviser Condoleezza Rice. In an interview in May she said 'we've been very clear with Musharraf that we expect to see actions to follow up on his 12 January



speech that said Pakistan will end any support to extremists ... we are working very closely with Pakistan and we want to work very closely with India *because we have a larger future with India* ... (emphasis added). Dr Rice also had a cautionary note for Pakistan, adding that 'we have made very clear to President Musharraf that we expect that he will carry through on his promise to hold parliamentary elections in October that are consistent with international standards ... and we've made very clear that the parliamentary elections are not the end but the beginning of putting Pakistan back on the democratic path'.<sup>115</sup>

Unsurprisingly, the US remains sceptical about General Musharraf's intentions to contain terrorism given Pakistan's past support to the Taliban. This was reflected in the State Department's *Patterns of Global Terrorism 2001* report released on 21 May 2002. It states, 'Questions remain, however, whether Musharraf's "get tough" policy with local militants and his stated pledge to oppose terrorism anywhere will be fully implemented and sustained'.<sup>116</sup>

In an attempt to reduce tension between India and Pakistan, Assistant Secretary of State Christina Rocca visited the two countries in mid-May. Addressing an audience in New Delhi she said that India and the US were 'natural partners' on a range of issues, including the war against terrorism, national defence and non-proliferation.<sup>117</sup> Unfortunately her visit coincided with an attack by Pakistan-based terrorists in Jammu which resulted in 34 deaths, mostly women and children. On 18 May the Indian Government demanded the recall of Pakistan's High Commissioner to India with immediate effect.<sup>118</sup> On 20 May, a State Department spokesman stated that, following the 14 May attack, the US was 'strongly concerned' about the increased potential for an India-Pakistan conflict.<sup>119</sup> Two days later, the US called upon Pakistan 'to do all it can' to end the infiltration of terrorists into Kashmir.<sup>120</sup>

Tensions increased further in the last week of May when Pakistan conducted a series of three missile tests. Secretary of State Colin Powell responded by saying that the tests were not 'a terribly useful thing to do right now ... We were disappointed that the Pakistanis took this time to perform routine tests, which, if they were routine, could have been performed some other time.' He went on to add:<sup>121</sup>

We do expect (Pakistani) President Musharaff to stick with the commitments that he has publicly made. He began making them very publicly in his 12 January speech, to stop cross-border activity. That is very destabilising and is a source of tension and has contributed to the situation we find ourselves in.

## **Appendix D: China's Influence on India–US Relations: Analysis**

In the past India viewed the normalisation of US–China relations in 1971 with grave misgivings. This was the result of a secret trip by Henry Kissinger to China which had been facilitated by Pakistan. On 15 July 1971, President Nixon announced details of the trip and his own planned visit there.<sup>122</sup> This was, from an Indian point of view, a clear convergence of US, China and Pakistan interests. Perhaps foreseeing the eventuality of the convergence of US–China interests vis-a vis the Soviet Union and the inevitability of the war in East Pakistan, India signed the Indo-Soviet Friendship Treaty on 9 August 1971.

Soon after the outbreak of the Indo Pakistan war on 4 December 1971, which eventually led to the creation of Bangladesh, details were revealed of a US 'tilt' towards Pakistan. The US believed that the Soviet Union would come to the aid of India and that the war would lead to the dismemberment of Pakistan. Kissinger, mistakenly as it turned out, believed that the Chinese would come to Pakistan's help by putting pressure on India's northern borders and indicated to the Chinese that if they were threatened by the Soviets, the US would not stand idly by.<sup>123</sup> In the event China did nothing of this sort. President Nixon on the other hand, authorised the dispatch of a task force of eight ships including the aircraft carrier *Enterprise* from off the coast of Vietnam to the Bay of Bengal.<sup>124</sup> By the time the task force reached its destination, Pakistan's forces in erstwhile East Pakistan had already surrendered and the two countries had agreed to a ceasefire.

India's problems were thus compounded by the US changing its policy from one of non-recognition of China to one of giving it great power status in its own strategic considerations. Further, China gained a permanent seat in the Security Council. India's threat perceptions were also guided by the apprehension of a possible strategic understanding between the US and China. The visit of US Defence Secretary Harold Brown in 1980 and Secretary of State Alexander Haig a year later caused concern, raising apprehensions that the US would help in the modernisation of China's armed forces at the same time as it was helping Pakistan.<sup>125</sup> China did look to the US for some weapons technology including a military aircraft modernisation program and equipment for munitions production.

After China's Tiananmen crackdown on student activists in June 1989, the US imposed sanctions that included a suspension of arms sales. 'The rationale for US–PRC cooperation during the Reagan Administration stemmed from the Cold War, the end of which in 1991 removed the strategic basis for US arms sales to China'.<sup>126</sup> Since then the political relationship between the US and China has been marked by periods of tension especially over the Taiwan issue and US allegations that China is exporting missiles and related technology to Pakistan, Iran and North Korea although economic relations have flourished.

China has been an important factor in India's foreign policy since independence. Prime Minister Jawaharlal Nehru's belief in a 'resurgent Asia' envisaged friendship between the two giants of Asia. It was Nehru and the Chinese Foreign Minister Zhou Enlai who, in

1954, first drafted the policy of *panchshila* embodying the five principles of peaceful coexistence: mutual respect for each other's integrity and sovereignty, non-aggression, non interference in each other's internal affairs, equality and mutual benefit and peaceful coexistence. India and China also share one of the longest undemarcated and disputed borders in the world. This was the cause of a short border war in 1962.

Subsequently, Sino-Indian hostility deepened as India moved closer to the Soviet Union and China became Pakistan's main arms supplier and diplomatic supporter. The signing of the Indo-Soviet Friendship Treaty in 1971, the US-China rapprochement and their 'tilt' towards Pakistan during the war that followed did not help matters. However, China, while providing diplomatic support did not intervene militarily in the war. Also, Prime Minister Indira Gandhi had 'consistently declared that India's doors were open for normal peaceful relations with China, and in 1976 ambassadors were re-exchanged after a lapse of fifteen years'.<sup>127</sup> In February 1979, the then Indian Foreign Minister Atal Bihari Vajpayee visited China, the first high-level visit by either side since 1962. High level contact continued to be maintained over the years and in 1989 a Joint Working Group (JWG) consisting of diplomatic and military experts was constituted. It was regular meetings of the JWG that resulted in two confidence building agreements: the Agreement on Maintaining Peace and Tranquility in the Border Areas along the Line of Actual Control (1993) and the Agreement on Confidence-Building Measures in the Military Field along the Line of Actual Control in the India-China Border (1996).

Nonetheless, there have been irritants in the bilateral relationship. India has continued to express its opposition to China supplying Pakistan with missiles and related technology. China expressed its 'strong condemnation' of India's nuclear tests in May 1998 maintaining that these would make China a nuclear target. On Pakistan's tests it expressed 'deep regret' implying they were inevitable. As has been observed, 'the Chinese government...tried to balance outright condemnation with insistence that the Indian government maintain stable relations with China'.<sup>128</sup> India also took umbrage at a Joint Communiqué issued by the Foreign Ministers of the five permanent members (P-5) of the Security Council on 4 June, 1998, maintaining that the 'clandestine transfer of nuclear weapons technology and fissile material is well known. Nevertheless the P-5 have declined to take any action to address a serious violation of a Treaty provision to which all of them were party'.<sup>129</sup>

It was in 1999 that the bilateral relationship began to return to the pre-nuclear tests level. The postponed JWG meeting was held March 1999 followed by Foreign Minister Jaswant Singh's visit to China in June. During the visit the two sides agreed to initiate talks on the demarcation of the Line of Actual Control (LAC) as well as begin a security dialogue, the first meeting of which took place in March 2000. The Indian President K. R. Narayanan visited China two months later.<sup>130</sup> Bilateral relations were also helped as a result of India's conduct during the conflict with Pakistan in the Kargil sector of Kashmir as a result of an attempted invasion by Pakistan-backed Islamist guerrillas. India refused to cross the LoC, and China, being increasingly concerned by the growth of political Islam in its west distanced itself from Pakistan. India's strategy led to rapid improvements in relations with

the US and China. During his March 2000 visit to India, President Clinton 'responded positively to Indian aspirations for an expanded UN Security Council. While in Beijing, Narayanan sounded out China on the same possibility and received similarly positive indications'.<sup>131</sup>

Since then, relations both at the political and economic level have continued to make progress. In November 2000, the Experts Group (EG) of the two sides exchanged sample maps of the Central Sector (which is essentially non-contentious) This was followed by the visit of the second most senior figure in China's Communist Party, Li Peng, the chairman of China's National People's Congress (NPC) to India in January 2001. The Chinese Premier Zhu Rongji visited India in January 2002. This can be perceived as a reappraisal by the two countries of the changed international situation which rendered traditional responses irrelevant. China could no longer consider India as a peripheral 'nuisance', as its rising influence would have a direct impact on China's interests.<sup>132</sup> China's traditionally ally Pakistan, had become politically isolated and unstable. The US was seeking rapprochement with India and had recognised it as a country that was capable of making a contribution to the future stability in the Indian Ocean region. The fact that China has distanced itself from supporting Pakistan in its dispute with India was noted as recently as April by Secretary of State Colin Powell when he praised China's role in reducing Indo–Pakistan tensions.<sup>133</sup>

This latter point was emphasised in a speech delivered by External Affairs Minister Jaswant Singh to the Shanghai Institute for International Studies during his visit to China in March–April 2002. (It was also symbolised by the fact that he chose to go to Beijing on the inaugural China Airlines flight to Beijing, the first direct air link in the history of bilateral relations). In reply to a question, he stated:<sup>134</sup>

India and China have only one future, and it is up to the two governments to realise it—the future is positive ... We have our differences. But we cannot define our relations by our differences. You asked about military relations. Yes, we can have them. We need to have trust ...

He went on to add,

... We have witnessed the emergence of the United States as the pre-eminent global power. This is the reality. In that reality, we believe that the reality of power is the understanding the limits to power. Our new engagement with the US began in 1998. Earlier, our relations were tense, divided, prescriptive. We continued to engage with the US. There has been a movement to correct our relations in both countries. *Our relations must never be seen through any prism or angle of any third country relations ... It is an error to view our relations with the US, Russia or China through the refracting vision of any third country* (emphasis added).

A few days earlier, after meeting his Chinese counterpart, Tang Jiaxuan and other senior officials, Jaswant Singh had briefed journalists in Beijing on a calendar of meetings which

depicted the 'establishment of a very comprehensive dialogue process between the two countries and at various levels'. This included:<sup>135</sup>

- the first bilateral dialogue on counter-terrorism would be held in New Delhi on 23 April 2002
- next meeting of the Eminent Persons Group (EPG) to be held in Beijing in May 2002
- during the 12th meeting of the Expert Group (EG), to be held in June 2002, the two sides would exchange sample maps of the Western sector and attempt to complete the process by the end of the year. Exchange of sample maps in the Eastern sector would begin in early 2003
- the 3rd bilateral Security Dialogue would be held in July–August 2002 in Beijing
- the 14th meeting of the JWG was scheduled for August 2002 in New Delhi
- China had expressed satisfaction with the military exchanges between the two countries and welcomed the proposal for a visit by the Indian Defence Minister at a mutually convenient date
- Prime Minister Vajpayee would be visiting China later in 2002.

The reason for listing the high-level security meetings is to emphasise the fact that not only are they scheduled to take place on almost a monthly basis but also underline the comprehensiveness of the process. Foreign Minister Singh also outlined the route this process would take. The two sides would first define the existing differences on the LAC, strengthen Confidence Building Measures (CBMs) and then deal with the border question.

The second point that needs to be highlighted is the fact that this process is taking place at the same time that the India–US strategic dialogue and moves to substantially increase military cooperation is proceeding apace. US Ambassador Blackwill perhaps had China in mind when, at a speech delivered in Mumbai in September 2001, he said, 'US–India relations will stand on their own during the Bush Administration. *They will not be directed against any third party*'. (emphasis added).<sup>136</sup> Finally, it is a telling indication of the change in China's policy towards India that at a time of heightened military tension between India and Pakistan in May–June 2002, a Chinese Foreign Ministry spokesman stated 'It is known to all that China, as a friendly and close neighbour of India and Pakistan, China is concerned over the tension between New Delhi and Islamabad'.<sup>137</sup>

Bilateral trade and economic relations between India and China have also grown rapidly after a slow start in the 1980s and 1990s. The value of bilateral trade grew from US\$1.16 billion in 1995 to US\$3.5 billion in 2001. Over the years, three border trade centres have been established on the Indo–Tibetan border. Additionally, the last few years have seen an increasing amount of investment in joint ventures by businesses in both countries and the

potential remains large, especially after China's accession to the WTO.<sup>138</sup> India has also been granted Approved Destination Status for Chinese tourists. As Foreign Minister Jaswant Singh stated during his visit to China that he agreed with Premier Zhu Rongji that 'very determined action' should be taken to improve bilateral trade and what the two countries needed was a 'comprehensive knowledge of each other'.<sup>139</sup>

## **Appendix E: India and China's Relations with Burma: Implications for India–US Relations: Analysis**

US relations with Burma have been virtually non-existent since the current military regime came to power in 1988. At the same time, Burmese relations with China have improved dramatically. Until its collapse in 1989, the Communist Party of Burma had enjoyed China's support in its insurgency against the Burmese government resulting in strained relations between the two countries. It was therefore a major shift in policy when Burma opened up towards China. The reasons were threefold. After its suppression of the democracy movement in 1988, Burma was, with the exception of a few Southeast Asian countries, largely isolated from the rest of the world. Major donors announced that they would suspend all aid programs and would not support its requests for loans from the international financial institutions. Politically, the regime was criticised by all international organisations including the United Nations and the European Union. Secondly, the Burmese armed forces needed a reliable supplier of weapons to enable it to fight insurgencies in various parts of the country as well as maintain its grip on power. Finally, its economy was in dire straits as a result of the cessation of external finance.

Over the years China has become the major supplier of armaments to Burma not only to the army but also to the navy and air force. It has also provided concessional finance and investment in various projects in the country. By 2001 China had become Burma's third largest trading partner, after Singapore and Thailand.<sup>140</sup> China is also in the process of helping Burma develop a transport corridor which would give its landlocked states like Yunnan access to Burmese port facilities thereby accelerating their economic development. A road from Kunming to Ruili on the Chinese border with Burma already exists and this will be extended to Bhamo, located on the Irrawady river with Rangoon being 1300 km downstream, allowing China trade access to the Bay of Bengal and the Indian Ocean. (Map 5)

The swiftness and depth of the development of Burma-China relations also resulted in the latter's emergence as a strategic player in the region and, at least till a few years ago, caused some disquiet among its neighbours, notably India. Until 1993, when the Indian Foreign Secretary J. N. Dixit visited Rangoon, Indian policy had been critical of the Burmese regime's suppression of democracy in the country and had been supportive of dissident groups. India had also been concerned about reports of Chinese intelligence gathering facilities on Hainggyi and Great Coco Islands as well as possible access to Burmese ports by the Chinese navy. Dixit was reported to have been reassured that reports of Chinese bases on Burmese soil were without foundation.<sup>141</sup>

Since then there has been a steady improvement in India–Burma relations. Armies of the two sides are now cooperating in controlling insurgencies on both sides of the India–Burma border which itself has been opened for cross-border trade. More significantly, in 2001 India completed rebuilding the road from Tamu on the border with Burma, to Kalewa near Mandalay (the old Mandalay road).

A recent development that will have a significant economic and strategic impact on the region was an agreement (April 2002) between India, Burma and Thailand to create a transport corridor linking the three countries and develop other infrastructure projects. The 1,400 km corridor will run from Moreh in India through Bagan in central Burma and connect to Mae Sot in Thailand and is expected to be completed in about two years. Many stretches of the proposed corridor already exist, some need to be strengthened and some new stretches of road to be built, mostly in Burma. According to the Foreign Minister of Thailand, Surakiart Sathirathai, there would be little difficulty in raising finances for the project despite the poor condition of the Burmese economy.<sup>142</sup> If the Thai proposal for a highway connecting Thailand to Vietnam via Laos comes to fruition, this could give India road access to Vietnam. It was also agreed to promote a highway from Kanchanabun in Thailand to the Dawer deep sea port in Burma and shipping links to ports in India.

The advantages to Burma are fairly clear. It would benefit from the development of its transport and ancillary infrastructure as well as increased economic investment and trade. It also enhances its strategic significance in the region, sharing borders with both India and China. However, this latter factor should not be overemphasised. It is a fact of geography that the country has, for most of its past, been inward-looking with hardly any economic interaction with its two larger neighbours. The changed situation is likely to bring economic benefits. The traditional notion of India–China rivalry and their 'attempts' to expand their influence over Burma can risk being exaggerated. *The Hindu* newspaper, citing official Indian sources stated that neither India nor China could wish away the interests of the other. 'India and China will be running in the same fields of South-East Asia for a long time to come, and it would be unwise to see Sino-Indian relations in terms of political rivalry.' This position was reinforced by Foreign Minister Jaswant Singh who, referring to his recent successful visit to China said 'India's relations with Myanmar [Burma] should not be seen through the prism of any third party'.<sup>143</sup>

For India, the benefits are clearly economic and, to an extent, political. Not only would the land corridor help reduce the costs of trade with countries in Southeast Asia but, in the medium term, the possibility of trade with the landlocked states of Southern China using the Burmese transport infrastructure is in the realm of possibility. This would give an added impetus to the growing India-China economic relations. As was argued in the *Beijing Review* recently, the construction of a road and then a railway line linking India and China through Burma 'will not only greatly contribute to the friendly cooperation of the Chinese and Indians, but will also benefit other Asians'.<sup>144</sup> It would also help in the infrastructure and economic development of India's northeastern states which are now connected to the mainland by a narrow corridor north of Bangladesh making transportation costly and time consuming. Bangladesh has so far refused to give transit facilities. Finally, natural-gas fields in Burma could become part of a network supplying Indian industry while Bangladesh refuses to do so.

It is not clear whether the recent (6 May 2002) release of Aung San Suu Kyi from house arrest will reduce Burma's international isolation. Whether the diversification of Burma's



international relations in this event would have any impact on Burma–China, Burma–India relationships remains to be seen.

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