

## U.S. –India and India-East Asia Relations: Delhi’s Two-Front Diplomacy

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The past two years have been especially full for India’s diplomacy – both toward the United States and East Asia. Toward the U.S., India, by mobilizing hundreds of thousands of troops along the international border with Pakistan following an attack on the Indian Parliament in December 2001, was engaged in “coercive diplomacy” aimed at getting Washington to pressure Pakistan to halt cross-border infiltration into Kashmir. For much of 2002 and half of 2003, U.S.-India relations were preoccupied with getting Pakistan to carry through on its commitments, preventing further escalation or miscalculation of the crisis, initiating a political process in Jammu and Kashmir, and nudging India-Pakistan relations toward dialogue. Simultaneously, the U.S. and India worked to implement the “big idea” of the Bush administration to transform U.S.-India relations through enhanced defense cooperation, improved trade, and wider political and security consultations. On both these counts, the U.S. and India achieved some progress – though not smoothly.

India in 2003 was also pursuing an improvement in relations with its rapidly growing neighbor, China, while building on the past few years of steady improvement with Southeast Asia, and to a lesser extent Japan. While no dramatic events or breakthroughs have occurred, an incremental but steady focus by India on East Asia has been maintained despite severe India-Pakistan tension during all of 2002 and the first half of 2003.

This article, building on earlier reviews of U.S.-India (see “U.S.-India Relations: Visible to the Naked Eye,” *Comparative Connections*, Vol. 3, No. 4) and India-East Asia Relations (see “India-East Asia Relations: The Weakest Link, but not Goodbye,” *Comparative Connections*, Vol. 3, No.1, January 2003), examines U.S.-India and India-East Asia relations in 2002-2003 and 2003 respectively.

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## **U.S-India Relations: Mixed Masala**

Notwithstanding the notable improvements in long-contentious and difficult areas of U.S.-India relations during the first several months of 2001, in the wake of Sept. 11, the revived U.S.-Pakistani relationship, and terrorist attacks on the legislative assembly in Jammu and Kashmir (Oct. 1, 2001) and on India's Parliament in New Delhi (Dec. 13, 2001), U.S.-India relations became overshadowed by a new set of challenges exceedingly difficult to extricate and calibrate with the original big idea to transform relations.

In 2002 and through the first half of 2003, U.S.-Indian relations were preoccupied with the massive mobilization of first Indian and then Pakistani troops along their mutual border, intense U.S.-centered diplomacy to keep India-Pakistan tension from spilling over into war, and sharp Indian expressions of disappointment with Washington. Simultaneously, however, Herculean efforts were made both by Washington and Delhi to stay on track in terms of intensifying and expanding the U.S.-India dialogue and making concrete progress in areas such as defense and economic ties. A huge number of high-level exchanges conveyed the impression of progress in bilateral ties.

## **The Choreography of Kashmir Crises: From Bad to Worse to Better**

By the end of 2001 and the start of 2002, tensions in the subcontinent had reached a high pitch. Following the Dec. 13, 2001 attacks on India's Parliament, India recalled its envoy to Pakistan for the first time in three decades, ended air and rail links between the two countries, and initiated a massive mobilization of troops along the border with Pakistan. Despite India's complaints about Washington's unwillingness to label Pakistan a terrorist state, "highly selective" approach to naming foreign terrorist organizations (FTOs), and calls for restraint and dialogue, the fact is that India's post-Dec. 13, 2001 coercive diplomacy has brought numerous changes in tone and substance to U.S. positions regarding Kashmir that are favorable to U.S.-India relations. First, the U.S. has characterized the Kashmir issue as a terrorist problem, placing less emphasis on the human rights and other problems there. Second, the U.S. moved to put certain organizations that India has long deemed as terrorist outfits on its own Foreign Terrorist Organizations (FTOs) list. Third, the U.S. moved to squarely place a degree of responsibility on Pakistan and its leadership to halt infiltration across the Line of Control (LoC).

Nevertheless, U.S.-India relations again dipped low in the wake of an attack on an Indian army camp on May 14, 2002 that killed over 40 persons, including women and children. Indian Home Minister L. K. Advani, in an address to Parliament four days later, expressed "deep disappointment" over what he alleged was Washington's "encouragement" to Pakistan by making it a key ally in the international war against terrorism. With India-Pakistan tensions on the rise again, U.S. efforts centered on getting Pakistan to enforce commitments it had made earlier to stem infiltration across the LoC, and to keep India from escalating the crisis further. President Bush weighed in May 25 while meeting Russian President Vladimir Putin in St. Petersburg, saying that "It's very important that [Pakistan's] President Musharraf...does what he said he was going to do in

his speech on terrorism and that is to stop the incursions across the border.” Washington’s dispatch of Deputy Secretary of State Richard Armitage to the subcontinent in June led to further progress. Following a visit to Islamabad, Armitage came to New Delhi armed with a commitment from President Musharraf to “end permanently cross-border, cross-LoC infiltration.” Washington’s crisis management efforts did not end Indian officials’ criticisms. India’s new Foreign Secretary Kanwal Sibal, in a speech to the Confederation of Indian Industry (CII), harshly criticized Washington for exaggerating the threat of nuclear war, issuing travel warnings to India, and rewarding Pakistan despite its sponsorship of terrorism.

With the immediate prospect of hostilities having abated, U.S. attention turned to Indian plans for elections in Jammu and Kashmir in the fall of 2002. While visiting India in late July, Secretary of State Colin Powell appeared to suggest conditions for those elections when he said that “[w]e look forward to concrete steps by India to foster Kashmiri confidence in the election process. Permitting election observers and freeing political prisoners would be helpful.” Powell’s comments provoked sharp rejoinders in New Delhi with Indian Deputy Prime Minister L.K. Advani saying that [w]e do not need any certificate [of free and fair elections] from outsiders.” But the U.S. also issued warnings against interference and violence in these elections from Pakistan and militants.

Elections were held in Jammu and Kashmir over a period from Sept. 16 to Oct. 8. Almost 800 persons were killed during the election campaign and voter turnout was over 40 percent. On Oct. 10, State Department spokesman Richard Boucher called the Jammu and Kashmir elections “successful” and “credible,” but characterized them as “the first step in a broader process” and called for “an early resumption of diplomatic dialogue [between India and Pakistan] on all outstanding issues...” This statement also “welcome[d] the Indian government’s commitment to begin a dialogue with the people of Jammu and Kashmir and...hope[d] this dialogue will address improvements in governance and human rights.” A major U.S. objective came closer to realization as India, in mid-October, following the elections, announced that it would pull back troops from along its international border with Pakistan while maintaining readiness and vigilance along the LoC in Kashmir itself. By late December 2002, White House spokesman Ari Fleischer declared “there is now a markedly diminished point of tension” between India and Pakistan.

With the prospects of war receding and Jammu and Kashmir elections completed with a modicum of viability, U.S.-India relations over Kashmir shifted attention to calls for talks between India and Pakistan. Again, there was considerable acrimony over this matter, though progress in the end was achieved. In early March, using unusually harsh language, Indian Prime Minister Atal Behari Vajpayee complained that “[i]f the United States can’t make Pakistan keep its promise [to halt cross-border infiltration], it shows its weakness” and “[i]f assurances given to us are not honored, we will factor this in while formulating our policy in future.” President Bush called Vajpayee the next day – though White House spokesmen denied any link between the comment and the phone call. After yet another violent incident resulting in the death of 24 Hindu villagers in Kashmir in late March, India’s Foreign Minister Yashwant Sinha rejected U.S. calls for an India-Pakistan

dialogue, saying “[a]dvice to India about resuming dialogue with Pakistan in the aftermath of the killings of Hindus in Kashmir this week was just as gratuitous and misplaced as we asking them to open a dialogue with Osama bin Laden and Saddam Hussein.” And he followed up in April with the comment that “India has a much better case to go for preemptive action against Pakistan than the U.S. has in Iraq.”

Notwithstanding India’s continued complaints about what it perceived (or at least sought to cast) as Washington’s unwillingness and/or inability to rein in Pakistan’s support for terrorism in Kashmir, India moved to normalize relations with Pakistan – again a move in line with Washington’s objectives. On April 8, 2003, during a speech in Srinagar, Prime Minister Vajpayee offered a “hand of friendship” to Pakistan. In early May, India and Pakistan agreed to restore diplomatic ties and air links, just a week before the arrival on the subcontinent of Deputy Secretary Armitage. Further progress toward the long-sought U.S. goal of de-escalation and normalization occurred in the remainder of 2003. In November, Pakistan offered a ceasefire in Kashmir, which was accepted by India. In early December Vajpayee officially confirmed that he would attend the South Asian Association for Regional Cooperation (SAARC) meeting in Islamabad, Pakistan scheduled for January 2004. And on Dec. 18, 2003 Pakistan President Pervez Musharraf said he was ready to put aside, conditionally, Pakistan’s demand for a referendum in the disputed territory of Kashmir.

The sustainability of India-Pakistan efforts at normalization is open to question. Whether, as the snows melt, and the viability of greater militant infiltration and military action increases, the two sides can keep from ratcheting up tensions again remains to be seen. But from the point of view of U.S.-India relations, the past two years have witnessed verbal acrimony and disagreement about how to handle the issue of Kashmir and terrorism. On the ground, however, progress has been achieved toward preventing war, re-establishing a political process in the disputed territory, and opening the way for renewed India-Pakistan engagement, and possibly dialogue.

### **U.S.-Indian Defense Relations: Developing Day by Day**

The difficulties posed to U.S.-India bilateral relations by the ongoing preoccupation and differences regarding Pakistan, Kashmir, and terrorism did not halt progress in the defense cooperation efforts begun in 2001. India’s Naval chief, Adm. Madhvendra Singh, who visited Washington in Sept. 2002, aptly described U.S.-Indian defense ties as “developing day by day.”

In January 2002, Indian Defense Minister George Fernandes met with Secretary of Defense Donald Rumsfeld in Washington and signed a bilateral general security of military information agreement (GSOMIA), paving the way for greater technology cooperation and military sales between the United States and India. Another important step was an amendment to U.S. law, facilitated by the support of the Bush administration, “requiring congressional notification of all applications for export to India of items on the U.S. munitions list.” As a result of the modification, in U.S. Ambassador Robert Blackwill’s words, beginning from “Oct. 24, 2002, only those Major Defense Equipment

(MDE) items above \$14 million now require congressional notice. This modification puts India in the same category with American treaty allies such as South Korea and Japan.” Even earlier, in April 2002, India had leased and purchased its first major U.S. weapons system in decades when agreement was reached to buy eight AN/TPQ-37 counter-battery artillery radar sets and related equipment valued at \$146 million.

Throughout 2002 and 2003 the U.S. and India conducted joint military exercises and exchanges that would not have been broached before. As Ambassador Blackwill recalled in May 2003, “[f]rom virtually no interaction in January 2001, the United States and India today have completed seven major military exercises, including *Geronimo Thrust* in Alaska, yet another first-ever endeavor, which involved Indian forces and aircraft on American soil. Other significant milestones were the first USAF-IAF airlift interoperability training operation, *Cope India 02*, in Agra; and the first and largest peacekeeping command-post exercise ever held in South Asia, co-hosted by the Indian Army and U.S. Army Pacific.”

Another area of defense cooperation on which there was some forward movement was missile defense. India’s Defense Secretary Yogendra Narain and U.S. Under Secretary of Defense for Policy Douglas Feith, during the May 2002 Defense Policy Group meetings in Washington, reached agreement to conduct a joint study of India’s missile defense needs. There also has been some movement on loosening restrictions on high-technology cooperation between the U.S. and India. Following the November visit to Delhi of Under Secretary for Commerce Kenneth I. Juster, the two countries agreed to establish a joint “high technology cooperation group.” Following further consultations, in February 2003 the U.S. and India signed a *Statement of Principles for U.S.-India High Technology Commerce*. Overall, steady, incremental progress was made on expanding military and defense contacts between the two countries over the past two years.

### **Nuclear Nonproliferation Concerns Fade but Don’t Disappear**

Despite moving beyond the nuclear narrative in U.S.-India relations during 2001, it is clear that the issue has not disappeared. Speaking to the Confederation of Indian Industry on May 14, 2002, Assistant Secretary of State for South Asia Christina Rocca noted, “Nonproliferation remains an important item on our bilateral agenda...” President Bush reiterated this point in his *National Security Strategy* when he observed that [d]ifferences remain, including over the development of India’s nuclear and missile programs...”

Still, the overall tenor of the nuclear dialogue between Washington and New Delhi had changed considerably. In September 2002, U.S. Assistant Secretary of State for Non-Proliferation John Wolf and India’s Joint Secretary for Disarmament S.K. Sharma held talks on nonproliferation in New Delhi. According to a joint statement released after the talks, the U.S. “expressed its readiness to broaden relations in civilian space cooperation” and “[t]he two sides also exchanged views on civilian nuclear cooperation. To this end, the two sides identified proposals which could be operationalized in the near term.” Concurrent with the ongoing talks about high-technology cooperation, a degree of civilian nuclear cooperation now became a possibility. The visit of U.S. Nuclear

Regulatory Commission (NRC) Chairman Richard Meserve to India in February 2003 set the stage for resuming nuclear safety cooperation, though at a basic level. In September the U.S. NRC met with Dr. K. Sharma, vice chairman of the Atomic Energy Regulatory Board of India, and a six-person Indian government delegation for discussions on five project areas in civilian nuclear power, which had been approved by the respective governments. An NRC press release carefully noted that technical discussions were “based on publicly available information.”

### **U.S.-India Economic Relations: Still Searching for the Missing Piece**

U.S.-India economic relations during this period remained, in the words of Ambassador Blackwill, the “missing piece” of the relationship. Apart from low levels of bilateral trade and investment, more fundamental differences remain regarding India’s economic reforms. President Bush, in his *National Security Strategy*, specifically mentioned the “the pace of Indian economic reform” as a source of difference between the two countries. During the past two years, the economic reform process slowed down further, even in the assessment of outside observers. Anne O. Krueger, first deputy managing director of IMF and former Stanford University professor, told a Washington audience in late 2002 that “[t]here is good and bad news on the Indian reforms front ... The pace of disinvestment, power and labor reforms, and bankruptcy law is good. But the bad news is that reforms have slowed down over the last two years.”

U.S. officials and businessmen were blunter about their disappointments in the development of U.S.-India economic relations and the source of those problems. Ambassador Blackwill stated that “[i]f India wants to be granted the most favored nation status by the U.S. for greater trade and economic ties, then it has to open up much more and speedily for American firms to come and invest in the Indian market ... Our problem is not how much India exports to the U.S., be it services or goods, but what prevents American companies from thriving in the Indian market.” In a Nov. 22, 2002 speech to the Confederation of Indian Industry, visiting U.S. Treasury Secretary Paul O’Neill criticized the Indian economy as “most restrictive” by “various indices” and said a lack of “good governance, corruption, and bribery are widespread, frightening away honest businessmen and investors.” And Intel Chief Executive Officer Craig Barrett stated that his “assessment is that you [India] still need to make improvements in basic infrastructure, everything from logistics, transportation, power etc., to be competitive with some of the other Asian countries for manufacturing.”

Indians, however, tended to be unbothered about such criticism. Prime Minister Vajpayee responded to complaints by saying that “[t]he Indian economy is often identified with the elephant. I have no problem with this analogy. Elephants may take time to get all parts of their vast bodies moving forward in unison. But once they actually start moving, the momentum is very difficult to divert, slow down, stop, or reverse. And when they move, the forest shakes.”

The situation on the economic front had become sufficiently worrying by late 2002 that Standard & Poor’s downgraded India’s *rupee* debt. Additional negative news was India

dropping from seventh to 15<sup>th</sup> position as a foreign direct investment destination. In this environment, Indian Finance Minister Jaswant Singh traveled to Washington in September 2002 to meet with U.S., IMF, and World Bank officials to calm concerns.

Meanwhile, a backlash in the United States against outsourcing encompassed India, where a number of call centers and other intermediate technology jobs had been moving during the past few years. Similarly, in India, efforts at privatization of loss-making government enterprises ran headlong into domestic difficulties as the rightwing elements of the ruling Bharatiya Janata Party (BJP) called for “weeding out” pro-reform elements of the government and “sacking” of all of those who are against *swadeshi* (economic self-reliance).

### **U.S.-India Relations: Conclusions**

Overall, U.S.-India relations remained manageable during the past two years. Steady improvement in military contacts, some progress on high-technology cooperation, including in the sensitive nuclear and space realms, and hundreds of high-level exchanges and the initiation of new dialogues (e.g., “global issues forum”) gave the perception of a dynamic and flourishing relationship. But the shadow of Kashmir, Pakistan, and terrorism continued to hang heavy over bilateral ties. The effort on both sides to play to the positive is evident in their handling of serious differences regarding the Iraq War. India was squarely opposed to it, but pulled its punches in objecting to its start and criticizing its progress. The U.S., meanwhile, seeking Indian troops for Iraqi stabilization duties, responded mildly when informed that ultimately Delhi had decided not to dispatch forces. The U.S. and India will have to work hard and carefully to manage differences while pushing the envelope on areas of possible cooperation. It will not be an easy or swift task.

### **India-East Asia Relations: Still Looking East**

#### **India & China: Rearranging Relations**

The year 2002 had seen mutual accusations of border violations, yet another round of working group talks on resolving the border dispute, and Indian accusations of Chinese support to Pakistan’s nuclear and missile development. One bright spot in the relationship was growing economic ties. China-Indian trade has grown rapidly in the past decade from about \$247 million in 1991 to \$4.3 billion in 2002. No particular expectations hung over China-Indian relations at the beginning of 2003.

A January 2003 visit by India’s Lok Sabha (Lower House) Speaker Manohar Joshi to Beijing came off reasonably well, but without any concrete agreements. He echoed a standard Indian policy line for early settlement of the border dispute while President Jiang Zemin responded by expressing hope that Prime Minister Vajpayee would accept one of the “numerous invitations” he had received to visit China. Later that same month, two important Indian speeches, one by Foreign Minister Yashwant Sinha, and the other by Defense Minister Fernandes suggested that India was amenable to improved ties. The foreign minister spoke tough about “deep concern” regarding “reliable and widespread

reports of Chinese nuclear and missile proliferation to Pakistan” and “a sense of disappointment over the pace of improvement in the relationship [between India and China].” But he also noted that “[e]conomic integration and an overall improvement in relations has not been held hostage to differences over specific issues, however important those issues be.” More surprisingly, Defense Minister Fernandes, known for having characterized China as India’s “potential enemy number one” following Delhi’s nuclear tests in 1998, was even more upbeat, saying the time had come to “rearrange” mutual relations.

The next month, however, in a sign of ongoing internal Indian lack of consensus about China, Arunachal Pradesh government spokesman and State Education Minister Takam Sanjay told journalists that “[o]ur chief minister, Mukut Mithi, recently called on Defense Minister George Fernandes and informed him that the Chinese army has restarted the construction of roads along the international border.” Notwithstanding the internal Indian debate, in April Fernandes journeyed to China – his first visit and the first by an Indian defense minister in a decade. In the course of talks, the two countries agreed to step up military-to-military exchanges, hold a counterterrorism dialogue, and increase confidence-building measures to maintain peace along the Line of Actual Control. Fernandes’ visit also paved the way for the visit of Prime Minister Vajpayee to China in June.

One important landmark of the visit was an agreement to appoint mutual special envoys “to explore from the political perspective of the overall bilateral relationship the framework of a boundary settlement.” A second was Beijing’s *de facto* recognition of New Delhi’s control over the state of Sikkim and New Delhi’s pledge to oppose the activities of Tibetan separatists on Indian soil. These latter “concessions” were incomplete. As became clear in subsequent months, while Beijing was prepared to signal *de facto* Indian sovereignty in Sikkim (by agreeing to cross-border trade and hence implicitly recognizing Indian control), it was not prepared to formally grant India sovereignty. India, meanwhile, had made promises about curbing the Dalai Lama’s political activities before, and as became clear after the visit had no intention of asking him to leave India. But it did mark the first time India had agreed to have such assurances written into a bilateral declaration. Nevertheless, the mood soured a bit in the following month as India and China traded charges of border intrusion across the Line of Control in the northeast sector.

At the October 2003 ASEAN summit in Bali, following a meeting between Prime Minister Vajpayee and his Chinese counterpart Wen Jiabao, Indian Foreign Secretary Kanwal Sibal announced that Beijing had removed Sikkim as an “independent country” from the official website of the Chinese Foreign Ministry. However, in the following weeks, a Chinese Foreign Ministry spokesperson clarified that “[t]he Sikkim dispute is still to be resolved” and that “Sikkim is an enduring question ... We have to respect history. We have to take into consideration realistic factors, too.” Where this left progress on border issues was unclear. The Oct. 23 first meeting of the special envoys of India and China to discuss border issues concluded with no announced progress.

On the military front, India and China exchanged numerous delegations over the year, and even held a one-day basic naval exercise off the coast of Shanghai. In July, a high-level Chinese air force delegation visited the Jodhpur airbase in the northwestern Indian state of Rajasthan. And in November, Lt. Gen. Mohinder Singh, commander of the 4th Corps of the Eastern Military Region of the Indian Armed Forces, led a delegation to Tibet and held meetings with Gen. Wu Quanxu, deputy chief of general staff of the People's Liberation Army. The visit to Chinese facilities in Tibet was the first since the Chinese defeated India in a 1962 border war. These confidence-building efforts appear to have had only limited effect however. In the same month, Chief of Army Staff Gen. N.C. Vij, delivering the General BC Memorial lecture in Pune University on "India's Security Concern," warned the defense forces not to be too complacent saying "Though India and China share good relations, we should not turn a blind eye to the rapid development of road and rail infrastructure in the mountain terrains in the border areas of China."

### **India and Southeast Asia: Bridging Bilateralism and Multilateralism**

India-Southeast Asia relations during 2003 were focused on enhancing trade and antiterrorism cooperation, signing extradition treaties, and solidifying both bilateral relations with regional countries and cementing relations with ASEAN. On all these counts India achieved some notable gains. Indeed, in the 2003 ASEAN Chairperson's Statement, "ASEAN Leaders expressed satisfaction at the rapid development of ASEAN-India relations and cooperation within a short period of two years as an ASEAN dialogue partner." India's accession to the TAC [Treaty of Amity and Cooperation] was a highlight of India's 2003 engagement with ASEAN. It gave confidence to ASEAN that India would help contribute to peace and stability in the region, while meeting India's objective of strengthening its relations with ASEAN as a whole. India and ASEAN also signed a Framework Agreement on Comprehensive Economic Cooperation to strengthen and enhance economic, trade, and investment cooperation between the two sides. To further spur economic ties, India and ASEAN signed an "open skies" agreement. The two sides also held talks on the issue of terrorism and agreed to enhance cooperation in fighting terrorism. Both India and ASEAN adopted the Joint Declaration for Cooperation to Combat International Terrorism. One rough patch of India-ASEAN relations occurred over Pakistan's inclusion in the ASEAN Regional Forum (ARF). While ASEAN had favored such a move, India was able to raise procedural objections during the ARF meeting to keep Pakistan out.

Apart from India-ASEAN relations, India pursued improved ties with key regional partners in Southeast Asia – particularly Thailand and Singapore. Thailand and India, for example, established a committee to exchange information about international terrorists. And India also pursued free trade agreements with both countries. Some caution in the region was still evident about India's economic reforms. For example, Singapore Prime Minister Goh Chok Tong praised the pace of economic reforms in India but also sounded a note of caution, saying "[f]oreign investors are watching closely what is going on in India. It is important to send the right signals. If investors sense that the political will for reforms is lacking, they will move to other parts of Asia. India's Deputy Prime Minister

L. K. Advani, meanwhile, expressed appreciation for “what Singapore has done to strengthen bilateral ties and to promote our relations with ASEAN nations.”

India also consolidated ties with Burma. From Jan. 19-24, Burma’s Foreign Minister Win Aung visited India – the first trip by a Burmese foreign minister in 15 years. One of Win Aung’s main aims was to boost bilateral trade. Win Aung also proposed a regional summit of the countries involved in the regional grouping – the Bangladesh, India, Burma, Sri Lanka, and Thailand Economic Cooperation (BIMST-EC) – to include China. According to one press report, the visit was seen as part of a new diplomatic offensive by Burma’s generals, reflecting the fact that talks with opposition leader Aung San Suu Kyi have stalled. Analysts believe the Burmese government is preparing to withstand tougher economic sanctions from the West by strengthening economic ties with its Asian neighbors. For India, ties to Burma have paid-off in concrete terms. In July, for example, Burmese army troops attacked the base of a faction of National Socialist Council of Nagaland (NSCN) – a group fighting an insurgency campaign against India. Another high point of the year in India-Burma relations was the visit of India’s vice president in November. The vice president was the highest-ranking Indian leader to visit Burma in 16 years, since Rajiv Gandhi came to Rangoon in 1987.

Some India-Southeast Asia bilateral relations had a tough time moving forward. In mid-May 2003, Malaysian Minister of Works Samy Vellu, who had been sent to India as a special envoy, reported following a one-day visit to India that “the Malaysian Cabinet will discuss outstanding bilateral issues hindering relations with New Delhi.” He said the issues included ratification of a long pending extradition treaty, India’s proposal for a procedure for import of labor, opening of Indian banks branches in Malaysia which was earlier denied, adequate contracts for Indian companies, Malaysia’s stand on Pakistan’s desire to get international support on the Kashmir issue, a trade agreement with ASEAN, and in general the reciprocal growth of cordial bilateral relations between the two countries.

### **India and Japan: New Loans, No Nukes**

In January 2003, Japanese Foreign Minister Kawaguchi Yoriko traveled to India where she announced the end of a four-year freeze on Overseas Development Assistance (ODA) enforced in the wake of the May 1998 Indian nuclear tests and extended \$900 million for developmental projects. Japan had lifted the restrictions on yen loans to India in the wake of the Sept. 11 terrorist attacks, but the announcement was significant because it was the first time Tokyo had extended new loans since then.

Both Japanese and Indian foreign ministers expressed concerns over Pakistan’s alleged role in transferring nuclear technology to North Korea. The Japanese foreign minister suggested that such reports could have an impact on Tokyo’s ties to Islamabad. Kawaguchi also appeared to go beyond Japan’s earlier positions in calling for Islamabad to dismantle the “terrorist bases” on its territory. She also noted that Japanese naval ships had used Indian facilities last year when they were sent to the Arabian Sea to assist the

U.S. and British navies during Washington's campaign to oust the Taliban regime in Afghanistan.

On other issues, however, India and Japan remained far apart. Speaking at the Federation of Indian Chambers of Commerce and Industry (FICCI), she said, "I look forward eagerly to India's early signature to the CTBT, in order that two nations can work cooperatively for nuclear disarmament and nonproliferation." And on whether Japan supported India's entry into the United Nations Security Council as a permanent member, Kawaguchi said, "First, we need to agree on the numbers."

The director general of the Japanese Defense Agency, the first Defense Agency head to visit India, followed up Kawaguchi's visit in May.

### **India-East Asia Relations: Conclusions**

In 2003, relations with China dominated India's East Asia diplomacy. Clearly, progress had been made in terms of high-level diplomacy, minor mutual concessions regarding long-standing issues such as Sikkim and Tibet, building economic cooperation through administrative decisions such as relaxing visa restrictions on businessmen, and gingerly starting military exchanges. Still, the overarching character of China-Indian relations remains troubled, not least because of the unresolved border disputes – which are exceedingly complex to unravel – but also because of China's relationship with Pakistan. How these will play out in the coming years remains to be seen.

But India did not ignore Southeast Asia, which was originally, and continues to be, the focus of India's "look east" policy. Ties with Thailand and Singapore were, in particular, strengthened. India also continued its engagement with Burma, and expanded efforts to interact with countries such as Indonesia and the Philippines. India-Japan also achieved some progress with the initiation of new loans for India and the first-ever visit by a Defense Agency director general. But there was little closing of gaps on nuclear proliferation with Tokyo continuing to call on Delhi to sign the CTBT, and India politely declining to do so. Still, Tokyo and Delhi have come a long way from their post-1998 relations, which were acutely strained by India's nuclear tests.

### **U.S.-India and East Asia Relations: the Twain Meets?**

One of the components of the Bush administration's "big idea" for U.S.-India relations was to consider relations with India in the wider strategic context of Asia. With India's more active diplomacy and fuller links with East Asia, the prospect of doing so becomes more viable. India's greater links with East Asia are not inconsistent with American interests. India is today improving ties with many of the United States' own "allies and friends" in the region. It has niche capabilities that are symbolically, and to a lesser extent, operationally useful, such as helping to escort high-value shipping through Southeast Asian waterways. India's growing economic ties to Southeast Asia may help it move forward with economic reforms – long a goal of the United States. India and much of Southeast Asia share concerns about terrorism and India could be brought in to

cooperate as the U.S. increases its counterterrorism cooperation with Southeast Asia. India's improved relations with Beijing follow in line with improvement in U.S.-China relations, while a reservoir of caution remains.

There are limits to India's ability to play a role on issues of key concern to the U.S. in East Asia, however. India has interests related to North Korea's behavior regarding the transfers of missile and nuclear technology and could be counted on to watch these transfers carefully. But India has little imaginable role in helping to settle the North Korean crisis. Similarly, India has a range of interests regarding the cross-Strait stalemate – not unlike the international community – but little leverage or incentive to take an active role. Another limit are the continuing difficulties with Pakistan – not only because they detract Indian attention, energies, and resources from other regions and issues, but because they complicate relations with the United States, particularly in light of the post-Sept. 11 renewed relationship between Washington and Islamabad. All in all, India can continue to make progress on both fronts of its diplomacy, with the United States and East Asia, but it will be some time yet before India assumes an important role for U.S. interests in wider Asia.

### **Chronology of U.S.-India Relations December 2001-December 2003**

**Jan. 8-12, 2002:** Indian Home Minister L. K. Advani meets President Bush in Washington. He says he has “a measure of assurance” that the American government will stand by its promises to oppose terrorism against India.

**Jan. 16-20, 2002:** Indian Defense Minister Fernandes meets Secretary of Defense Rumsfeld in Washington and signs a bilateral general security of military information agreement (GSOMIA), paving the way for greater defense and technology cooperation.

**Jan. 17-18, 2002:** Secretary of State Powell travels to India for discussions with Indian leadership.

**Jan. 21-22, 2002:** The India-U.S. Joint Working Group on Counterterrorism meets for the fourth time.

**April 17, 2002:** India purchases its first major U.S. weapons system in decades when agreement is reached to buy eight *AN/TPQ-37* counter-battery artillery radar sets and related equipment valued at \$146 million.

**May 14, 2002:** An attack in Kashmir on a bus and Indian army camp kills nearly 40 persons hours after U.S. Assistant Secretary of State for South Asia Christina Rocca arrives in India.

**May 14-16, 2002:** U.S. Special Operations Forces and Indian paratroopers hold the largest-ever joint army and air exercises called *Balance Iroquois* near Agra.

**May 14, 2002:** Assistant Secretary of State Rocca affirms that “non-proliferation remains an important item on our bilateral agenda...”

**May 18, 2002:** Home Minister Advani, speaking in Parliament, expresses “deep disappointment” over what he says is Washington’s “encouragement” to Pakistan by making it a key ally in the international war against terrorism.

**May 19, 2002:** India, “for the sake of parity of representation,” orders Pakistan High Commissioner in New Delhi to return to Islamabad.

**May 20-23, 2002:** India’s Defense Secretary Yogendra Narain and U.S. Under Secretary of Defense for Policy Douglas Feith hold annual Defense Policy Group (DPG) talks aimed at increasing U.S.-India military cooperation. Agreement is reached to conduct a joint study of India’s missile defense needs.

**May 21, 2002:** National Security Advisor Condoleezza Rice says, “We take the assurances and the commitments that President Musharraf made, not just to the President but in an open speech, that they would end activity across the Line of Control from the territory of Pakistan [and] they would deal with the infrastructure of terrorism. We take those quite seriously, expect them to be fulfilled. We expect the Indian Government to recognize that war will help no one here...And we recognize the statesman-like stance that India has taken in recent months, starting with the attack on Indian Parliament.”

**June 4, 2002:** Indian PM Vajpayee, in Almaty, Kazakhstan for the 16-nation Conference on Interaction and Confidence-Building Measures in Asia, and responding to Washington’s call for de-escalatory steps, says that “[India] have repeatedly said that we are willing to discuss all issues with Pakistan, including Jammu and Kashmir, but for that, cross-border terrorism has to end.”

**June 7, 2002:** Deputy Secretary of State Richard Armitage, in New Delhi after a visit to Islamabad, says that “President Musharraf clearly told me he is intent on doing everything he can to avoid a war consistent with the honor and dignity of Pakistan...*The commitment to the United States* [emphasis added] of President Musharraf was to end permanently cross-border, cross-LoC [line of control] infiltration.”

**June 11-12, 2002:** Secretary of Defense Donald Rumsfeld in India says that “We feel that there are steps being taken which are constructive and I must say that the leadership here in India has demonstrated their concern and their interest in seeing that things are resolved in an appropriate way.” He also says there is no proof of al-Qaeda presence in Kashmir – rejecting Indian suggestions to the contrary.

**June 14, 2002:** India’s Cabinet Committee on Security (CCS) decides to study the possibility of U.S. technical assistance on electronic sensors along Kashmir’s Line of Control (LoC) to monitor cross-border infiltration. The CCS rejects the start of a dialogue

with Pakistan on Kashmir until infiltration ceases, and reiterates that foreign troops will not be allowed to patrol the LoC.

**July 8, 2002:** India's new foreign secretary Kanwal Sibal, in a speech to the Confederation of Indian Industry, harshly criticizes Washington for exaggerating the threat of nuclear war, issuing travel warnings to India, and rewarding Pakistan despite its sponsorship of terrorism.

**July 11-12, 2002:** U.S. and India hold fifth meeting of the Joint Working Group on Terrorism.

**July 19, 2002:** Assistant Secretary of State Rocca says the U.S. does not favor a plebiscite in disputed Kashmir – a position long-held by India. An Indian Ministry of External Affairs (MEA) spokesperson responds that “The statement from Washington vindicates our stand.”

**July 23, 2002:** *The Washington Post* reports that the State Department opposes the sale by Israel of the Arrow weapon system, which allows Israel to defend against short-range and medium-range ballistic missiles, to India.

**July 27-28, 2002:** Secretary of State Powell visits India and then Pakistan. In India he says “[w]e look forward to concrete steps by India to foster Kashmiri confidence in the election process. Permitting election observers and freeing political prisoners would be helpful.”

**Aug. 23, 2002:** Deputy Secretary of State Richard Armitage arrives in India for talks with Indian officials.

**Sept. 8-10, 2002:** Secretary of State Powell and Indian Minister of External Affairs Singh meet in Washington to prepare for PM Vajpayee's upcoming trip to the U.S. Secretary Powell reiterates warning against Pakistan interference in scheduled Jammu and Kashmir elections.

**Sept. 10-15, 2002:** PM Vajpayee visits U.S. for Sept. 11 memorial, the United Nations General Assembly meeting, and consultations with President Bush.

**Sept. 7-18, 2002:** Indian Navy chief Adm. Madhvendra Singh visits Washington for talks with U.S. officials. He describes U.S.-Indian defense ties as “developing day by day.”

**Sept. 16-Oct. 8, 2002:** Elections take place in Jammu and Kashmir. Over 800 are killed during the period, and overall election turnout is estimated at 44 percent.

**Sept. 20, 2002:** President Bush releases *The National Security Strategy of the United States of America* in which he calls for a transformation of bilateral relations with India but notes differences over India's nuclear and missile programs, and the pace of India's economic reforms.

**Sept. 23-24, 2002:** U.S. Assistant Secretary of State for Non-Proliferation John Wolf and India's Joint Secretary for Disarmament S.K. Sharma hold talks on nonproliferation in New Delhi. The U.S. "expressed its readiness to broaden relations in civilian space cooperation" and "[t]he two sides also exchanged views on civilian nuclear cooperation. To this end, the two sides identified proposals which could be operationalized in the near term" according to a joint statement.

**Sept. 26-30, 2003:** Assistant Secretary of State Rocca holds talks in New Delhi.

**Sept. 29-Oct. 2, 2002:** U.S. and India conduct the fourth in the "Malabar" series of naval exercises – the previous three were held before U.S. sanctions were imposed on India after its 1998 nuclear tests.

**Sept. 29-Oct. 2, 2002:** U.S. and Indian air forces begin two-week exercise code-named *Geronimo Thrust* in Alaska – their first joint exercise in 40 years.

**Sept. 30, 2002:** India's Finance Minister Jaswant Singh says that each country has the right to take preemptive action to protect itself.

**Oct. 10, 2002:** State Department spokesman Richard Boucher calls Jammu and Kashmir elections "successful" and "credible," but characterizes them as "the first step in a broader process" and calls for "an early resumption of diplomatic dialogue [between India and Pakistan] on all outstanding issues..." The statement also "welcome[s] the Indian government's commitment to begin a dialogue with the people of Jammu and Kashmir and...hope[s] this dialogue will address improvements in governance and human rights."

**Oct. 16, 2002:** India's CCS decides to pull back troops from positions along the international border with Pakistan.

**Oct. 20-26, 2002:** U.S. and Indian Air Forces hold joint exercise *Cope India 02* near Agra.

**Oct. 29, 2002:** Director of State Department's Policy Planning Staff Richard Haass consults with Indian officials in New Delhi.

**Oct. 29, 2002:** U.S. Ambassador Robert Blackwill delivers a strong critique of India's economy in a speech to the Federation of Indian Chambers of Commerce and Industry.

**Oct. 30, 2002:** U.S. Special Envoy for Afghanistan Zalmay Khalilzad travels to New Delhi for discussions about the situation in Afghanistan.

**Oct. 30, 2002:** Under Secretary for Global Affairs Paula Dobriansky and Foreign Secretary Kanwal Sibal hold the first U.S.-India "global issues forum."

**Nov. 6, 2002:** The U.S. pledges \$120 million over five years to combat HIV/AIDS in India.

**Nov. 7, 2002:** Alan Larsen, U.S. under secretary for economic, business and agricultural affairs, initiates the U.S.-India economic dialogue on finance, trade, commerce, and energy as well as cooperation in curbing money laundering and combating terror funding.

**Nov. 12-13, 2002:** The U.S. and India agree to establish a joint “high technology cooperation group” following Under Secretary for Commerce Kenneth I. Juster’s talks in New Delhi.

**Nov. 22, 2002:** In a speech to the Confederation of Indian Industry, Treasury Secretary Paul O’Neill criticizes the Indian economy as “most restrictive” by several “various indices” and said lack of “good governance, corruption, and bribery are widespread, frightening away honest businessmen and investors.”

**Nov. 25, 2002:** Militants storm Raghunath Temple in Jammu killing 12 persons and wounding 50.

**Dec. 4-7, 2002:** India and the U.S. hold the seventh in a series of Executive Steering Group (ESG) meetings in Honolulu, Hawaii to plan further defense cooperation.

**Dec. 26, 2002:** India becomes one of 14 countries to sign an agreement with the U.S. under which they agree not to send each other’s nationals to an international criminal court.

**Feb. 2, 2003:** U.S. Army Chief Eric Shinseki arrives on two-day visit to India, the first by a U.S. army chief.

**Feb. 3, 2003:** India and the U.S. hold second meeting of their joint Global Issues Forum. This session focused on a range of issues including environment; health and infectious diseases, with an emphasis on HIV/AIDS; human rights and democracy-related issues.

**Feb. 5, 2003:** U.S. and India sign a *Statement of Principles for U.S.-India High Technology Commerce* during Indian Foreign Secretary Kanwal Sibal’s three-day visit to Washington.

**Feb. 27, 2003:** U.S. Nuclear Regulatory Commission Chairman Richard A. Meserve and Indian nuclear officials agree to resume nuclear safety cooperation with the country.

**March 3, 2003:** Using unusually harsh language, Indian PM Vajpayee says “[i]f the United States can’t make Pakistan keep its promise [to halt cross-border infiltration], it shows its weakness” and “[i]f assurances given to us are not honored, we will factor this in while formulating our policy in future.” President Bush calls PM Vajpayee the next day.

**March 20, 2003:** India's Foreign Ministry spokesman tells reporters that "[t]he military action begun today [against Iraq] thus lacks [United Nations] justification" and suggests it was "avoidable."

**March 28, 2003:** Indian foreign minister rejects U.S. calls for India-Pakistan talks after a March 23 massacre in Kashmir, saying, "[a]dvice to India about resuming dialogue with Pakistan in the aftermath of the killings of Hindus in Kashmir this week was just as gratuitous and misplaced as we asking them to open a dialogue with Osama bin Laden and Saddam Hussein."

**April 3, 2003:** Indian foreign minister says "India has a much better case to go for pre-emptive action against Pakistan than the U.S. has in Iraq."

**May 10, 2003:** Deputy Secretary of State Richard Armitage holds consultations in India with his counterparts.

**June 8-10, 2003:** Deputy PM Advani visits Washington for a range of talks with U.S. officials, but gives no assurance on Indian troops for stabilizing Iraq.

**July 14, 2003:** India rejects dispatch of troops to help stabilize Iraq despite what India's foreign minister says is "our growing dialogue and strengthened ties with the U.S."

**Aug. 6-7, 2003:** U.S.-India Defense Policy Group meets in Washington, D.C.

**Nov. 23, 2003:** Pakistan offers ceasefire in Kashmir.

**Nov. 24, 2003:** India matches Pakistan's ceasefire offer and offers to extend it to Siachen Glacier in the north.

**Dec. 18, 2003:** Pakistan President Pervez Musharraf says he is ready to put aside its demand for a referendum in the disputed territory of Kashmir.

### **Chronology of India-East Asia Relations January-December 2003**

**Jan. 7, 2003:** Chinese President Jiang Zemin meets Indian Lok Sabha Speaker Manohar Joshi in Beijing.

**Jan. 7-8, 2003:** Visiting Japanese FM Kawaguchi announces the resumption of fresh *yen* loans to India.

**Jan. 8, 2003:** Singapore President S.R. Nathan visits Hyderabad, India to encourage high-technology business ties.

**Jan. 19-24, 2003:** Myanmar's Foreign Minister Win Aung visits India to bolster bilateral cooperation – the first visit in 15 years.

**Jan. 30-Feb. 5, 2003:** Deputy PM L.K. Advani visits Thailand and Singapore to strengthen economic relations and counterterrorism cooperation.

**Feb. 12, 2003:** Arunachal Pradesh state education minister Takam Sanjay tells journalists “Our chief minister, Mukut Mithi, recently called on Defense Minister George Fernandes and informed him that the Chinese army has restarted the construction of roads along the international border.”

**Feb. 14, 2003:** Thai FM Surakiart Sathirathai and Indian counterpart Yashwant Sinha led delegations to meeting of the Joint Commission, held after a gap of seven years.

**April 8, 2003:** Singapore PM Goh Chok Tong visits Delhi to launch talks on a Comprehensive Economic Cooperation Agreement (CECA) that will include a Free Trade Agreement.

**April 22, 2003:** Chinese Premier Wen Jiabao meets Indian Defense Minister Fernandes in Beijing.

**May 4, 2003:** Shigeru Ishiba becomes the first Japanese Defense Agency director general to visit India.

**June 22-27, 2003:** PM Vajpayee visits China, the first Indian PM to do so in a decade.

**July 2, 2003:** A 58-member high-level Chinese air force delegation visits Indian airbase.

**July 18, 2003:** Thailand's Ambassador to India Chirasak Thanasant identifies India as a hub for its “enhanced economic co-operation in South Asia.”

**July 25-28, 2003:** India and China trade charges of border intrusions across the Line of Actual Control in the northeastern sector of the disputed border.

**Sept. 2, 2003:** Indonesian FM Hassan Wirayuda and Indian counterpart Sinha co-chair inaugural meeting of India-Indonesia Joint Working Group.

**Sept. 5, 2003:** Speaking to the first-ever India-ASEAN Business Summit in New Delhi, PM Vajpayee calls for India-ASEAN trade to increase to \$15 billion over the next two years and to \$30 billion by 2007.

**Sept. 26, 2003:** A Singapore-India joint statement announces the two countries have reached the “mid-point” in their negotiations for a comprehensive economic agreement that includes a free- trade agreement.

**Oct. 2, 2003:** Visiting Indian Army Chief Gen. Nirmal Chander Vij and Philippine counterpart Lt. Gen. Gregorio Camiling agree to boost bilateral military exchanges and cooperation.

**Oct. 6-8, 2003:** PM Vajpayee attends ASEAN Summit in Bali, Indonesia.

**Oct. 6, 2003:** South Korean President Roh Moo-hyun and PM Vajpayee meet on sidelines of the ASEAN Summit.

**Oct. 7, 2003:** India and the Philippines agree to exchange information and intelligence to combat terrorism and to sign an extradition treaty on the sidelines of the ASEAN Summit.

**Oct. 8, 2003:** Following a meeting between PMs Vajpayee and Wen, Indian Foreign Secretary Kanwal Sibal announces that Beijing has removed Sikkim as an “independent country” from the official website of the Chinese Foreign Ministry.

**Oct. 9-12, 2003:** PM Vajpayee becomes the first Indian PM to visit Thailand in a decade and the first foreign leader to address the Thai Parliament. India and Thailand announce completion of a free trade agreement.

**Oct. 23, 2003:** Indian and Chinese special representatives hold talks on the resolution of the boundary dispute.

**Oct. 28, 2003:** Destroyer and missile corvette from the Indian Navy arrive in Malaysia for a three-day goodwill visit.

**Nov. 3-8, 2003:** Indian VP Bhairon Singh Shekhawat travels to Myanmar to push for closer economic ties.

**Nov. 10-14, 2003:** Indian naval ships make port call in Shanghai prior to a one-day joint exercise “aimed at ensuring the safety of maritime trade and improving coordination in search-and-rescue at sea.”

**Nov. 16-23, 2003:** Lt. Gen. Mohinder Singh, commander of 4<sup>th</sup> Corps of the Eastern Military Region of the Indian Armed Forces, leads delegation to Chinese military facilities in Tibet.