

INDO-US RELATIONS
RECENT DEVELOPMENTS

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Background

At a time when anti-Americanism has spread across the globe, a recent poll shows that more people in India have a positive view of the United States than in any other nation surveyed. The poll, conducted by the Pew Global Attitudes Project, raised, however, a larger question: How long would it be before the courtship between India and the United States would lead to a strategic partnership? Despite a congruence of vital national interests, and a shared political goal to build a long-term strategic relationship, the United States was yet to forge a true partnership with India. However, there have been important shifts in U.S. thinking, largely on account of India's rising geopolitical importance, its abundant market opportunities, and its role in ensuring a power equilibrium in Asia. The United States and India have discussed cooperation on missile defense, nuclear energy, space and high technology earlier. Furthermore, the two has also opened a quiet dialogue on India's largest neighbor, China, whose rise is likely to pose the single biggest challenge to world security in the years to come.¹

The Bush administration began looking increasingly towards India as

a core ally as it sought to engineer what could be a major diplomatic shift away from power alignments forged after World War Two. Old standby Britain, increasingly important Japan and, according to some of the officials familiar with administration's thinking on geopolitics, Australia, have all joined India in the group of countries Washington believes shares its values and goals. "You might call this emerging set of alliances the 'four by four' strategy (which is) built around four great powers - the United States, Great Britain, Japan and India," wrote Thomas Donnelly, of the American Enterprise Institute (AEI)- a think-tank with close ties to the administration, on the AEI website. Nuclear power India, a growing economic force on China's border and also familiarly dubbed the world's biggest democracy, was the relative newcomer to the group. Often an adversary, as a Soviet sympathizer and leader of the non-aligned movement during the Cold War, it now enjoyed dramatically improved ties under President George W Bush. Presidential aides said the United States was committed to helping India to, not just prosper but also, rise as a regional power. One senior official has said, privately, that the administration also intends to back India for a

¹ Arvind Virmani, "Poised for the jump can Bush transform the terms of the India-US engagement?," *The Indian Express*, 15 July 2005

permanent seat on the UN Security Council.²

US President Nixon transformed relations with China with his breakthrough trip to Beijing in the 1970's. This led, after a decade or so, to a transformation of China's role in Asia. President Reagan transformed US relations with the USSR in the 1980's, contributing to the disintegration of the Soviet empire. Would President Bush transform the US's relationship with India, leading to a transformation of India's role in Asia, was the crucial question uppermost in the minds of the International community. A change in objective conditions suggested that this was likely. President Bush envisaged a much bigger role for India in global affairs than his predecessors. This resulted in the initiative -The Next Steps in Strategic & Technological Partnership (NSSTP) -in 2005. The process was, however, sidetracked by 9/11 as the American focus shifted to Afghanistan and Iraq, and Pakistan made itself indispensable to the US.³

Washington sent across word that President George W. Bush had ordered an extra length of red carpet for Dr Manmohan Singh during his visit in July 2005, the kind of reception given only to a few heads of government. Key functionaries of the Bush Administration also told New Delhi that the Prime Minister's visit could mark a watershed in relations between India and the United States. There were influential people in Dr Manmohan Singh's government who

were also looking forward to the visit. They believed that the world situation had changed over the years, and that the time had come for India to give up its old mindset, look far into the future and evolve a new relationship with the world's most powerful country. Often, in the past, the love-hate relationship between the two largest democracies witnessed hesitations and prevented them from coming closer. Often, adversarial feelings, embedded in mutual distrust, ruled the relationship. Often, a step forward had led to two steps backwards.

As the Left parties' chipped away at efforts to improve relations with the United States, they had a powerful ally in Washington - the American bureaucracy committed to old thinking on non-proliferation and nuclear cooperation with India. With the nuclear question once again becoming the touchstone for measuring the transformation of Indo-US relations, on the eve of Prime Minister Manmohan Singh's visit to Washington, the resistance to change appeared as strong in the American capital as it was here. The Left in India and the non-proliferation bureaucracy in Washington shared a deep aversion to India's acquisition of nuclear weapons. But, unlike the non-proliferation champions in Washington, President George Bush conveyed a different political message. In his frequent encounters with Prime Minister Manmohan Singh, including one at the Gleneagles summit, Bush reportedly conveyed his empathy for India's attempts to acquire civilian reactors from the international market, in order to boost its nuclear electric power programme. India had been working hard to persuade the US to drop its sanctions and restrictions on the Nuclear Suppliers Group so that the member nations would be able to

² "United States looks to India as new global ally," Editorial, *Daily Times*, 8 December 2005

³ H.K. Dua "Opinion: Mission to Washington" *The Tribune*, 6 July 2005.

sell, not just nuclear fuel, but also, at least six nuclear power reactors required by India to answer its burgeoning energy needs. The Tarapur plant was down to its last stock of fuel from Russia, and Moscow had expressed its inability to continue the supply on account of the restrictions imposed by the Nuclear Suppliers Group on India. It was imperative that American withdrew its support for the sanctions so as to give teeth to its promise of civilian nuclear cooperation with India.⁴

Strategic Agreement of July 2005

On July 18, 2005, India and the US signed a landmark strategic agreement that had far reaching consequences. There were two important facets to this agreement. First, the belated acceptance of India as a "responsible state with advanced nuclear technology" amounted to tacit US recognition of India's status as a de facto nuclear weapons power outside the Non Proliferation Treaty. Second, the US offered to cooperate with India on civilian nuclear energy issues. As per the agreement, the US would work to achieve full civilian nuclear energy cooperation with India as it realised India's goals of promoting nuclear power and achieving energy security. It would seek agreement from the Congress to adjust US laws and policies. The US would also work with friends and allies to adjust international regimes to enable full civilian nuclear energy cooperation and trade with India, including but not limited to, expeditious consideration of fuel supplies for

safeguarded nuclear reactors at Tarapur.⁵

Defense Agreement of July 2005

Foreign Secretary Shyam Saran in the run-up to Prime Minister Manmohan Singh's visit to Washington emphatically denied that the defense framework agreement signed in June 2005, between India and the United States, was a military alliance. Suggesting that there were some "misunderstanding" about the defense framework, Mr. Saran said it set out the "parameters" within which the two countries could potentially cooperate with each other, if it was in their interest to do so. Mr. Saran also added that it would not have any adverse impact on India's substantial defense ties with Russia and other countries. U.S-India defense pact, apart from other things, allowed New Delhi to join the multilateral Proliferation Security Initiative (PSI). The PSI is a global plan aimed at stopping the shipment of weapons of mass destruction (WMD), their delivery systems, and related materials, worldwide.

The Pentagon also approved the lease of two P-3C reconnaissance aircrafts for India and notified the US Congress of a \$133 million military sale to provide logistical support for the deal that included training devices, test equipment and spare parts. Announcing the deal, the Pentagon's Defense Security Cooperation Agency (DSCA) said the proposed sale would help "improve the security of an important ally and strengthen the US-India strategic partnership". The P-3C aircrafts, built by Lockheed Martin,

⁴ Brahma Chellaney "India can be America's best friend" *International Herald Tribune*, 1 July 2005

⁵ Gen V. P. Malik (ret'd) and Brig Gurmeet Kanwal (ret'd) "N-deal with the US" *The Tribune*, 28 November 2005

would replace the Navy's Soviet IL-38 May aircrafts which are "quickly reaching the end of their operational service life". This modernisation would enhance the capabilities of the Navy, support its regional influence, and meet its legitimate needs of self-defence, said the DSCA, ⁶. It said that India needed the advanced aircraft for land-based maritime patrol, and reconnaissance, to protect its economic exclusion zone and to guard against submarines and surface warfare ships.⁷

India and the United States also agreed to further strengthen bilateral defense cooperation and emphasised the importance of service-to-service ties at the meeting of the Defense Policy Group (DPG) in Washington in September 2005. The three-day meeting of the DPG, held in an extremely frank, friendly and co-operative atmosphere, was co-chaired by the Indian Defense Secretary Shekhar Dutt and the Under Secretary of Defense for Policy - Eric Edelman. The two sides exchanged views on the international strategic and security situation as well as on the further development of bilateral defense cooperation, as envisaged under the Indo-US Defense Framework agreement, inked in June 2005. "Both countries view their bilateral defense cooperation as an important facet of the India-US global partnership, reflected in the India-US Joint Statement of July 18, 2005," read a statement issued at the end of the

seventh round of talks.⁸ A 12-day joint exercise of Indo-US Navies, called 'SALVEX', began at Kochi on 13 September, 2005 with the commencement of the harbour phase of exercise. As part of this phase, training and professional discussions between the two navies were held. The exercise, which focused on diving and salvage operations, continued till September 23, 2005.⁹

In a step up of service-to-service engagement, India and the US conducted the biggest-ever army level exercises near Ranikhet, in Uttaranchal, in January as American officials indicated that Washington was working to open doors to high-technology transfers. A company force of the US army also conducted joint exercises with a thrust towards anti-insurgency operations in the mountainous terrain near Choubhatia. American officials said that, in the coming year, armed forces of the two countries would participate in "more complex, patterned" war games. "US Pacific Command wants to expand its military-level interaction with India over a broad front to enable the two armed forces to share experience in doctrines and higher formation-level exercises", said officials. Officials said that, though Indo-US defense trade stood at USD 287 million, they expected a big jump in arms sales through major deals with the Navy, the Special Forces and the Air Force.¹⁰

Mutual Legal Assistance Treaty

India and the US also signed an agreement to help each other

⁶ DSDA is the US Defense Department's nodal agency for foreign military sales.

⁷ S. Rajagopalan "Pentagon hints at big defence deal with India" *Hindustan Times*, 16 November 2005

⁸ Editorial "India, US to strengthen defense co-operation" *Hindustan Times*, 24 November 2005

⁹ Editorial, *Daily Times*, 13 September 2005

¹⁰ Editorial "India, US to conduct biggest ever military exercise" *Deccan Herald*, 10 December 2005

investigate offences related to terrorism, narcotics, trafficking, and other organized crimes in October 2005. The protocol of exchange for the Instrument of Ratification concerning the Mutual Legal Assistance Treaty was signed by Union Home Secretary V K Duggal and US Ambassador to India David C Mulford. Speaking after the signing of the treaty, Mr. Mulford termed it as "a very, very important step forward" in bilateral relations between the two countries. He said that relations between India and the US touched virtually every area of human activity, and the US would like to develop relations further. The Union Home Secretary described the signing of the Protocol as yet another step in "our continuing strong friendship." Mr. Duggal said India was the 16th country with which the US had signed such a treaty. The treaty was ratified by India soon thereafter.

Agreement on Cooperation in the Field of Science and Technology

After 15 years of negotiation, India and the United States finally signed an umbrella agreement on cooperation in the field of science and technology in October 2005. The pact was signed by Union Science and Technology Minister Kapil Sibal and U.S. Secretary of State Condoleezza Rice. In a press release from Washington, where the agreement was signed, the Ministry of Science and Technology said that cooperation would be based on shared responsibilities and equitable contributions.¹¹

India also gave assurance to the United States that it would make all-out efforts to curb money laundering and stamp out financing of terrorist activities while it laid down a

roadmap for major reforms in the financial sector. At the conclusion of a joint press conference with the U.S. Treasury Secretary, John Snow, pertaining to the Indo-U.S. Financial and Economic Forum meeting, Finance Minister P. Chidambaram said: "I have told Secretary [John Snow] that we are fully committed to checking money laundering as well as stamping out financing of terrorist activities. An anti-money laundering legislation is in place. There has to be an inspection, and a report, which will happen shortly," He also reiterated the intention of the two countries to implement the recommendation of the Financial Action Task Force. The panel was set up to prevent abuse of the financial system and both the U.S. and India agreed to work together to identify and freeze the assets of terrorist groups.¹²

International Thermonuclear Experimental Reactor (ITER) energy project

India's inclusion as a full partner in the ambitious multinational 'International Thermonuclear Experimental Reactor' (ITER) energy project was an acknowledgement of being a responsible nuclear state with advanced nuclear technology. The decision was taken by six partner countries -US, European Union, Russia, China, Japan and South Korea. "The decision recognizes that India can significantly contribute to such endeavours and also is recognition that India is a country with advanced nuclear technology, including in the field of fusion research," said a spokesman for the External Affairs Ministry. ITER is the experimental

¹¹ Editorial, *The Hindu*, 19 October 2005

¹² Editorial "India, US push for wider trade ties" *The Hindu*, 10 November 2005

step between the latest studies of plasma physics and future electricity – producing fusion power plants. The main ITER facility will be built in Cadarache in France by 2016 and all partners will participate in its construction, development and research.¹³

Bush visit to India and the Nuclear agreement of March 2006

The Indo-US relationship proceeded at a furious pace in President Bush's second term. It started with Condoleezza Rice's visit to New Delhi in March 2005, when she expressed the American desire to help India achieve major world power status and stressed the need for an energy dialogue. This was followed by the new framework for the US-India defense relationship agreement signed on June 28 2005, the completion of the Next Steps in Strategic Partnership (NSSP), and the finalization of the George Bush-Manmohan Singh joint agreement on July 18 2005. The joint pact included the nuclear deal that is now the focus of controversy in both countries. This was followed by India's surprise vote in the IAEA where, along with western nations, it envisaged that Iran would be referred to the Security Council if it did not satisfactorily account for its suspect nuclear activities.

The US Administration was determined to implement the July 2005 civilian nuclear deal it had entered into with India. US Secretary of State Condoleezza Rice made it clear, once again, that the US was committed to helping India with advanced technology and equipment to produce sufficient nuclear energy for its fast growing economy. She obviously

wanted to tell the skeptics in the US that India's search for nuclear energy, which is cheaper and cleaner, deserved all-out American support as India has had a clean track record so far, as nuclear non-proliferation is concerned, despite not being a signatory to the Nuclear Non-Proliferation Treaty. What Dr Rice said in Washington, while interacting with journalists, was also aimed at convincing the detractors of the Indo-US nuclear agreement, in India, that there was nothing sinister about the deal.¹⁴

India and the United States remained engaged in intensive negotiations to try and clinch a civilian nuclear deal, even as U.S. President George.W.Bush landed in New Delhi on March 18. It was the fifth visit by an American President to India. Interestingly, during a stop over in Kabul, Mr. Bush said that officials had been talking to the Indians even from his special aircraft, and these discussions would continue in New Delhi. Reiterating that it was a difficult issue for both governments, the President said that the two sides would continue to have a dialogue and work towards an agreement.¹⁵ President Bush and Prime Minister Manmohan Singh were involved in lengthy discussions, shortly after the arrival of President Bush. The meetings revolved around the common values that bind India and the United States together: the commitment to democracy, to the institutions of freedom -- free press, freedom of religion, independent judiciary, and the like -- and the important message that the United States and India had to stand together as advocates for these institutions, and subsequently provide the world with a

¹³ Editorial "India becomes partner in nuclear reactor project" *Daily Times*, 8 December 2005

¹⁴ Editorial, "Indo-US deal on track" *The Tribune*, 9 January 2006

¹⁵ Editorial, *The Hindu*, 20 March 2006

living example of the strength of such institutions. The discussion also included issues like the War on Terror, trade issues- especially the impending entry of Indian mangoes in to American markets, the Doha round conclusions and the agriculture knowledge initiative.¹⁶ The special emphasis, though, lay on energy issues. The discussion largely concentrated around India's need for energy, its plans to dramatically enhance its ability to provide secure energy to its people, and its desire to do so in a way that avoided proliferation risks and did not create environmental problems. The American President talked about his advanced energy initiative and his hope that technologies arising from initiative could be shared with India and other countries. The meeting of the two leaders with the CEO forum, soon after, once again reemphasised to them that energy issues were the crucial cog in the wheel of relations between the two countries. President Bush's visit to India also included visits to an American funded agricultural institute and the business school in Hyderabad. He cleverly avoided any visits to American outsourcing multi national companies, a topic of hot debate and controversy back in the US.¹⁷

Under the historic nuclear agreement signed on March 2, 2006, India has agreed to classify 14 of its 22 nuclear facilities as civilian, and put these under the permanent supervision of the IAEA. This should, then end a 30-

year long moratorium on the sale of nuclear fuel and reactor components by the US to India. The export of nuclear material, reactors, and their major components from the US, would require a Section 123 amendment of the Atomic Energy Act. Technically, India is a non- nuclear weapon state and does not have the full-scope of safeguards. Under the terms of the Atomic Energy Act, Congress has to approve an agreement for cooperation and needs to pass a joint resolution of approval. The Administration, alternatively, may seek to amend certain portions of the Atomic Energy Act, in particular Sections 128 and 129, both of which includes non proliferation criteria.¹⁸

The nuclear deal, though, accords acceptance to the military and the security component of the Indian nuclear program, by the sole superpower and torchbearer of the nuclear non-proliferation regime, the US. The Indo-US deal also makes India's nuclear weapons program acceptable, legitimate and non-threatening to the existing nuclear order unlike those of Iraq, North Korea and Iran. The nuclear deal envisages an alliance, albeit informal, between the US and India deriving from a real convergence of mutual security interests. The nuclear deal also seeks to enhance India's nuclear security via nuclear arms control. By agreeing to separate its large civilian and small military nuclear programs, India has acknowledged its commitment to minimum nuclear deterrence, which provides for its nuclear security interests vis-à-vis

¹⁶ Briefing to the American press by National Security Advisor Steve Hadley on March 2, 2006 in the White House

¹⁷ Briefing To the American Press by Secretary of State Condoleezza Rice on March 4, 2006 in the White House

¹⁸ Ajey Lele "Nuclear Indulgence to India: Will US Congress Relent?" www.ipcs.org, Article no. 1975, 22 March 2006,

China and Pakistan. India has readily agreed to continue its voluntary moratorium on nuclear testing and agreed to participate in future negotiations on the FMCT. India has also committed to prevent the spread of nuclear technologies by strict export control laws, which are already in place.¹⁹

Space Launch Agreement in the Offing

India and United States are also poised to take their strategic relationship a notch higher. They will soon sign a crucial space launch agreement to allow India to launch US-made satellites, not just from US, but from other countries that use American components in their satellites. The understanding will help the country's premier space body, Indian Space Research Organization (ISRO), boost its earnings. It will also help the once estranged democracies get into a tighter strategic partnership. Some last-minute refinements in the agreement, relating to the pre-launch treatment of US satellites on Indian rockets are being worked out. But, these are procedural issues which both sides expect to be sorted out at the next meeting of the space working group. India has already accepted two US payloads for the 'Chandrayaan' mission. Many such joint endeavours are now expected, and together with these, a closer exchange of strategic space technologies.²⁰

Conclusion

One of the major objectives of the United States in entering into the Indo-US nuclear cooperation

agreement is to bring about an early freezing of the Indian weapon-usable nuclear materials stock at the minimum possible level. India, in turn, obviously wants to retain all the accumulated inventory of such materials, as well as the facilities to produce the additional material we consider essential for a minimum credible deterrence, in compliance with IAEA safeguards. Obviously, each country wants to maneuver the separation plan to suit its specific objective. Despite the façade that the deal is progressing well, it is clear that most of the originally perceived differences between the two sides are very much present even now. It appears that the US side feels that certain facilities, especially reactors, which India has proposed to retain in the strategic group, really belong to the civilian list. In addition, it is clear that the US considers India's time schedule for bringing these facilities in phases into the civilian list as too stretched out, and that India should indeed place them under safeguards at a more rapid pace.

The nuclear deal, though, will improve India's global standing. India's deal with the US for transfer of nuclear technology will help it in a big way. As non-NPT states, or non-nuclear weapons states with nuclear weapons, India, Pakistan and Israel - a strange trio, indeed - have much to defend to the rest of the world. They have no choice but to stick together whenever questions of comprehensive safeguards come up. There was even an occasion when Pakistan changed its vote to join India and Israel. When the Arab world gangs up every year to call upon states to accept comprehensive safeguards, essentially to focus attention on Israel, it has to contend with Indian diplomatic skills as Israel hides behind us. These

¹⁹ Manish Dabhade "Indo-US Nuclear Deal: New Realism" www.ipcs.org, Article no. 1958, 7 March 2006,

²⁰ Editorial, "US join hands in space," *The Times of India*, 2 August 2005.

strange maneuvers could stop if the India-US nuclear deal is approved by the US Congress, and the Nuclear Suppliers Group, and comes to fruition. India will then cross over from the group of nuclear mavericks to join the designated nuclear weapon states in its new capacity as a responsible state with advanced nuclear technology.