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SIGNIFICANCE OF PRESIDENT GEORGE W. BUSH'S VISIT TO INDIA

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SUMMARY

AIMS AND INTERESTS

The visit reflects three important US aims:

- India needs to be strengthened as a strategic partner
- It can be an important player in Asia
- A greater access to India's market

India's aims:

- Enhancing its regional and international profile
- Resolving its energy problem through civilian nuclear cooperation
- Accessing other high tech resources from the US

ACHIEVEMENTS

From the US point of View:

- Gaining a measure of control over India's nuclear programme: only a partial freeze and capping has been achieved but it is a beginning.
- China cautioned by the conclusion of the nuclear deal
- Access to Indian market, civil and military, including \$30bn of reactors is now possible.
- **But there are problems:** the deal has to be endorsed by the Congress which has to amend its laws.

- The slowness of India's economic reforms and its poor infrastructure development are serious impediments

From the Indian point of view:

- Recognition as an international power
- Better prospects for energy self-sufficiency
- End of technological isolation
- Its fast breeder-reactors remain outside the purview of the nuclear deal
- Partnership with the US has created parity with China
- No similar US nuclear deal with Pakistan
- US agrees to raise the number of H1B visas it grants to the Indians
- **But the fears are:** India has lost its autonomy in nuclear decision-making and to some extent in its foreign policy choices
- Jeopardised its strategic options
- US-Pakistan relations will continue to trump India's security
- The understanding with the US could affect Sino-Indian ties
- The special safeguards envisaged by the IAEA may not suit India
- The US Congress may prove obdurate by defeating the deal

OVERALL ASSESSMENT

- Successful in broad terms
- Details of the deal could pose problems as the deal moves through various stages – US Congress, Indian Parliament, NSG, IAEA and so on
- Modus vivendi could be problematic given a strong anti-US bias in some quarters

WHAT NEXT?

- Bush administration has to convince a sceptical Congress to endorse the deal
- The Left parties could make things difficult for the Indian government
- India's Nuclear establishment will not be that happy with the compromises
- China could decide to extend a similar deal to Pakistan

- The Indo-US accord will accelerate Pakistan's search for a nuclear friend to provide it with the same benefits that India has been promised
- Pakistan, unlike India, is not subject to any safeguards at all which given its proliferation record is dangerous
- Negotiating an Additional Protocol with the IAEA could raise some issues for India
- No assurance that India will be apart of the Nuclear Suppliers Group. It will only be a buyer of nuclear fuel with no right to reprocess the fuel which it will find irksome to accept

FROM SOUTHEAST ASIA'S PERSPECTIVE

- Better Indo-American relations would be beneficial to the region in economic and strategic terms
- Engagement with India shows America's continuing interest in Asian affairs despite its other pre-occupations
- Southeast Asia's hope and belief is that India is far too independent to fall for America's 'containment of China' game
- Better Indo-US economic interactions would mean a bigger market for Southeast Asian goods and services
- Nuclear energy will lead to less pollution in the region
- A cautionary note: President Bush's statement about a shared understanding with India about human rights and democracy in Myanmar bears watching

CONCLUSION

- The deal impacts on the prevailing international proliferation norms where an exception has been made
- This has the potential to encourage other aspiring nuclear powers
- But the agreement between India and the US reflects the distinction made by the Bush administration between responsible and irresponsible international actors
- Overall, the visit and the deal confirm the growing convergence of interest on many fronts between India and the US
- This could result in a broader strategic cooperation between the two and enhance India's regional and global profile

PRESIDENT GEORGE W BUSH'S VISIT TO INDIA AND ITS IMPLICATIONS

INTRODUCTION

This paper attempts to explain the significance of President George Bush's recent trip to India. Visit diplomacy is the most visible form of diplomacy and despite the emphasis on ceremony it does accomplish important goals.

Indo-US relations have never been as robust as they are now. Among the indicators of the deepening relationship between the two countries are the visits by two successive US presidents, albeit in their second terms.

American analysts also see the visits by both a Democratic and a Republican President to India as evidence of bipartisanship and foreign policy continuity that shows a strong preference for enhanced Indo-US ties. It is inferred that 'a trip to India is no longer just a desired, but a required part of American President's itinerary during his term in office'.

Bipartisanship is also evident in India. The present government has built on the legacy of the previous government, which was primarily responsible in lifting this relationship to a new height.

1. US AIMS AND INTERESTS

- 1.1 US foreign policy generally is driven by two overarching goals: its own security and market access in other countries. Its approach to India is no different in this respect. And now that the Indian economy is growing at between 7 and 8 per cent annually, with every prospect of sustained growth arising from further reforms and liberalisation, the commercial attraction is fairly obvious. India offers a huge potential market for US services, especially financial services which India has been rapidly opening up. One thing to bear in mind is that unlike with many other countries there is essentially no big trade row between India and the US. This is mostly owing to the modest volume of trade in goods between the two. (In comparison to the US\$300 billion Sino-US merchandise trade Indo-US trade amounts to only US\$30 billion). But if services are

brought into the picture then there is scope for friction as white collar workers in the US are beginning to fret about job losses due to out-sourcing.

- 1.2 The security aspect is the recognition of a *fait accompli* by India on nuclear weapons. It is also borne out of the belief, widely held in America, that India can be an insurance against a rising China or even be a rival pole. The best way to understand the partnership is perhaps to view it through the objectives of an alliance relationship with the difference that there is no formal treaty but an economic and nuclear *quid pro quo*. The means are different; the aim is the same.
- 1.3 The Bush administration views India as an important player in Asia, and as a strategic partner that needs to be strengthened. India's economic and military potential, its resilient democratic political system and pluralism seem to have added to its attractiveness. No less important is the fact that India has a proven record of setting credible safeguards on its nuclear programme which, according to President Bush, deserves better recognition.
- 1.4 The US is aware of India's energy needs and its dependence on oil imports. It is this imperative that has made the nuclear issue critical as India continues to search for an effective alternative. There is some appreciation of India's difficulties in this area and therefore the US is desirous of crafting a common energy framework.

2. INDIAN AIMS AND INTERESTS

- 2.1 India has the same security concerns as the US, arising out of the emergence of China, terrorism, instability in West Asia, maritime security, container security, and Iran's nuclear push. In that sense the two countries are "natural allies" and it makes sense for them to act together within a broader framework of cooperation.
- 2.2 The Indian elite has had a longstanding desire to become a part of the world's "Top Ten". It feels that, for far too long, India has not lived up to its potential. This visit and its outcome give the Indian elite a chance (or an illusion) that it has moved up in status. The importance of this cannot be under-emphasised.

- 2.3 India has the market, resources, managerial talent and abundant cheap labour. What it doesn't have is high tech, especially for agriculture but also for civilian nuclear power. The agreements signed during the Bush visit ought to help it get greater access to high tech.

3. ACHIEVEMENTS OF THE VISIT

3.1 The American View

The Optimistic Line

- i. Nuclear non-proliferation: A freeze, cap, and perhaps even a rollback of India's nuclear programme are now within the realm of possibility. Even though only a partial freeze and capping has been achieved, it is a beginning.
- ii. China has been cautioned by America's interest in recognising India as a great power in the 21st century. The US has begun referring to India as one of the five great powers of the world, which does not sit well with China.
- iii. A greater American access to Indian market, civil and military, including US\$30 billion worth of reactors.

The Pessimistic Line

- i. Worries remain about the gap between promise and performance on the nuclear deal especially since it has to be sold to a vast constituency of sceptical elites who usually take an anti-American line.
- ii. Misgivings about the speed of economic reforms in India, especially the slow progress in reducing the restrictions on investment in the banking, insurance and retail sectors.
- iii. Poor infrastructure development and the heavy hand of the bureaucracy which puts off US businesses.

3.2 The Indian View

The positive side

- i. India can now dream of energy self-sufficiency. The nuclear deal has also ended its technological isolation.
- ii. The process that was started in July 2005 has been taken further in a definitive way. Civilian nuclear energy cooperation can be expected to occur soon.
- iii. While India has agreed to the plan of separating the civilian and military nuclear reactors the US has had to accept that India's fast-breeder reactor will be kept out of the civilian list. This is a major victory.
- iv. The nuclear deal has helped create parity with China since India can now hope to access the international nuclear markets as China does.
- v. India is reassured by US recognition and engagement that it is a significant power with a global role.
- vi. Some Indian analysts compare the present Indo-US partnership to that of US' rapprochement with China that changed the general international balance of power and raised Beijing's profile. A similar trajectory for India is now anticipated.
- vii. India is quite satisfied with the statement made by Condoleezza Rice that no similar nuclear deal for Pakistan was envisaged given its poor proliferation record and other risk factors.
- viii. The visit has led to the launch of the Knowledge Initiative on Agriculture with a three year investment of US \$100 million.

- ix. President Bush's promise to work for augmenting the presence of Indian scientific talent in the US went down well in New Delhi. This suggests a possible increase in the H1B visas.

The Cautious View

- i. It is believed that India has compromised its ability to have full control over its nuclear programme by agreeing to separate the nuclear reactors/establishments along civilian and military lines. Once the agreement is formalised there can be no turning back on this commitment. This might have negative consequence for its strategic options in the face of future threats. A related worry is that while India is now subject to safeguards of various sorts no such limitation hobbles Pakistan. This asymmetry could prove costly. Added to this is the fear that China might extend a similar kind of deal to Pakistan without comparable safeguards.
- ii. **Pakistan:** The US will not be able to successfully perform a balancing act to India's satisfaction. Pakistan is a Non-NATO ally of the US and will continue to be treated in a manner that goes against Indian interests, especially in the matter of supply of arms and turning a blind eye to the export of terrorism to India.
- iii. **China:** New Delhi does not want to be drawn into a 'containment game' since it wants to keep its relationship with China autonomous. It has worked hard to improve cross-border ties leading to an impressive growth in bilateral trade. It does not want to rock the 'bridge of friendship' and unduly complicate its relations with China.
- iv. **Kashmir:** The US says it will not act as a mediator. That may be so in a de jure sense but in fact, Washington has very much become a part of the South Asian story. India needs continual US pressure on Pakistan to accept the line of control as the international border and to stop treating Kashmir as disputed territory. At the same time, it is leery of permitting the US to play a formal mediatory role.

- v. **International Atomic Energy Agency (IAEA):** The Agency may devise a special safeguards regime to satisfy the Nuclear Suppliers Group (NSG) but this may not suit India. Secondly, China within the NSG could prove obdurate since it is clearly unhappy that India has been made an exception to the nuclear rule. It is also likely that it would be pressured by Pakistan to create difficulties for India.

- vi. **US Congress:** The deal will be opposed and even if it goes through eventually, it will be significantly delayed. Analysts point out that there are several stages in the process of nuclear acceptability and none of them are smooth.

4. OVERALL ASSESSMENT

- 4.1 Despite the misgivings voiced by some in India it does appear that the visit has generated enough goodwill and understanding between India and the US. The fear that the nuclear deal would remain elusive now stands belied. Many in India thought that the US would not honour the July 2005 agreement.

- 4.2 The deal has received a favourable response from other countries except China which has warned that “the move will set a bad example for other countries as India has refused to sign the NPT”.

- 4.3 India has also moved closer to the centre of US screen. The US wants to promote India as a major international actor.

- 4.4. While the visit has been broadly successful details over the nuclear deal could prove difficult as it moves from one stage to another.

- 4.5 Modus vivendi could be problematic especially over issues on which Indian political parties have strong views, such as Iran, Iraq, Israel etc.

5. WHAT NEXT?

The action now shifts to the US Congress and the Nuclear Suppliers Group (NSG), which must approve the change in non-proliferation rules in favour of India. Finally, India specific safeguards have to be crafted by the IAEA.

5.1 **US Congress Response:** Uncertain but will depend on the usual give and take of American politics. In all likelihood, it will be approved. Senator Kerry, while visiting India, endorsed the deal. However, the impression that the deal is overly beneficial to India will have to be erased to sell it to the Congress.

5.2 **Indian Fears:** No less problematic is its endorsement in India where many believe that it will circumscribe India's freedom of action in determining its strategic needs. Nuclear experts also have their own misgivings about US intrusion in India's nuclear decision making process.

5.3 **Chinese Response vis-a-vis Pakistan:** China has already offered Pakistan 8 nuclear reactors. It will do its best to neutralise the effects of the deal by acting more closely with Pakistan.

5.4 **Pakistani Response:** Not clear yet but the Indo-US deal could prompt it to accelerate its search for similar benefits from other quarters particularly from China. Their converging interests could once again pose a challenge to India.

5.5 **NSG Response:** Mixed. China could obstruct. For the rest, it will depend on how they agree to divide up the Indian civilian nuclear power market. The US will try to impress upon the members that India should be treated as an exception which will be difficult to do given America's vehement opposition to allow the same for Iran or North Korea.

5.6 **IAEA Response:** Mohd Elbaradei, the IAEA chief, has noted that the Indo-US nuclear deal is a "step towards universalisation of the international safeguards regime and will make India an important partner in non-proliferation regime". Clearly, safeguards will be customized for India by the IAEA although the military part will remain outside the

safeguards. Even the fast breeder reactors will remain outside. But the US wants Indian facilities to be safeguarded by the IAEA in perpetuity. None of the facilities placed by "other leading countries with advanced nuclear technology, such as the United States" — the phrase is from the July 18 agreement — are under perpetual IAEA safeguards. Also, the official nuclear weapon states have the right to redesignate safeguarded civilian facilities as military. While India may not want to do so, assured fuel supply for the safeguarded reactors as well as the principle of non-discrimination is something that will have to be addressed. Negotiating an Additional Protocol with the IAEA could prove difficult.

6. FROM SOUTHEAST ASIA'S PERSPECTIVE

- 6.1 Southeast Asian nations have always been puzzled by India's reticence and its unwillingness to play to its size, not in a negative way, but in a constructive manner befitting its position in the region. Therefore a transformation in India's policy which sees merit in engaging the major powers ought to go down well in the region. America's interest in India can be beneficial both in strategic and economic terms. Its sustained policy of cooperation with India indirectly confirms that Asia is of importance to the US and it is not abandoning the region because of its pre-occupations elsewhere. A resurgent India in partnership with the US can have a stabilising effect on a region which is not comfortable with any one power, in this case China, dominating the regional scene.
- 6.2 A residual concern about the possibility of US using India as a strategic counter weight to China might be there but the region is equally aware that India does not want to act as America's lackey and indulge in a game of containing China. India's US policy has not shown that tendency in the past and it is unlikely to do so now and therefore, the newly strengthened links between the two do not portend any risks.
- 6.3 A rapidly growing Indian economy means a bigger market for Southeast Asian goods and services. A reduction in reliance on fossil fuels means less pollution in the region as a whole, and manageable prices of oil.

6.4 Interestingly, President Bush in his 2 March remarks alluded to the two countries' common interest in democracy by specifically referring to Myanmar and Nepal. Since the ASEAN countries have their own particular view on the situation in Myanmar this remark should be closely studied to see whether the US expects India to endorse its position on the military regime and change its policy towards it.

7. CONCLUSION

7.1 The key takeaway is that the entire nuclear regime has been modified to accommodate India. However, the India-US nuclear deal does not explicitly recognize India as a nuclear weapons state. But India can reasonably expect to get all the benefits associated with being such a state.

7.2 The nuclear agreement could become the basis for effecting a broader strategic alliance. However, there will be a lot of domestic opposition to this in India. The government has to particularly contend with obstruction from the Left parties on whose support it depends.

7.3 The deal could encourage other countries to conclude that it pays to defy the NPT although India would be averse to being labelled as a norm-breaker. The only reason that such a label will not stick is because the nuclear deal is an acknowledgement and even a reward for India's scrupulous record on maintaining strict controls on its nuclear technology and safeguarding its nuclear programme for the past three decades.

7.4 In very broad terms, unless there is a repetition of what happened in the 1960s, when the US and India came very close only to drift far apart, it would be correct to say that a major change in international relations has just been formalized by the Indo-US accord. The US President ended his trip on a euphoric note by affirming that the partnership between his country and India has the power to transform the world.