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INDO-US STRATEGIC PARTNERSHIP: IMPLICATIONS FOR SOUTH ASIA

Abstract

Over the last couple of years, the relations between the US and India have witnessed a number of significant developments. Perhaps, the most remarkable among these are the Next Steps in Strategic Partnership (NSSP) of 2004 and the civilian nuclear agreement of 2006. The end of the Cold War, the post 9/11 developments, the rise of Asian powers, and the convergence of mutual interests have brought a great opportunity for both the countries to strengthen their bilateral relations. The new relationship will help accelerate India's rise as a major power in the regional and global arena. Thus, the new Indo-US 'strategic partnership' introduces a new dimension in South Asia. It is in this backdrop, the main thrust of the paper will be to examine the major areas of Indo-US cooperation. It will also discuss the regional and extra-regional implications of Indo-US strategic partnership for the South Asian countries.

1. Introduction

Indo-US relations are undergoing a remarkable transformation. A sequence of developments of global significance, namely, the demise of the Soviet Union and the end of the Cold War, the

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emergence of a unipolar world, the process of globalisation, the ongoing war on terror and concomitant response of the US and India to these, and related developments have effectively eroded the old stereotypes that characterised Indo-US relations. With the end of the Cold War, the Non-Aligned Movement (NAM) has lost much of its relevance and dynamism. Russia, the successor state to the Soviet Union is no longer capable or willing to respond to the politico-economic or security requirements of India. All these have increased the significance of the US in pursuit of India's regional and global ambitions. The same factors coupled with the potential rise of China and the emerging partnership between Russia and China significantly increased the importance of India in the US policy towards South Asia and beyond. While Pakistan still remains an important ally of the US in the ongoing war on terror, India's importance significantly outweighs that of Pakistan.

In the light of the above, Indo-US relations are taking the shape of a strategic partnership embracing almost all aspects of inter-state relations. Nonetheless, the nature and magnitude of these relations are far from being clear. These relations have also raised a number of questions of regional as well as global significance and are being widely discussed by the academia, media and concerned professional circles. These questions pertain to Indo-US relations as well as their impact on a host of actors in regional politics, like, Pakistan and other South Asian countries, China, Russia and others, and involve a number of issues of significant politico-strategic as well as economic importance.

It is in this backdrop that the paper intends to deal with Indo-US relations and their implications for the region and beyond. The paper is divided into five sections. While this Introduction constitutes Section One of the paper, Section Two is a brief historical overview of Indo-US relations. Section Three sheds some lights on the reciprocal interests of India and the US in the changing world scenario. Section Four analyses the areas of significant importance in Indo-US relations. Section Five evaluates implications of Indo-US strategic partnership for the region and beyond. Finally, an attempt is made to project an outlook for the future.

2. Indo-US Relations: An Overview

The history of Indo-US relations is more than half a century old. In 1950s and 1960s, the US provided India with technical assistance for 'green revolution' and fuel for its first nuclear plant at Tarapur.¹ Also the anti-China sentiments partly influenced India and the US towards scientific and technological cooperation. During the Sino-Indian War in 1962, the US offered military assistance to India and the US Central Intelligence Agency (CIA) helped India to establish a professional intelligence service.² Technological assistances of the US towards India, particularly in the field of agriculture and nuclear issues, were means of influencing New Delhi's hidden nuclear-weapon ambitions.

However, India's desire for self-reliance motivated it to join NAM with Indonesia, Egypt, Yugoslavia and other developing countries. At the same time, the nation was dependent on the former Soviet Union in terms of military equipments. Moreover, a series of developments frustrated the Indo-US relations. For example, India's refusal to sign the Nuclear Non-Proliferation Treaty (NPT) in 1968, Nixon administration's support to Pakistan during the Indo-Pak war of 1971 and India's nuclear test in 1974.³ Nevertheless, the cooperation in the area of technology and agriculture continued up to 1970s.⁴ During 1980s, the Soviet intervention in Afghanistan, and the Carter and Regan administration's offer of military assistance to Pakistan adversely affected Indo-US political relations. But, at the same time, the US became India's largest trading partner, particularly in high-technology categories—electronics, computers, and telecommunication equipments.⁵ The dominant role of the US in

¹ Richard P. Cronin, "South Asia: U.S. Interests and Policy Issues", *CRS Issue Brief*, 12 February 1993.

² Waheguru Pal Singh Sidhu, "Enhancing Indo-US Strategic Cooperation", *Adelphi Paper 313*, International Institute for Strategic Studies, UK, 1997, p.37

³ *Ibid*, p.38.

⁴ The cooperation between the two in agriculture and technology ended in 1980s, but cooperation in space technology continued.

⁵ "India-US Economic Relations", Embassy of India in USA, available at: <http://www.indianembassy.org/Economy/economy.htm#U.S.%20investments%20in%20India>, accessed on 18 February 2007.

supplying high technology was made possible by the Reagan-Gandhi Science and Technology Initiative (STI) in 1982—which dealt with civil equipment—and a 1984 Memorandum of Understanding (MOU) on Sensitive Technologies, Commodities, and Information, that dealt with military equipment. In 1981, the North-South Economic Summit in Cancun (Mexico) paved the way for deepening Indo-US interactions, which were continued till the era of Rajiv Gandhi. In this respect, the end of the Cold War era inaugurated new changes in bilateral issues of India and the US. The evolution of the global strategic framework and the influence of financial issues generated a new understanding between two countries for strengthening their bilateral relations. Apart from these, the emerging China and the issues of international terrorism have created convergence of interests between India and the US for forging a strategic partnership including a nuclear deal.

3. Indo-US Reciprocal Interests

The ongoing process of strengthening relations between India and the US is motivated by a host of mutual interests of political, economic, and military-strategic nature.⁶ In this respect, the US has larger strategic interests in India in different spheres. Firstly, the issue of rising China has become an issue of serious concern to the US foreign policy.⁷ The US considers China as a potential threat to its lone super power status in the contemporary world. In this respect, the US perceives that a stronger India will help to contain China.⁸ Secondly, both countries are facing threats from international terrorism. The US expects that India will be a strong supporter of the US in the global war against terrorism, which will also help the US to work closely with India on the issues of terrorism in South Asian

⁶ R. Nicholas Burns, “America’s Strategic Opportunity with India: The New US-India Partnership”, *Foreign Affairs*, November/December 2007.

⁷ Ahmed Ijaz Malik, “US-India convergence of interests: Challenges for Pakistan”, *National Development and Security*, Vol.X, No.2, Serial No.38, Winter 2001/02, p.66.

⁸ Dr. Rashid Ahmad Khan, “Indo-US nuclear deal: Implications for the region”, *IPRI Journal*, Winter 2007, Vol.VII, No.1.

region as well as in the international arena.⁹ Thirdly, India and the US have common political, strategic and energy interests in South and Central Asia. Hence, the US believes that a partnership with India will make it easier for the US to exploit her interests in the region. Fourthly, India has a larger market compared to other countries of the region and the US does not want to lose such a huge market. Fifthly, energy is a driving force towards forging any relations in the contemporary world. The US feels that India will be one of the reliable partners to ensure energy security for the days to come.¹⁰ Sixthly, it is viewed that the relationship between India and Israel has influenced the development of the Indo-US strategic partnership.¹¹

On the other hand, India considers that a strategic partnership with the US will fulfil India's multidimensional strategic vision in the regional level as well as in the international arena. Firstly, India considers that it does not enjoy a status in the international arena befitting to a nuclear power. Hence, India hopes that its strategic partnership and nuclear deal with the US would give it the desired status as a nuclear power. Secondly, India's ever growing demand for energy influenced it towards forging the strategic partnership with the US. India is currently the world's sixth largest energy consumer, with more than half of its electricity production based upon coal.¹² In 2003, India produced 33 million tons of crude oil; it

⁹ Richard A. Boucher, "The United States and South Asia: An expanding agenda", US Department of State, 17 May 2006, available at: <http://www.state.gov/p/sca/rls/rm/2006/66374.htm>, accessed on 8 January 2007

¹⁰ Indo-US Joint Statement, March 2006, The White House, available at: <http://www.whitehouse.gov/news/releases/2006/03/20060302-5.html>, accessed on 10 January 2007.

¹¹ Harsh V Pant, "India-Israel Partnership: Convergence and Constraints", *The Middle East Review of International Affairs (MERIA)*, Vol.8, No.4, December 2004.

¹² Peter M. Lamb, "The Indian Electricity Market: Country Study and Investment Context," Program on Energy and Sustaining Development, Stanford University, Working Paper, No.48, 16 April 2005, (updated 2006) available at http://iis-db.stanford.edu/pubs/20975/India_Country_Study__UPDATE.pdf, accessed on 18 May 2006.

imported 90 million tons or 73 percent of its total requirement of 123 million tons.¹³ Some analysts believe that by 2020, India may become the fourth largest consumer of oil, following only the United States, China and Japan.¹⁴ In this respect, India expects that its strategic partnership with the US will help to satisfy its rapidly increasing energy needs, since the larger part of world's energy resources are either directly or indirectly remain under the US control. Thirdly, the partnership with the lone super power will increase India's influence in the region as well as in the international arena.¹⁵ Fourthly, a close partnership with the US would increase India's manoeuvrability vis-à-vis the Kashmir issue. Fifthly, though India is gradually improving its relations with China, the two countries have a number of outstanding issues. India expects that her partnership with the US will prevent China from following a confrontational course. Sixthly, India is trying to upgrade its international stature through acquiring a permanent seat in the United Nations Security Council. For this, the support of the US is indispensable. Seventhly, India's technological and economic drive at home and its persistent efforts at penetrating the markets of the developed countries are also pushing India to develop mutually beneficial scientific and technological as well as economic relations with the US.

4. Indo-US Co-operation: Areas of Significant Importance

The US and India agreed to expand their bilateral cooperation in three specific areas in January 2004: civilian nuclear activities, civilian space programmes and high-technology trade.¹⁶ In addition, the two countries agreed to expand dialogue on missile defence.

¹³ "IEA Energy Statistics, Oil in India in 2003", cited in C. Christine Fair, Indo-Iranian Ties: Thicker than Oil, *The Middle East Review of International Affairs (MERIA)*, Vol.2, No.1, March 2007.

¹⁴ Saikat Neogi, "Oil Diplomacy Beyond Tehran," *The Hindustan Times*, 5 February 2006.

¹⁵ George Perkovich, "Is India a Major Power?", *The Washington Quarterly*, Vol.27, No.1 Winter 2003-04, pp.129-44.

¹⁶ United States-India Joint Statement on Next Steps in Strategic Partnership, The US State Department, 17 September 2004, available at: <http://www.state.gov/r/pa/prs/ps/2004/36290.htm>, accessed on 6 January 2007.

They formulated the progress of cooperation through a series of reciprocal steps, called 'Next Steps in Strategic Partnership (NSSP)'. After declaring the NSSP, President Bush said:

"The proposed cooperation will progress through a series of reciprocal steps that will build on each other. It will include expanded engagement on nuclear regulatory and safety issues and missile defence, ways to enhance cooperation in peaceful uses of space technology, and steps to create the appropriate environment for successful high technology commerce. In order to combat the proliferation of weapons of mass destruction, relevant laws, regulations, and procedures will be strengthened, and measures to increase bilateral and international cooperation in this area will be employed."¹⁷

Since the signing of the NSSP, both countries have been increasing their relationship in this respect. The first step in NSSP was completed in September 2004. Since then, the US approval rates on giving licences to Indian entities for dual-use technology have been significantly increased. As a result, in 2004, out of 1000 Indian entities' applications, 912 got licences and the trade in dual-use technology jumped from US\$ 57 million in 2003 to US \$90 million in 2004.¹⁸ Between October 2004 to January 2005, 176 applications for high-end dual-purpose technology were approved out of 185.¹⁹ In addition, the NSSP gave a new framework for Indo-US cooperation in different sectors.

Nuclear and Security Deal

The issue of nuclear deal is the core of Indo-US strategic partnership. It introduced a deep-seated change in Indo-US relationship. During his historic visit to India in March 2006, President Bush said to the reporters, "I have been received in many capitals around the world but I have never seen a reception as well-organized or as grand." During the visit, on 2 March 2006, India and

¹⁷ President Bush's Statement on Strategic Partnership with India, *White House Press Release*, 12 January 2004.

¹⁸ Dr, Mavara Inayat, "US-India Strategic Partnership: Implications for Asia and Beyond", *Regional Studies*, Vol-XXXIV, No.2, Spring 2006, p.10.

¹⁹ *Ibid.*

the US signed a nuclear deal. In the agreement, the US expressed willingness to provide India with nuclear technology and fuel. President Bush has made it clear that he intended to sell the deal as part of his government's energy security plan. He also highlighted the importance of India in the US strategic calculus. It needs to be noted here that the nuclear deal with India will fulfil the US demand for fossil fuels and it will ensure lower gasoline prices for the US consumers. However, there has been a lot of confusion regarding whether the US Congress would approve the Indo-US nuclear deal, since India is not a signatory to the NPT. Meanwhile, the US Congress approved the Indo-US nuclear deal on 16 November 2006²⁰ and, thus, all confusions about the deal have been removed.²¹ The Section 108 of the bill regarding the nuclear deal directs the President to keep the appropriate congressional committees fully informed of any significant nuclear activities of India.²² The decision of the US Congress has created a new direction for the Indo-US nuclear deal. After signing the legislation on 18 December 2006, President Bush stated, "I appreciate the Senate's leadership on this important legislation and look forward to signing this bill into law soon."²³ The US Secretary of State Condoleezza Rice projected the deal as "the first fundamental pillar" of Indo-US relations.²⁴

On 27 July 2007, both the countries completed "123 Agreement" designed to remove longstanding US and international nuclear trade restrictions on India. The agreement needs to be approved by the parliament of both the countries before it could be implemented. Meanwhile, a debate on the agreement is going on in both the countries. Some US scholars think that the relaxation of the non-proliferation laws for India as an exception outside the NPT framework would weaken the fundamental goal of US non-

²⁰ House of Representative Bill no. 5682 as amended.

²¹ The house of representative passed the bill with an overwhelming majority of 359-68, the Senate Foreign Relations Committee passed the bill by a 16-2 margin, and the Senate had passed the bill with 85 votes in favour and 12 against it.

²² Henry J. Hyde United States-India Peaceful Atomic Energy Cooperation Act of 2006.

²³ *Dawn*, 18 November 2006.

²⁴ Statement of Condoleezza Rice, US Chamber of Commerce, 27 June 2007.

proliferation policy, namely, the prevention of the spread of nuclear weapons beyond the five recognised nuclear weapon states under the NPT.²⁵ But regarding the matter, the US president said, “We would not assist India’s nuclear weapons program, but we would help India construct new power plants and would provide it with the latest nuclear fuel and technology to run them.”²⁶

On the other hand, the leftist political parties in India felt a kind of ideological compulsion to oppose the steps taken by India to improve its relations with the US.²⁷ Thus, the deal has been criticised by the leftist political parties.²⁸ The opposition *Bharatiya Janata Party (BJP)* is also opposing the Indo-US nuclear deal, though BJP has initiated the improvement in Indo-US relations when it was in power. BJP thinks that the International Atomic Energy Agency (IAEA) safeguard will weaken the nuclear potential of India. The former Minister for External Affairs of India, Yaswant Sinha, claimed that the purpose of the deal was to impose conditionalities on India that were worse than those in NPT and Comprehensive Test Ban Treaty (CTBT). The sole objective of the deal was to cap India’s nuclear weapon program.²⁹ The criticism on the part of the opposition parties, leftist as well as rightist, is far from being purposeful and also lacks conviction. Hence, such criticism is unlikely to hamper the Indo-US cooperation on nuclear issues.

In addition to the nuclear deal, both the countries are committed to a comprehensive cooperative effort to ensure common strategic and security interests. Both are expanding the scope of joint cooperation on counterterrorism, including work on bioterrorism and

²⁵ Rajesh Kumar Mishra, “Indo-US Nuclear Deal and Non-Proliferation”, *Strategic Analysis*, Vol.29, No.4, Oct-Dec 2005.

²⁶ R Nicholas Burns, *op. cit.*

²⁷ PR Chari, “Indo-US Nuclear Deal: Unending Drama in Many Acts”, *IPCS Issue Brief*, Institute of Peace and Conflict Studies (IPCS), January 2007.

²⁸ M. J. Akbar, “Indo-US Nuclear Deal”, *Arab News*, 19 August 2007, available at: <http://www.arabnews.com/?page=7§ion=0&article=100096&d=19&m=8&y=2007>, accessed on 25 February 2008.

²⁹ Dr. Rashid Ahmad Khan, “Indo-US Nuclear Deal: Implications for the Region”, *IPRI Journal*, Winter 2007, Vol.VII, No.1.

cyber security. They agreed to sign an agreement to facilitate mutual logistic support during combined training, exercises and disaster relief operations. The US reaffirmed its goal to help for meeting India's defence needs and to provide the important technologies and capabilities that India seeks. Both the countries support the efforts to limit the spread of enrichment and reprocessing technologies and also support the conclusion of a Fissile Material Cut-off Treaty.

Cooperation in Socio-economic Sectors

During Indian Prime Minister Monmohan Singh's visit to the US, on 18 July 2005, both the countries concluded a number of agreements to foster closer cooperation on a wide variety of areas. They have decided to form US-India Chief Executive Officers (CEOs) Forum,³⁰ comprising selected CEOs from both countries, with a mandate to develop a roadmap for increased partnership and cooperation between the two countries at business level.³¹ This CEO forum has defined six priority areas for economic cooperation:³²

- Promotion of trade and industry
- Creation of infrastructure development fund
- Promotion of technology in agriculture, biotechnology and nanotechnology
- Partnership in skills development
- Set up an Indo-US centre for industrial issues
- Establish a dispute resolution mechanism

This CEO forum decided to cooperate in physical infrastructural development, energy security, human resource development, technology exchange, trade and industry promotion, and intellectual

³⁰ Indo-US Joint Statement, 18 July 2006.

³¹ "US-India Economic Partnership", US India CEO Forum, March 2006, available at: <http://planningcommission.nic.in/reports/genrep/USIndia.pdf>, accessed on: 7 January 2007

³² *SPAN*, Vol.XLVII, No.2, March/April 2006, available at: <http://usembassy.state.gov/posts/in1/wwwhspmarapr064.html>, accessed on: 7 January 2007

property protections.³³ They also decided to cooperate in job creation and economic growth; support economic reform and liberalization; develop a bilateral business climate congenial to trade and investment; and improve market access for goods and services. They agreed that trade is essential to promote global economic growth, development, freedom and prosperity. They launched the knowledge initiative on agriculture to link universities, technical institutions, and businesses to support education, research and capacity-building projects.³⁴

Both the countries are working together to support the creation of innovative, dynamic, knowledge-based economies. The US is funding Intellectual Property Rights (IPR) training programs to strengthen enforcement and patent examination. As a vibrant IPR regime, it is very important to promote a creative and technologically advanced economy. India and the US also established a Bi-National Science and Technology Commission to generate collaborative partnership in science and technology.³⁵ They have agreed to continue exploring further cooperation in civil space, including areas such as space exploration, satellite navigation, and earth science. In addition, agreements are in the way that will allow for the launching of US satellites and satellites containing US components by Indian launch vehicles.³⁶ India and the US have also agreed to enhance joint activities in space cooperation including in-space navigation and in the commercial space arena. There is a US-India Joint Working Group on Civil Space Cooperation that considers joint activities.³⁷

Both the countries are also working together to meet India's rising demand for energy by looking at new technologies to produce

³³ "US-India Economic Partnership", US India CEO Forum, *op. cit.*

³⁴ US-India joint statement, *White House press release*, 2 March 2006.

³⁵ "India-US Consolidating Strategic Partnership", *India Review*, Embassy of India, Washington D. C., Vol.2, Issue.3, March 2006.

³⁶ Fact Sheet: United States and India: Strategic Partnership, *The White House Press Release*, 2 March 2006.

³⁷ "India-U.S. Relations: A General Overview", Embassy of India, Washington DC, available at: http://www.indianembassy.org/New_Template/induspoldec05.asp, accessed on: 7 January 2007

clean, safe, and reliable energy.³⁸ India has joined with the US, Russia, the European Union (EU), Japan, the Republic of Korea and China in the International Thermonuclear Experimental Reactor (ITER). The US and India, together with Australia, China, Japan and the Republic of Korea, agreed to work on practical ways to improve energy security, improve air quality, and reduce greenhouse gas emissions in the ways that foster economic growth. In the G-8 Summit of 2007, the US President reiterated the importance of India for dealing with environmental issues.

The US and India are cooperating to expand efforts at combating and preventing HIV/AIDS. They also agreed to expand bilateral cooperation in a number of areas including containing avian influenza, reaching out the private sector, developing regional communications strategies, and planning an in-region containment and response exercise. President Bush and Prime Minister Singh agreed to further strengthen cooperation on HIV/AIDS by leveraging resources, knowledge, and expertise. The US increased funding in FY2006 for HIV/AIDS prevention, care, and treatment programmes to US \$29.3 million.³⁹ They established an Indo-US Corporate Sector Fund for HIV/AIDS, which is a partnership among the US and Indian businesses to fight AIDS. Six companies have already pledged a total of US \$1.2 million to the Fund.⁴⁰ The US Food and Drug Administration have given approval to 13 generic antiretroviral drugs produced by Indian pharmaceutical companies. These drugs can now be purchased as part of the President's Emergency Plan for HIV/AIDS for the use around the world.

Based on their common values and interests, the US and India have affirmed their joint commitment to promote freedom and democracy, and assist the countries in transition.⁴¹ They agreed to work together to support the growth and development of vibrant civil societies, including independent media and non-governmental organizations in countries that seek such assistance. The US policy

³⁸ Indo-US Joint Statement, Washington DC, 18 July 2005, *IPRI FACTFILE*, April 2006, Vol.VIII, No.4.

³⁹ Fact sheet: United States and India: Strategic Partnership, *op. cit.*

⁴⁰ *Ibid*

⁴¹ Indo-US Joint Statement, Washington DC, 18 July 2005, *IPRI FACTFILE*, April 2006, Vol.VIII, No. 4.

makers consider India as a dependable one for its democratic identity. Both countries feel some sort of similarity in this regard. On the other hand, Indian Diaspora in the US has forged a high forum of two level consultations between India and the US. The business communities of both countries are also playing an influential role in this respect. Hence, both the countries are expanding their partnership in different aspects of bilateral cooperation.

5. Implications for South Asia and Beyond

The US has become the most influential power in South Asia in the post-Cold War period.⁴² Hence, it is not too much to say that the US policy towards South Asia affects all the vital issues of the region. Therefore, the governments of the countries of this region have been eager to have a good relationship with the US. However, because of India's unmistakable preeminence in the region, the US has given more priority to India in its South Asian policy.⁴³ As a result, the bilateral relationship between India and Pakistan has also been affected.⁴⁴ The international community including Japan, South Korea, China, the EU, and Iran, has become more interested in fostering their relations with India.

However, the Indo-US partnership has impact on the following issues: Firstly, the stature of India has further been elevated in the regional and international arena. Secondly, Pakistan became anxious about the US policy towards the region. Thirdly, this partnership becomes a great concern for Kashmiri people, who are fighting for their autonomy. They are afraid that the Indo-US partnership could damage their legitimate demand. Fourthly, it increased the US engagement in South Asia. Fifthly, the small countries of South Asia are concerned that this partnership could affect their relationship with India and the US. Sixthly, Indo-US partnership could make other extra regional powers more interested in South Asia. What follows is a discussion on regional and extra regional implications of Indo-US partnership.

⁴² *Ibid*

⁴³ *Ibid*

⁴⁴ Ahmed Ijaz Malik, *op. cit.*

Regional Implications

The US nuclear deal with India and its denial to sign such a deal with Pakistan indicates that the US has changed its policy in South Asia. The US deal with a country which did not sign the NPT created questions about the future of NPT. It may encourage other countries, especially Pakistan, for further development of nuclear weapons.⁴⁵ In addition, the US termed India as “a responsible state with advanced nuclear technology.”⁴⁶ US recognition to India as a nuclear power will help India to use advanced nuclear technology.⁴⁷ Pakistan openly expressed willingness for nuclear deal with the US.⁴⁸ Pakistan’s Ambassador to the United States said that Pakistan “should have the same access to the US civilian nuclear technology that President Bush has proposed for India.”⁴⁹ However, there was no positive response from the US.

India, on the other hand, is aspiring to be a global power in the coming days. As Raja Mohan noted, “India is arriving on the world stage as the first large, economically powerful, culturally vibrant, multiethnic, multi-religious democracy outside of the geographic West. As it rises, India has the potential to become a leading member of the “political West” and to play a key role in the great political struggles of the next decades.”⁵⁰ The strategic partnership with the US has already elevated the stature of India in the world arena.

For ensuring economic prosperity of South Asia, regional stability is very important. The stability of South Asia depends on the substantive confidence and security building measures in the

⁴⁵ Rashid Ahmad Khan, “Indo-US Nuclear Deal: Implications for the Region”, *op.cit.*

⁴⁶ K. Alan Kronstadt, CRS report for congress: US-India bilateral agreement in 2005, *IPRI FACTFILE*, April 2006, Vol. VIII, No. 4.

⁴⁷ Strobe Talbott, “Good day for India, Bad for Non-proliferation”, *Daily Times*, 25 July 2005.

⁴⁸ Dr. Rashid Ahmad Khan, “Indo-US Nuclear Deal: Implications for the Region”, *op.cit.*

⁴⁹ “Give Pakistan civilian nuclear technology”, Editorial, *Daily Times*, 10 September 2005.

⁵⁰ C Raja Mohan, “India and the Balance of Power”, *Foreign Affairs*, July-August 2006.

region.⁵¹ Due to China's neutral position relating to the issues of South Asia and the US willingness to ensure stability might create a new confidence-building mechanism in the region.⁵² The Indo-US partnership also implies that India will get the first priority for any US engagement in the region. On the issue of energy generation, the US chose only India as a partner, while denying Pakistan the same privilege. After the Indo-US nuclear deal, the US Assistant Secretary of State for South and Central Asia, Richard Boucher said, "Our energy dialogue with Pakistan is going to differ from our energy discussions with India. One should not expect that (Pakistan's) energy needs would be meeting the same way, given different geography, different history, and different resource base."⁵³ Another US official Samuel Bodman said, "Our strategic partnership with Pakistan does not include discussion on civilian nuclear energy. It was not at all the subject of my discussions with the Pakistani authorities."⁵⁴ The policy shift by the US has influenced the policy of the US allies (Japan, UK, and EU) and potential competitors (China, Russia, and Iran). All these powers give priority to India in their South Asian policy.

Furthermore, the partnership with the US will ensure a new status for India in the international arena. It will ensure India's more active role in the international organisations. India could have the opportunity to play a more important role in the UN. India's more engagement in the international arena will ensure enhanced economic and strategic standing of the country. From a strategic point of view, India could be a more active global player. On the other hand, from an economic perspective, India will be economically more beneficial. India is one of the largest markets in the world. Therefore, its warm relations with the US can influence international community to engage with India in terms of trade and economic relations.

⁵¹ Shireen M Marzari, "From non-proliferation to nuclear stability: The case of South Asia", *Defence Journal*, March 2000.

⁵² Noor ul Haq, "Unipolarism and Pak-US relations", *IPRI Journal*, Winter 2006, Vol.VI, No.1.

⁵³ *Dawn*, 13 March 2006.

⁵⁴ *Ibid.*

India is the largest democracy in the world. In view of some US policy makers, this generates a kind of US responsibility for engaging herself with India.⁵⁵ Another important point, in this regard, the US perceives that the process of democratisation can ensure the stability and prosperity of a region.⁵⁶ This makes the US to act as a promoter of democracy at the global level. Therefore, the US is likely to promote a process of democratisation in South Asia. In this respect, the US may coordinate its activities in the region with India. Furthermore, the US also thinks that none of the democratic countries can be the hub of terrorism. Therefore, the issue of countering terrorist threat is dependent on democracy or lack of it. In this respect, the US will try to work with India for ensuring democratic process in South Asian countries.

The conflict over Kashmir has been the most dangerous one since the independence of India and Pakistan in 1947. The nuclear test in 1998 added a new dimension to the Kashmir issue. During the Cold War, the US and China supported Pakistan on Kashmir issue. By now, China has taken a neutral position on the issue.⁵⁷ On the other hand, the US has taken a neutral stand with a tilt towards India.⁵⁸ The position of China and the US would debilitate Pakistan's demand on Kashmir.

Pakistan is one of the important partners of the US in the global war against terrorism. But the US partnership with India has generated a serious concern in Pakistan. At the same time, Pakistan wants to continue its relations with the US for containing any threat from India. An important factor, Pakistan has developed a kind of dependency on the US on a wide number of issues.⁵⁹

⁵⁵ Indo-US joint Statement on 18 July 2005.

⁵⁶ Richard A. Boucher, "The United States and South Asia: An expanding agenda, U. S. Department of State", 17 May 2006, available at: <http://www.state.gov/p/sca/rls/rm/2006/66374.htm>, accessed on: 8 January 2007.

⁵⁷ Sun Shihai, "China-Indian Relations in the 21st Century", Institute of Asia-Pacific Studies, 7 September 2002, available at: <http://www.casapkcis.org.cn/ZuiXinCG/showcontent.asp?iD=32>, accessed on: 5 January 2007.

⁵⁸ *Dawn*, 25 February 2006.

⁵⁹ Annpurna Nautiyal, "Current Trends in India-U.S. Relations: Hopes for a Secure Future", *Strategic Insights*, Vol.V, Issue.4. (April 2006).

Extra Regional Implications

The strategic partnership between India and the US has become a significant concern for China.⁶⁰ China is being increasingly considered by the US as a potential threat to its interests at the regional as well as global level. President Bush said that the US must view China as a “strategic competitor” rather than “strategic partner” as the Clinton administration did.⁶¹ The US policy of containing China through strengthening India made China a potential partner of other South Asian countries. China, however, has assumed a neutral position regarding the issues of bilateral discord between India and Pakistan. During Chinese President’s last visit to India and Pakistan in 2006, China expressed its willingness for continuing a strong relationship with the countries of this region. China expressed eagerness for nuclear deal with India.⁶² Chinese President made it clear that Beijing does not consider Indo-China relations as a matter of political expediency, but considers it “from a strategic and long-term perspective.”⁶³ It seems that China does not want to involve itself in intra-regional discord and wants to contain the presence of the US in the region by strengthening its relations with all the countries of the region. It is relevant to clarify here that China is putting more emphasis on the issue of trade and energy cooperation in its dealings with the countries of the region. However, some observers are concerned that the Indo-US deal will encourage China for such a deal with Pakistan.⁶⁴ Nonetheless, China remains far from considering such a deal with Pakistan.

⁶⁰ Ms Uma Purushothaman, “Implications of the 123 Agreement on India’s Foreign Policy”, *Strategic Perspectives*, The United Service Institution of India, July-September 2007.

⁶¹ Noor ul Haq, *op. cit.*

⁶² B. Rahman, “India-China: Hype and Reality”, Part.II, China Monitor Paper no.2, Paper no. 2042, *South Asian Analysis Group*, 30 November 2006. available at: <http://www.saag.org/%5Cpapers21%5Cpaper2042.html>, accessed on: 22 December 2007

⁶³ Praful Bidwai, “New Turn in China-India relations?”, *Trans National Institute*, 5 December 2006, available at: http://www.tni.org/detail_page.phtml?act_id=16038&username=guest@tni.org&password=9999&publish=Y, accessed on: 22 February 2007

⁶⁴ US scholar Noam Chomsky gave such a view in Washington on 31 May 2007, as reported in *Dawn*, 1 June 2007.

On the other hand, the US considers that Shanghai Cooperation Organization (SCO) may pose a threat to the US interests in Central Asia.⁶⁵ Both India and Pakistan are the observers of the organisation. But the Indo-US nuclear deal created confusion among the countries of the SCO about India's future role in the region. The countries of the region are concerned about the growing Indo-US nuclear cooperation. In this respect, Pakistan will be more interested in membership in the SCO and China is also in favour of the inclusion of Pakistan in the SCO.⁶⁶ It may give an opportunity for Pakistan to counter India in the region. China may try to contain India under the psyche of the SCO. At the same time, China might think that the membership of India in the SCO would give an opportunity for the US to ensure its presence in the South and Central Asia through India. On the other hand, China also can think that the inclusion of India in SCO may help creating an Asian community in the region.⁶⁷

Indo-US partnership is also a challenge for Indo-Iranian relations. India and Iran has long-standing economic and cultural relations. According to Indian Ministry of External Affairs, India and Iran enjoy "historical ties."⁶⁸ In its most recent annual report, the Ministry claims, "The year 2004-2005 saw further deepening and consolidation of Indo-Iranian ties," with "increased momentum of high-level exchanges" and "institutional linkages between their National Security Councils."⁶⁹ Independent India and Iran maintained a relationship that could be characterised as being correct, despite Iran's close relations with Pakistan and its participation in the US-backed military alliances. India's emergence

⁶⁵ "Shanghai Cooperation Organization's Growing Influence Felt Worldwide", *JINSA Online*, 3 December 2006, available at <http://www.jinsa.org/articles/articles.html/function/view/categoryid/884/documentid/3607/history/3,2360,884,3607>, accessed on 3 March 2008.

⁶⁶ *Peoples Daily*, 5 June 2005.

⁶⁷ Bhartendu Kumar Singh, "India, China and the Prospects of Asian Economic Community", Institute of Peace and Conflict Studies (IPCS), India, 21 August 2007, available at: http://www.ipcs.org/South_Asia_articles2.jsp?action=showView&kValue=2375&country=1016&status=article&mod=a, accessed on: 3 March 2008.

⁶⁸ K. Alan Kronstadt and Kenneth Katzman, "India-Iran Relations and U.S. Interests," *CRS Report for Congress RS22486*, 2 August 2006.

⁶⁹ *Ibid.*

as a predominant power in South Asia after the independence of Bangladesh in 1971 and the unprecedented upsurge in oil prices resulted in economic cooperation between India and Iran. The Islamic revolution in Iran in 1979 and consequential severe deterioration in Iran-US relations generated a significant urge in Iran for improving relations with India, which also had a close collaboration with Iran's arch enemy Iraq. The Soviet withdrawal from Afghanistan and the subsequent emergence of Taliban as the rulers of Afghanistan have put India and Iran on sharp alert. Deterioration of Iranian relations with Pakistan and the convergence of Indo-Iranian interests concerning Afghanistan and Central Asia have gradually cemented a mutually beneficial multifaceted relationship between Iran and India.⁷⁰ During the last decade, the region's changing milieu strengthened this relationship in the field of security, energy, scientific and technical cooperation, defence and a number of other areas.⁷¹ But the latest role of India in the International Atomic Energy Agency (IAEA) on the issue of Iran created certain misgivings in the bilateral relations of the two countries.⁷² Indian officials, however, explained their decision in terms of helping to devise diplomatic solution to the impasse and encouraging the concerned parties to eschew confrontation and inflexibility.⁷³

India needs friendship and cooperation with Iran for many reasons including energy security, access to Central Asia and Afghanistan, and stability in the Gulf. Indian and Iranian strategic planners might be worried about the massive US military presence that will be a long-term one in the Gulf region, Afghanistan, Pakistan and Central Asia. On the other hand, the reconciliation of Pak-Iran relations indicates that Iran wants to engage herself with the South Asian countries.⁷⁴ Furthermore, the observer status of Iran in SAARC generated speculations that Iran could also be a player in

⁷⁰ Harsh V. Pant, "India and Iran: An Axis in the Making?", *Asian Survey*, May-June 2004, Vol.44, No.3, pp.369-383.

⁷¹ C. Christine Fair, *op.cit.*

⁷² *Ibid.*

⁷³ *The Telegraph*, 25 September 2006.

⁷⁴ Shah Alam, "Iran-Pakistan Relations: Political and Strategic Dimensions", *Strategic Analysis*, Vol.28, No.4, 2004.

South Asia. However, the issue of tri-nation pipeline may decide the future direction of Iran's engagement with South Asia.⁷⁵

The Indo-US partnership has made Israel more interested in promoting bilateral relations with India. India and Israel have already established a closer relationship.⁷⁶ During the Cold War period, India was totally against Israeli aggression against the Arab countries. The Nehruvian foreign policy was against the "Zionist country Israel." At present, India is developing calculated relations with Israel. Both countries think that they are surrounded by the enemy countries, which are the hub of Islamic terrorists. Israel has also played an influential role for developing Indo-US relations. Both countries already decided to have cooperation in exchanging intelligence information.⁷⁷ Indo-US strategic partnership as well would contribute to the strengthening of bilateral relations between India and Israel. It will also increase Israeli influence in South Asia region. In this respect, Pakistan already expressed its willingness for establishing relations with Israel.⁷⁸ Thus, other countries, especially, the Muslim countries of South Asia, Southeast Asia or other regions could re-examine their relations with Israel.

The Middle East has close religious and historic relations with the countries of South Asia. One of the greatest religions Islam came from Middle East to South Asia. As Muslim countries, Bangladesh and Pakistan, are always maintaining historic relations with the countries of the Middle East region. India also has close economic relations with all the countries of the region. The larger chunk of India's oil comes from the Middle East.⁷⁹ India, on several occasions, expressed its willingness to be a member of the Organization of the Islamic Conference (OIC) on the ground of a very large Muslim population in India. While it is not yet clear how

⁷⁵ Ingolf Kiesow, "The rise of India: Problems and Opportunities", *Silk Road Papers*, January 2007, Central Asia-Caucasus Institute & Silk Road Studies Program, Johns Hopkins University, Washington, available at: <http://www.silkroadstudies.org/new/docs/Silkroadpapers/2007/0701India.pdf>, accessed on 3 March 2008.

⁷⁶ Noor ul Haq, *op. cit.*

⁷⁷ B. Murlidhar Reddy, "Pak concern over 'Indo-Israeli nexus,'" *The Hindu*, 9 September 2003.

⁷⁸ Syed Saleem Shahzad, "Pakistan seeks relief through Israel ties", *Asian Times*, 17 March 2005.

⁷⁹ Chintamani Mahapatra, *Indo-US Relations into the 21st Century*, (Knowledge World, New Delhi: 1998), p.112.

far India would go in its current drive for the development of mutually beneficial cooperation with Israel, India's increasing cooperation with Israel may have certain negative impact on India's relations with the Middle East.

6. Concluding Remarks

The end of the Cold War and post 9/11 developments brought a significant change in the US policy towards South Asia. In the changed context, Asia has become a significant centre of great power competition. China, India and Japan are the rising major powers in Asia. The US has maintained a strong alliance relationship with Japan when China has become a potential threat to the US interests in Asia. Under the circumstances, the US came to embrace India, a democratic country with the second largest army in the world, as an important ally. India has also been considered as a natural ally of the US in its war against terrorism as India often claims that it is also a victim of terrorism in Kashmir. South Asia is closely located to the Middle East and Central Asia, two energy-rich regions. The Indo-US strategic partnership, among others, is also designed to secure access to the energy resources of the two regions.

On the other hand, India considers that a strong partnership with the US would help it promote its status in the international arena. The partnership will ensure India's predominant position in South Asia. India will get more economic and technological assistance from the US. The partnership may also be able to ensure energy security and defend its own land from the threat of terrorism. Therefore, a new strategic vision influenced both the countries for forging cooperation in different areas including technology, trade, energy, counter terrorism and so on. They also agreed to cooperate on the regional and international issues of mutual concern.

The strategic relations have introduced a new dimension in South Asia. Pakistan, the oldest ally of the US in South Asia, is concerned about the new US policy in the region. Pakistan fears that the Indo-US partnership could damage its vital national and regional interests. The strategic partnership has both positive and negative implications for the smaller South Asian countries. They are concerned that India's close relations with the lone super power would make India to be more dominant in the region. As a positive impact, Indo-US partnership, especially, huge trade and economic activities between the two countries can also bring similar opportunities for the smaller countries of the region.