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**CENTRE FOR ADVANCED STRATEGIC STUDIES**

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**PROCEEDINGS OF SEMINAR**

**ON**

**INDO-US RELATIONS : THE CHANGING PERSPECTIVE**

22nd October, 2008

## CONTENTS

Item		Page
Background Paper		2
Proceedings Of The Seminar		5
Welcome By Director	: Air Marshal (Retd) S. Kulkarni	9
Session I- Chairman	Background To Indo-us Relations : Shri MK Mangalmurti, IFS (Retd)	10
Main Speaker	: Shri Lalit Mansingh, IFS (Retd), New Delhi	
Session II Chairman	: A Strategic Perspective : Admiral (Retd) JG Nadkarni, Former Chief Of The Naval Staff	22
Main Speaker	: Dr. Bharat Karnad, Professor In National Security Studies, Centre For Policy Research, New Delhi	
Session III Chairman	Civil Nuclear Deal Cooperation In Global Terrorism : Lt Gen (Retd) RK Navavatty	28
Main Speakers	: Dr. AN Prasad, Former Director, Bhabha Atomic Research Centre Shri V. Balachandran, IPS (Retd), Former Special Secretary, Cabinet Secretariat, Govt. Of India	
Session IV Chairman	Indo-US Economic Relations : Lt Gen (Retd) A. Mukherjee	42
Main Speaker	: Shri RK Chopra, Secretary General, IACC, Mumbai	
Session V Chairman	General Discussion : Shri Prakash Shah, IFS (Retd)	51
List Of Participants	:	54

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**SEMINAR**  
**INDO-US RELATIONS : CHANGING PERSPECTIVE**

22nd October, 2008

(Venue : Yashwantrao Chavan Academy of Development Administration  
(YASHADA),Pune)

**BACKGROUND PAPER**

SG Chitnis

Before India became independent the US saw it through the British prism. In 1942, the US President Roosevelt wrote to Winston Churchill, the British Prime Minister to grant independence to India. After independence, it was seen as a poor performer and a Soviet surrogate during the cold war. The collapse of the Soviet Union coincided with the perception as Estranged Democracies. Pokhran II in 1998 resulted in strictures and imposing of rigorous sanctions targeting India to curb, roll back and eliminate its nuclear weapon capability. However it did generate quiet, unspoken respect and admiration for India's calibre and commitment to nuclear non-proliferation. India's performance in the information and space technology, its being the "largest democracy" and a huge potential market, and its march as a rising power has evoked universal respect and US special attention. Further the large Indian diaspora is influential.

That explains the 45 member Nuclear Suppliers Group voting to end nuclear sanctions on India and the signing and sealing of 123 agreement. The agreement not only ends India's nuclear isolation but opens up the doors for transfer of science and technology to India in many areas. At present there is a feeling of job well done in the country and also in the US about the signing and sealing of the 123 agreement. However, there are some very senior nuclear scientists, including some former Chairmen of the Atomic Energy Commission who have deep misgivings and believe that the Hyde Act compromises India's sovereignty and national security and that any nuclear test conducted by India in the future, even on considerations of national security would automatically result in stoppage of transfer of nuclear fuel and technology. The US officials explained that the provisions of Congressional Law would kick in only in the event of an Indian nuclear

test, that too after consideration of mitigating circumstances of the test. However, the Indian government's stand is that 123 bilateral agreement supercedes the clauses of Hyde Act. The US National Security Strategy announced in September, 2002 declared the right to resort to force to eliminate any perceived challenge to US global hegemony, which is to be permanent. In actual practice the US has every time given priority and prominence to hegemony over even to survival. Pressures for the ratification by India of the comprehensive Test Ban Treaty (CTBT) and the Fissile Material cut off Treaty (FMCT) are likely to build up in the near future. The seminar is expected to focus and throw light on the subject.

Since independence Indo-US relations have gone through various cycles of ups and downs. This has finally come of age and is all set to grow in economic technological and strategic terms. US relations with Pakistan were a major irritant in Indo-US relations. A growingly dysfunctional Pakistan has led to rethinking in US policy to decouple US relations with emerging India and Pakistan, to be governed by an objective assessment of the intrinsic value of each country to US interests.

With its large reservoir of scientific talent, management expertise and space research, India is seen by the US as a counter to China and also as a partner in monitoring and dealing with activities in the Indian Ocean. The US National Security Strategy (NSS) of March, 2006 states that "India is now poised to shoulder global obligations in cooperation with the US as befitting a major power". Joint military exercises appear to be becoming a regular reature.

IAF team, comprising 8 Sukhoi 30 MKI, multirole strike fighters, two IL-78 mid-air refuellers, one IL-76 heavy lift aircraft and about 250 air warriors successfully completed the Red Flag, an advanced aerial combat training exercise held at Nellis, Air Force base, Nevada from August 09 to August 22, 2008. USA, India, France and South Korea participated. US and Indian Navies conducted impromptu training exercises. Indian Navy has provided escort to US ships transitting through to Malacca straits as part of security relationship. US ground troops have also had training in Counter Insurgency and Jungle Warfare School in Mizoram. Special Forces from both countries have trained together for special operations in various types

of terrain. Joint Air and Naval exercises have become a regular feature.

Americans will elect a new president on 4th November, 2008. The Republican Party welcomes "America's new relationship with India including US-India civil nuclear accord" and alludes to common security concerns. The Democratic Party calls for, "deepening our ties with democratic partners like India. As two of the world's great, multi-ethnic democracies, the US and India are natural strategic allies, and we must work together to advance our common interests and combat the common threats of the 21st century".

Paul Krugman, the Noble Prize winner for 2008 for economics had warned the US Government in 2005 about the combined housing and credit bubble heading for a meltdown, which the US and consequently the world is facing now. US President announced a bounty of 700 billion dollars to counter the meltdown. The US has partially nationalized its banks pumping in 250 billion US dollars to top nine banks to restore confidence in markets, upturning fundamental free market beliefs about deregulation arising from a hands off capitalist approach. UK has announced 63 billion pounds to boost balance sheets of three largest banks. France, Germany and Italy have committed 1.1 trillion Euros for similar purpose. India too does get affected particularly due to its food security. India is a lowly 66th on Global Hunger Index (GHI) out of 88 countries according to the Index released by the International Food Policy Research Institute on 14 Oct.08. The leading indicators for the Index are prevalence of child malnutrition, rates of child mortality and the proportion of people who are calorie deficient. Environment pollution, food security and concluding of Doha round are likely to pose serious challenges. Americans will respect India only if it remains politically stable, economically dynamic, militarily strong and alert to guarding its national interests.

**PROCEEDINGS OF SEMINAR**  
**INDO-US RELATIONS : THE CHANGING PERSPECTIVE**

22nd October, 2008

(Venue : Yashwantrao Chavan Academy of Development Administration  
(YASHADA) New Auditorium, Baner Road, Pune)

The Seminar on "Indo-US Relations : The Changing Perspective" was scheduled to be held on 24 Sep.08. The Seminar subject being very topical and politically sensitive, some of the Main Speakers could not adhere to this date. The Seminar had to be postponed and it was held on 22 Oct.08 in the New Auditorium of Yashwantrao Chavan Academy of Development Administration (YASHADA). A background paper for the Seminar was made available to all the Seminar participants to enable their meaningful participation.

The first session on "Background to Indo-US Relations" was chaired by Shri MK Mangalmurti, IFS (Retd). After his opening remarks, Shri Lalit Mansingh, IFS (Retd) and former Foreign Secretary give a comprehensive overview of the US stance before India's independence, and soon after independence covering fifty wasted years. He stated that Pakistan cast the longest shadow in Indo-US relations. With the recognition of India's potential as a rising power centre and as an attractive strategic partner by the US think tanks, US business corporates and US politicians, Indo-US relations appear to be on the mend and towards rapprochement. Military cooperation has increased manifold through joint training and joint war exercises.

He felt that India needs to engage the US for a variety of solid reasons and that Indo-US strategic relationship is now irreversible. However, he expressed that the US appears determined to bring India into its fold in respect of the NPT, the CTBT and also the MCT.

Admiral (Retd) JG Nadkarni, former Chief of the Naval Staff, chaired the second session on "A Strategic Perspective" Dr. Bharat Karnad from the Centre for Policy Research, New Delhi was the main speaker. He said that the Indo-US relations in the 21st century were developing along four axes, namely trade and economic ties, technology links, military and strategic cooperation and nuclear

commerce. India and the US are in a symbiotic embrace in the economic and trade fields. For a long time, the US has been India's largest trading partner. He expressed that getting too close to the US in its activities targeting India's neighbours could result in India losing their goodwill. He felt that the US is eager to ensure, India is shackled by the Non Proliferation Treaty preventing further testing by India and freezing its deterrent and weapon technology arresting its advance towards attaining some degree of notional parity with China. In short, attaining US goals of "Cap, freeze and eliminate". He opined that US long term objectives appear that the US will prefer that India emerges as an American strategic dependency in Asia facilitating projecting US power in the South Asian region, in helping out in the global war on terror, and India becoming a nuclear energy dependency of the US and the West. He was apprehensive that considerable latitude of foreign policy freedom India has so far managed to preserve will be imperiled.

In his closing remarks, the chairman, Admiral Nadkarni said that the total faith in nuclear deterrent appears to be misplaced and it is time now to propagate nuclear disarmament.

The third session on "Civil Nuclear Deal / Cooperation in Global Terrorism" was chaired by Lt Gen (Retd) RK Nanavatty. Dr. AN Prasad, former Director, Bhabha Atomic Research Centre and Member Atomic Energy Commission was the main speaker. He said that in respect of the nuclear deal, there was not even a semblance of enthusiastic overwhelming support from various strata of society, even the nuclear scientist community. India, by giving up its eligibility to be treated at par with other advanced countries without putting up a fight has committed a blunder by accepting terms and conditions which by no means are honourable. The US has succeeded in a large measure in roping in India into global non-proliferation main stream, capping capability to expand its strategic programme and exploit the lucrative Indian commercial market for nuclear power generation. He found it strange that even the past senior scientists who have contributed a lot to the development of nuclear technology from scratch were kept out. In the negotiations India failed to leverage its achieved technological strength. He said that the projection of 20,000 MW by 2020 and upto 40000 MW by 2030 is merely a political slogan to

make the deal sound palatable and attractive, but it is totally unrealizable. As regards talk of access to improved nuclear technology it is glib talk belittling the dedicated efforts of so many stalwarts over the years. He said, Dr. Bhabha wanted energy security through indigenous efforts and thorium holds the key to this. This deal would upset the rhythm and pace of development of the domestic programs and divert the programme to uranium dependence. This nuclear deal is a commercial deal out to kill our hard earned initiative and keep constantly looking for uranium supplies, spares, equipment and directions handing over the remote control to external agencies.

Shri V. Balachandran, former Special Secretary, Government of India and President of Indo-American Society (2006-07) was the second speaker in this session. He said that after 9/11, terrorism was made number one priority by the US and within 46 days Patriot Act was enacted, post of Director of National Intelligence (DNI) was created to coordinate 16 intelligence agencies (Intelligence Community). The Department of Homeland Security (DHS) is the nodal office to coordinate all efforts. Outside the borders of US, the Department of Defence has been given the lead role in the War on Terror. He felt that India needs to do much more to tighten its national security. It has much to learn from the example set by the US.

The fourth session on Indo-US Economic Relation was chaired by Lt Gen (Retd) A. Mukherjee. Shri RK Chopra, Secretary General, Indo-American Chamber of Commerce, Mumbai was the main speaker. Through a number of slides, he gave details of Indo-US growing economic partnership, of bilateral trade, Indo-US agricultural knowledge Initiative, Indo-US Energy Dialogue, Indo-US High Technology Group, and Indo-US Civil Aviation Cooperation and Health Cooperation. He said that the US was India's largest trading partner and spoke about the commonalities between the two countries – commitment to democracy, freedom of religion, independent judiciary and common language. He spoke about the Indians as doctors, scientists and large number of employees in prestigious institutions in the US. He said that 83,000 Indian students were studying in American institutions. He dwelt upon and displayed charts of Indian Inc. Acquisitions in USA and Indo-US Economic Partnership, bilateral merchantise trade, export and import contents.



He focused on Indo-US; Agricultural knowledge Initiative, Defence Cooperation, Energy Dialogue, Educational Cooperation, High Technology Cooperation Group, Information Technology and Civil Aviation Cooperation. He displayed charts in respect of the above during his presentation.

The last session on General Discussion was chaired by Shri Prakash Shah, IFS (Retd). He stated that differing views prevailed in the media and the academia and the scientists regarding the Nuclear Deal giving India access to high nuclear technology. He therefore pointedly asked Dr. AN Prasad, former Director, Bhaba Atomic Research Centre to give his frank opinion. Dr. AN Prasad stated that even the past senior scientists who contributed a lot to the development of nuclear technology from scratch were kept out of the loop. When we conducted the 1998 nuclear tests, we were quite advanced. Between 1998 and now despite embargoes we have made more headway towards long term energy independence through thorium utilization. For one, who has worked on nuclear development, it is hard to visualize what high technology not already developed or not capable of developing, that we get access to through this deal.

After the opening remarks by the chairman, the session was thrown open for questions, comments etc. The participants interaction and their comments revealed that the Seminar subject had evoked keen interest and needed far more time to do full justice. It was felt that the subject needs to be fully discussed and there should be another Seminar on this subject.

**WELCOME BY DIRECTOR**  
**AIR MARSHAL S. KULKARNI**

Air Marshal S. Kulkarni, Director of the Centre welcomed all the participants at the Seminar and introduced the distinguished main speakers. He said that Shri MK Mangalmurti, IFS (Retd), and member of CASS would be chairing the first session. We are fortunate in having Shri Lalit Mansingh, former Foreign Secretary as the main speaker in the first session giving "Background to Indo-US Relations". Admiral (Retd) JG Nadkarni, former Chief of the Naval Staff and founder member and former Director of the Centre would be chairing the second session. For the second session on "A Strategic Perspective" we have a well known author on the subject, Dr. Bharat Karnad as the main speaker. He is a Research Professor in National Security Studies in the Centre for Policy Research, New Delhi. His latest forthcoming book on "India's Nuclear Policy" is being published soon by Praeger, USA. The third session being chaired by Lt Gen (Retd) RK Nanavatty is on "Civil Nuclear Deal / Cooperation in Global Terrorism". We have two eminent persons as the Main Speakers, Dr. AN Prasad, former member of the Atomic Energy Commission and Director of Bhabha Atomic Research Centre, and Shri V. Balachandran, IPS (Retd), former Special Secretary, Cabinet Secretariat, Government of India. The fourth session on "Indo-US Economic Relations" will be chaired by Lt Gen (Retd) A. Mukherjee. We are fortunate to have Shri RK Chopra, Secretary General, Indo-American Chamber of Commerce, Mumbai as the Main Speaker.

To have meaningful discussion on the Seminar subjects, we shall have 5-10 minutes for interaction with the Seminar participants after the presentation by each main speaker. At the end of the fourth session, we have kept enough time for General Discussion. This last session will be chaired by Shri Prakash Shah, IFS (Retd) and a member of the Centre. Air Marshal Kulkarni once again welcomed all the distinguished Main Speakers as also the participants.

## SESSION I

### BACKGROUND TO INDO-US RELATIONS

Chairman : MK Mangalmurti

Main Speaker : Lalit Mansingh

#### PAPER PRESENTED BY SHRI LALIT MANSINGH

##### Introduction

When India became independent in 1947 it seemed almost certain that this new nation the world's largest democracy would find a natural partnership with the United States, the world's oldest and most powerful democracy. After all, the struggle for freedom in India had the support of the American liberals led by President Franklin Roosevelt. It was Roosevelt who periodically prodded Winston Churchill who liberated India from British colonial rule.

The anticipated partnership – the 'Jodi' between India and US never took off. Indeed the opposite happened. For the first five decades of their relationship which co-insided with the Cold War, Indo-US relations were anything but cordial. The late senator Moynihan – a former Ambassador to India – described this period as a 'half century of misunderstanding, miscues and mishaps'. Former External Affairs Ministers Shri Jaswant Singh similarly called it 'the fifty wasted years'.

What were the reasons for the estranged relations between India and the United States ? In my opinion there were four major issues which kept New Delhi and Washington wide apart. I like to call them the 4Ps : Political Ideology ; Private Enterprise ; Pakistan and Proliferation.

##### Political Ideology

By 1947 world had already turn bipolar, with two opposing and hostile power blocks led by the United States and the Soviet Union. India's decisions to remain non-aligned, and maintain an equidistance between the two power blocks made it unpopular with both Washington and Moscow. President Eisenhower's, Secretary of State, John Foster Dulles set the tone for Washington's approach to India for the entire duration of the Cold War. He was the Hi Priest, Ayatolloh of

the western world. In his fatwa against India he declared non-alignment as immoral, as being incompatible with friendship with the United States. Our ideological differences became apparent on every major issue that emerged during the Cold War, China's claim to a permanent seat in the United Nation Security Council, the Korean War, Indo-China crises, the Hungarian uprising, the Viet Nam War and the presence of the Soviet troops in Afghanistan.

### **Private Enterprises**

There was no open clash on the issue of private enterprises, but it remained an unspoken and persistently divisive issue. If Americans scoffed at non-alignment they were even more profoundly skeptical about India's socialist pattern of growth. A series of American President's had to lobby hard with the US Congress to sanction food and other assistance to India. Two Galbraith sympathetic American Ambassadors to India – Professor Galbraith and Chester Bowles – failed in their efforts to get the Congress sanction \$500 million required for setting up a steel plant in Bokaro. (Eventually, the Soviet Union agreed to build a second steel plant in Bokaro). The Congress felt it was a waste of US tax payers money to invest in a socialist country like India.

On the Indian side, there were equally deep suspicion about the US business, especially the fears of a hidden agenda among the American multi-national corporations. In 1954, Pandit Nehru wrote to Chief Ministers in India warning them against visitors to and from the United States. In 1978, when George Fernandes was Industry Minister, the two leading American companies IBM and Coca Cola – were expelled from India under FERA.

### **Pakistan**

Pakistan cast the longest shadow in Indo-US relations. During the beginning of the Cold War, the US was searching for a effective ally in their fight against international communism. Their choice was not democratic India, but Pakistan ruled by the Generals. The US joint Chiefs of Staff considers Pakistan as having a higher strategic value than India, as geographical location and its proximity to West Asia and Central Asia made it ideal military ally. The Pactomania of John

Foster Dulles saw Pakistan being inducted into two major regional military alliances, the Central Treaty Organisation, CENTO also called the Baghdad Pact, and the South East Asia Treaty Organization SEATO.

India was unhappy with US military assistance to Pakistan – because India knew that the weapons Pakistan was receiving would be used, not against International Communist, but against India. India also considered US support for Pakistan in the Kashmir issue as a hostile act, considering that India had been the victim of Pakistani aggression.

There was a definite tilt in US foreign policy which favoured Pakistan. It was denied in the beginning but eventually, under Richard Nixon it became the official policy of the United States. The US cynically ignored the genocide which was unleashed by the Pakistani Army in East Pakistan in 1970-71. It was apparent much later that the real reason for the callous indifference of both Nixon and Henry Kissinger was that Pakistan was acting as the conduit for their diplomatic opening with China.

US tilt towards Pakistan continued in the 80s when Washington formed a blind eye to the Pakistan's clandestine development of Nuclear Weapons and the Nuclear black market established by Dr. A.Q. Khan. The tilt was very much there right up to the Clinton Administration – when the very first Assistance Secretary of State appointed for South Asia Ms. Robin Raphel created a storm by questioning the legality of the Instrument of Accession over which Jammu and Kashmir became a part of India. The US continued to exhibit double standard in its policy on Terrorism and in criticising India's human rights record ; its policy towards Israel and on nuclear proliferation.

### **Proliferation**

Differences over nuclear proliferation were simmering since India refused to sign the NPT in 1968 and rejected it as an unequal and discriminating treaty. The US was in full scale confrontation with India after the Peaceful Nuclear Explosion at Pokhran in 1974. The Nuclear Non Proliferation Act passed by the US Congress in 1978 was

the beginning of global technological apartheid against India, which ended only last month in Vienna.

In 1995 the Clinton Administration was still vigorously pursuing its policy of 'Cap, Rollback and Eliminate' India's Nuclear Programme. Clinton was also determined that India must be forced to signed the CTBT – which India also rejected as being arbitrary and unacceptable. The Clinton Administration considered the NPT as the keystone of the global non-proliferation architecture : without it, the entire regime would collapse. India, on the other hand, regarded the NPT as an embodiment of what Strobe Talbott accurately described as the 3Ds. of US nuclear policy : Dominance, Discrimination and Double Standard.

India defied the US and the rest of the world in conducting the Pokharan II nuclear test in May, 1998. The Indo-US relations plunged to their lowest point in 50 years and then, surprisingly, there was a dramatic turn around in Indo-US bilateral relations. Let us try to understand how and why this unexpected development took place.

### **Why did the US change ?**

The major factor in the new approach of the US towards India was the end of the Cold War. With the collapse of the Soviet Union there were tectonic changes in the global landscape. The toppling of the Berlin Wall, the velvet revolutions in Eastern Europe, the reunification of Germany were some of the examples of this change. Bipolarity had ended, leaving the US as the single most powerful nation in the world. There was a new international order that India was facing after the end of the Cold War.

1998 was clearly the watershed year which marks the end of the first chapter in Indo-US relations, and the beginning of a new one. But the reality is that forces were already at work within the US, which produced a new approach of the Americans towards India.

There were four influential American groups which contributed to this new approach

- (i) The US Think Tanks
- (ii) American Business

- (iii) The US Politicians and
- (iv) The Indian-American Community

### **Think Tanks**

Henry Kissinger was among the earliest American Strategic thinkers who recognized the potential of India. It was ironical because it was Kissinger who persuaded Nixon to send the USS Enterprise in 1971 to the Bay of Bengal to intimidate India during Bangladesh crisis. In 1994 Kissinger produced his major work entitled 'Diplomacy' in which he asserted that the US was most powerful nation ever in the history of the world. And yet he went on to predict that American power would inevitably decline. The US, to maintain its leading role in the world would need to come to terms with the other power centers which would come of age in the 21st Century. Besides the US there would be Europe, Russia, Japan, China and he added 'probably India'. In recent years, Kissinger had discretely dropped 'probably' with reference to India.

Kissinger's views have been echoed by other leading Think Tanks including the Council for Foreign Relations and the Asia Society. Even the CIA, not known for its fondness for India, produced a report in which it described India as a potential global power, a 'Swing State' which could make the difference between war and peace. The Pentagon was not far behind. At the end of the Cold War, it was India, not Pakistan which seemed to be the more attractive strategic partner for the United States.

### **US Business**

India's economic reforms in 1991 created a powerful constituency in the US – The US Business Community. After dismissing India for five decades as a 'basket case' and a 'black hole' for investments, American business saw India emerging as a potential multi-billion dollar market. One by one the leading American Corporations – GE, Coca Cola, Pepsico, Ford and the IT majors – started making a beeline for India.

### **US Politicians**

American Politicians work hand in glove with American business.

After all, with Congressional elections every two years and Presidential elections, every four years. US politics is always hungry for funds. The change in US business perceptions resulted in a more benign view of India with US political circles. The number of India-bashers began to diminish in the US Congress after the late 90s.

### **The Indian-American Community**

Finally, it was the Indian-American Community which tilted the balance in favour of India. Their number have increased from less than 400,000 in 1980 to nearly 3 million today. They have the highest educational qualifications and the highest income for any ethnic group in US including the mainstream white Americans. Merryl Lund did a study which concluded that every 5th Indian American was a millionaire. Indians have high visibility in the US. No matter which profession you look at – doctors, scientists, professors, hoteliers, astronauts, entrepreneurs – the Indians are at the top of the list. And more recently they have emerged as a significant political force, as fundraisers ; as political activists and even as political candidates.

An Indian caucus was established in the US House of representative in 1993 with only 10 members. Today it is the largest country caucus with close to 175 members. My own modest contribution as Ambassador in Washington was the creation of the Friends of India in the US Senate in 2004 with 35 initial members, that is, 35% of the US Senate.

I will give a small illustration of the nature of the change in the American perception of India. Tom Friedman, the well known columnist wrote, after a visit to India in the late 90s, that a generation ago American parents would tell their children to finish their food on the plate and think of the millions starving children in India. Today American parents are urging their children to finish their homework, or else the Indians will take away their jobs.

1998, as I mentioned earlier was the watershed year, the year when US policy towards India began to change. In June 1998, within a month of Pokhran II, an exasperated Bill Clinton asked his close friends and the Deputy Secretary of State Strobe Talbott to start a dialogue with India. This turned out to be the most intense, the most prolonged, and the highest level exchange between the two countries



in five decades. Talbott and Shri Jaswant Singh met 14 times in 10 locations in 3 continents over a period of 18 months. At the end of the dialogue, the Americans came to two major conclusions.

- (i) That India's nuclear programs were there to stay ; that the policy of Cap, Rollback and Eliminate was not realistic. The genie could not be forced back into the bottle.
- (ii) Secondly, India had to be recognized as a civilisational entity and as a nation with global aspirations. India could no longer be taken for granted.

When the Talbott- Jaswant Singh dialogue ended, the US prescribed four bench marks for India before relations could be normalized.

- (i) That India must sign the CTBT.
- (ii) India will join the US in concluding a Fissile Material Cutoff Treaty (FMCT).
- (iii) India will observe strategic restraint and
- (iv) India will enforce strict world class controls on the proliferation of nuclear technology.

It was on the basis of India's assurances on the bench marks (described by Talbott as the four legs of an elephant) that President Bill Clinton made his historic visit to India in 2000. It was an American Presidential visit after 22 years. Clinton was clearly a lame-duck President when he came to India and no significant agreement was signed during his visit. The greatest impact of his visit was that after 5 decades of hostile relations a level of trust was built between India and the US. Clinton demonstrated during his visit to Pakistan after India that the US tilt towards Pakistan was over.

### **The Second Phase 1998-2008**

The real thrust in Indo-US relations took place when George Bush became President of the US in 2001. I recall the White House meeting between Prime Minister Vajpayee in September, 2000 – their last official meeting, Clinton told Vajpayee that Indo-US relations were in good shape and he was happy to “pass on the ball” to his successor in the White House.

There was no plausible reason for George W. Bush to take any spectacular initiatives in foreign policy considering that he was a Texas politician with little exposure to Washington, let alone the world outside the United States. During his election campaign, he was unable to name the Indian Prime Minister ! And yet, it was George W. Bush who not only continued Clinton's new approach to India but raised it to the status of a strategic partnership.

There are two distinct phases in evolution of India's strategic partnership with the US in past eight years. (i) 2001-2004 (ii) 2004-2008 i.e. the first and second terms of President George W. Bush. The first phase saw a rapid normalization of relations, frequent summit level meetings at the level of the Indian Prime Minister and the US President, an expansion of economic relations and a spectacular growth in military-to-military relations. There have been over 50 joint military exercises between India and the United States. The US has for the first time offered India its state of art military technology.

At the same time, intense negotiations were going on to identify the major areas of cooperation under the strategic partnership. India identified three sectors of priority for India : transfer of high technology, and cooperation in the fields of space and civilian nuclear power. The US added a subject of interest from its side, missile defence. These four areas became known as 'The Quartet'. Despite intense negotiations, there was little progress on any of the Quartet issues during the first Bush Administration. The US Bureaucracy in the State Department, with their Cold War mindset, still in place, were not prepared to make any concession to India. In Jan.2004, at the end of the first term of the Bush Administration the US President and the Indian Prime Minister issued a joint statement called 'Next Steps in the Strategic Partnership' (NSSP). Despite its impressive title it was only an agreement to carry on further discussions.

It was really in the second phase 2004-2008 that the real action began to take place. President Bush took two critical decisions. One, that he would pursue the strategic partnership with India and second, that Condoleeza Rice, as the new Secretary of State, would directly handle the negotiations with India.

In March, 2005, Condoleeza Rice came to India on her maiden visit abroad as Secretary of State. In her meeting with Prime Minister Dr.

Manmohan Singh, she unveiled President Bush's grand strategy for India. If India was demanding the removal of technology sanctions and a resumption of civil nuclear cooperation as the price of its friendship, the US was prepared to pay the price. The Prime Minister, though surprised with the boldness of the American proposal seized the opportunity and accepted the nuclear bargain being offered.

Between March and July, 2005 there were hectic diplomatic exchanges between New Delhi and Washington. In June, 2005, then Defence Minister Shri Pranab Mukherjee went to Washington and concluded a ten year Defence Cooperation Agreement with the US. In July Prime Minister Dr. Manmohan Singh went on an official visit to Washington. The 18th July, 2005 Joint Statement was in reality the manifesto of the new strategic partnership with the US.

The rest, as they say is history. After July, 2005, the Indo-US nuclear deal became the Central issue, not only in Indo-US relations, but also in India's foreign policy. That deal went through many ups and downs on both sides – but mercifully it is over now. India had promised a separate plan for its strategic and civilian nuclear facilities. This was announced in March, 2006, when President George W. Bush came on an official visit to India. Since then, India negotiated the bilateral 123 Agreement with the US, concluded a Special Safeguard Agreement with the IAEA, and received a clean waiver from the 'Nuclear Suppliers' Group in Vienna'. On the American side, the passage of the Hyde Act in December, 2006 and the approval of the 123 Agreement by the Congress earlier this month completed the process for making the nuclear deal operational.

Having rounded up the background of Indo-US relations in the past 60 years, let me conclude by raising a series of questions that are frequently asked and attempt to provide some answers.

Q.1 Why are we so obsessed with the US ? Why is the US important for India ?

Ans. It is my consideration that you may like the US or hate the US, you cannot ignore the US. It is the most powerful political state in the world ; its economy despite the chaos we are witnessing there today is still the largest in the world. With a GDP of US \$ 13 trillion, it is richer than the rest of the G-8 economies put together..

In March, 2000, when President Bill Clinton made his trip to India, the US State Department submitted to him a short note entitled "Ten Reasons Why We Need to Engage India". Inspired by this, I have prepared my own Ten Reasons Why India needs to Engage the United States".

1. More investments, which India desperately needs.
2. More trade, even though at \$ 40 billion of bilateral trade the US is the leading trading partner of India.
3. Access to US high technology. The US controls nearly 40% of the world's high technology.
4. Energy Security. The civilian nuclear deal is only of the components of energy security. We will benefit from joining the US in their quest for alternative sources like hydrogen energy, clean coal technology, coal bed and sea-bed, methane etc.
5. Fighting international terrorism. The US is the only country that has the resources and the political will to defeat the forces of jihadi terrorism.
6. Access to the state of art military technology. We are already in discussions over the supply of maritime surveillance aircraft, the next question, fighter jets for the airforce, the PAC III Patriot anti-missile missiles and a host of the sophisticated military technology which be procured only from the United States.
7. Balancing China.
8. Reforms in the UN and other international institutions including the UN Security Council, the IMF and the World Bank.
9. Keeping peace in our disturbed neighbourhood.
10. A helping hand from the US for India to become a global power in much the same way the former Soviet Union helped us to play a global role during the Cold War

Q.2 Is the Strategic partnership irreversible ?

Ans. I believe it is. During the period that the Communist allies paralysed the UPA Government there was a feeling that the strategic partnership with the US would be a major casualty. Now, with his success in winning a convincing Vote of Confidence, Dr. Manmohan Singh can pursue the Indo-US strategic partnership with greater

confidence. I may caution however, that the strategic partnership is not operational yet, because of the earlier uncertainty about the nuclear deal. The nuclear deal, in fact, sucked the oxygen out of other vital areas of cooperation, for example on trade, investment, energy and climate change. Hopefully with the nuclear deal behind us, it will be possible for the two post-election governments in Washington and New Delhi to pursue their cooperation in all the areas with renewed vigour.

Q.3 Who could be better for India John Mc Cain or Barrak Obama ?

Ans. We must not forget that it is the American voters who will decide on their next President. Having said that, it is undeniable that the rest of the world has important stakes in the US elections.

Fortunately for India, it is a win-win situation. Both the Presidential Candidates are proclaimed friends of India.

John Mc Cain has been more effective in praising India. He has hailed India as one of the world's leading democracies. If elected, he will step up defence cooperation with India. He has strongly advocated that India should become a permanent member of the G-8. He has declared that the US has a vested interest in India's success. McCain is a strong supporter of Indo-US nuclear deal. He voted for the Hyde Act and the 123 Agreement without any reservation or amendment. India will see a seamless continuation of President Bush's policy towards India if McCain is elected as President.

Barrak Obama was initially skeptical about the nuclear deal and even offered some 'Killer amendments' for the Hyde Act which would have made it unacceptable to India. Fortunately, he has since revised his position and has whole heartedly endorsed the nuclear deal. Obama will continue the strategic partnership with India. He believes India will be critical for assisting the US in dealing with global issues like climate change and energy security.

Barrak Obama's multiracial personality and his emphasis on global cooperation rather than unilateralism are factors which make him popular in India. He has won over the Indian American Community by claiming to be a 'Desi', who identifies himself with their struggle for justice and equal treatment in the United States. He is believed to carry a small image of Hanuman to bring him luck. What more can

### India expect of a Presidential Candidate?

Yet there will be issues no matter who is elected President next month. Both candidates are pressing for passing the CTBT in Congress. Both will be tough on non-proliferation.

The next chapter in Indo-US relations promises to be interesting and exciting.

## SESSION II

### A STRATEGIC PERSPECTIVE

**Chairman : Admiral JG Nadkarni**

**Main Speaker : Bharat Karnad**

#### PAPER PRESENTED BY DR. BHARAT KARNAD

There are four axes along which India-United States relations are developing in the first decade of the 21st Century. These are trade and economic ties, technology links, military and strategic cooperation, and nuclear commerce. The reason and the context for the deepening of these connections is the convergence of perceptions and interests geostrategics-wise. This, in turn, is because the two liberal democracies find themselves facing the same set of threats - the spread of militant Islam conjoined to terrorism and the rise of China. It has persuaded them to get, if not policies, then at least their precautionary and preparatory measures in sync. Thus, a basic system of intelligence-sharing is in place (even if the Indian intelligence agencies complain about the transactions remaining largely one-sided with the Americans demanding more information and data than they are prepared to part with).

#### **Trade**

India and the US are in a symbiotic embrace in the economic and trade fields. The benefits and complementarities are too obvious and mutually beneficial to belabour. For a long time now, the US has been India's largest trading partner - a statistic that's on the verge of change or already changed with China supplanting the US in the volume and the value of the two-way trade.

#### **Military cooperation**

Military cooperation has increased manifold owing to a shared strategic outlook, something attested to by the marked increase in the military-to-military contacts -- joint training and joint war exercises at the individual Service levels ('Red Flag', 'Malabar', co-mingled Special Forces test operations, etc.). The Mutual Logistics Support Agreement (MLSA) and the Communications Interoperability and Security Memorandum (CISM) that the Pentagon craves, if signed by the Indian government, will be the crowning evidence of a radically overhauled

security paradigm for India in particular. But these understandings are politically controversial, in the main, because by requiring a direct Indian role in the facilitation and sustenance of US military actions in the extended region, it will make possible the prosecution by the US of more adventurist military policies and actions in southern Asia and the Indian Ocean littoral in the future, policies and actions that may end up losing India the goodwill of the US targeted regional countries and organizations. It will mean, states in the extended neighbourhood subsuming India's participation in any conflict or crisis scenario primarily involving the US. In such situations, Delhi will face the perennial dilemma of upsetting Washington by refusing basing and other rights implied in the MLSA and CISM - for clearly India may theoretically have the freedom to pick and choose military operations it can safely support, but in practice will be bereft of that option short of souring India-US relations. Such a compromised position will not sit well with most political parties and the Indian people, particularly if it consequents in skewing relations with states considered pariah by Washington but traditionally close to India, such as Iran.

The salience for the Americans of improved ties with India in the defence sphere, in any case, lies elsewhere. It was in the mid-1980s that the Reagan Administration, examined the historical record and conceded that Washington had made a very big and consequential strategic mistake of denying India the supersonic F-104G fighter aircraft, forcing the IAF to seek the MiG-21 from Moscow, which opened up strategic opportunities for the USSR to influence Indian policies and actions for the subsequent 25-odd years. Hence, Defence secretary Caspar Weinberger set the overarching politico-military goal of replacing the then Soviet Union as the principal supplier of military goods and hardware to the Indian armed forces and, by these means, coopting India into the American sphere of influence. In the era of the new rapprochement, access to US armaments and to defence industrial cooperation and collaboration between the two countries are Washington's two major calling cards, to wit, the American desire to equip IAF's multi-role combat aircraft fleet with either the F-16 or the F-18 warplane, and a slew of other projects on the anvil ranging from the offer of missile defense (PAC-3) system to the sale of the amphibious warfare ship (USS Trenton).

The danger of such intimacy is the same India faced with the Soviet



Union/Russia, supply-wise, India will be on short reins, because the supply of spares, stores and servicing of the hardware India purchases, is a leverage for the supplier country. India was yanked around in the Cold War years. In the future, India may be manipulated by Washington. This prospect is real because unlike in the Soviet Union and the Russia of today where just a few decision-makers were/are involved, in the US it is irrelevant what any White House may desire, the US Congress can, at any time and for any reason cutoff supplies, stores and servicing packages the US is contractually obliged to provide, and the Indian military could thus be brought to a grinding halt.

### **Nonproliferation**

The nuclear deal is the sharp edge of the longstanding US nonproliferation policy as the enabling American legislation, the so-called Hyde Act makes clear, and which fact President George W Bush confirmed vide his covering letter containing assurances to the US Congress that the contents of the 123 Agreement notwithstanding, the provisions in the Hyde Act, will apply any nuclear commerce and dealings with India. It suggests that the United States is more eager to ensure India is shackled by the Nonproliferation Treaty norms expressly preventing further testing by India and freezing this country's deterrent and weapons technology at the level of a failed thermonuclear weapon design and, otherwise, arresting India's advance up the great power learning curve, than it is about containing China or enabling India to even reach some sort of notional strategic parity with that country. Thus the stated intention to see India as a credible counterweight to China is hollow.

The deal accomplishes two of the three US nonproliferation goals set by President Lyndon B. Johnson in the 1960s and energized during the 1st Clinton Administration, namely, "cap, freeze, rollback" of the Indian nuclear capability. The Indian arsenal has been "capped" by getting India to consign two-thirds of its nuclear reactors and all research facilities under IAEA safeguards (under the March 2006 "separation plan"). With the bulk of the CANDU/INDU reactors outside the weapons loop and the CIRUS reactor being decommissioned, the potential sources of fissile material production decrease and the stockpile of weapon-grade plutonium will grow far

more slowly and, depending on when a Fissile Material Cutoff Treaty comes into being and Delhi is coerced to sign it, it may leave India woefully short in terms of the number of nuclear/thermonuclear weapons it can produce. The limiting of the size of the Indian strategic nuclear arsenal will be the practical effect of this deal.

The testing ban (sustained by the American and NSG threat to end nuclear cooperation and trade) will result, in time, in the slow attrition of India's nuclear weapons technology and the erosion of its weapons designing skills - both of which are centrally dependent on an open-ended scheme of iterative explosive testing. The third objective, namely, "roll back" of India into a non-weapon status, will be achieved in time and naturally following upon the gradual diminution of weapons designing skills and the qualitative and quantitative depletion of the weapons stock (as has happened in the case of the Russian weapons inventory in the last two decades).

Meanwhile, in the short term to mid-term future, i.e., the next 20-25 years, India's strategic nuclear forces featuring an unproven, unsafe and unreliable fusion weaponry will be over-matched by the enlarged, proven and tested Chinese thermonuclear arsenal with large yield weapons and long-range delivery systems and an accelerated program of strategic forces modernization underway in China. The standard issue warhead, for instance, on the Chinese intermediate range ballistic missiles Dong Feng-3s, DF-4s and DF-21s have yields ranging from one megaton to 3.3 MT. Just this yield advantage, to say nothing about the nuclear force infrastructure in terms of C4I2 ensuring effectiveness and survivability of Chinese nuclear strategic forces, will translate into a decisive military and psychological edge for Beijing in a crisis or strategic contingency. Then again, compare the strategic build-ups: India's first indigenous SSBN will go to harbour trials in 2009, sea trials in 2010 and into fleet service by 2012. The Chinese Navy already has the first of its 2nd generation SSBNs, the Xia class boat deployed and the new Shang-class SSN ready for service, and the Julong JL-2 SLBM operational.

### **Technology transfers**

The promise of advanced technology is a siren song the Indian government has been bewitched by. The BJP-ruled NDA coalition government made it one of the pillars of the prospective thaw in

relations with the US post-1998 tests. The successor Congress party-led UPA regime is now hell bent on realizing this objective. The question is will the dual-use, truly frontier technologies in the military, space and nuclear sectors be made available to India no matter how good relations between the two countries get? The Hyde Act, in fact, prohibits any sales to India of technologies relating to uranium enrichment, plutonium reprocessing and heavy water production, reducing the nuclear deal to what it really is - a license to sell only nuclear power reactors to India and to create a client for American firms otherwise without cash-rich customers. (No nuclear power station has been built in the US for the last 25-30 years.)

In the military sector, the technologies India may realistically be able to access will be of the standard, second-rung variety that the US would have happily sold even without the nuclear deal on a case-by-case basis as happened in the past. It is the level of technology, moreover, that India has been permitted to seek specific export licenses for (by applying to the US Department of Commerce) in the last two decades. To expect any thing different is to remain unaware of the technological imperative driving countries, namely, that technology is what provides countries the relative edge, and it would be foolhardy to spread the cutting edge stuff around. Even the United Kingdom - the closest, most intimate ally of the US - has been denied such technologies. Thus, despite jointly financing and collaborating in the design and development of the Joint Strike Fighter, the Pentagon has refused to give the source codes for the avionics of this aircraft that were exclusively engineered by American Companies!

### **Obama or McCain?**

In any event, it matters, perhaps marginally, who's elected to the White House on November 4. Obama is not only a strong nonproliferationist, a perfervid believer in a world restricted to five nuclear powers and for strong arm methods if necessary to dissuade other countries from acquiring nuclear means of security, but he is surrounded by the same old crowd of Clinton advisers - the nonproliferation ayatollahs who will prioritize the "cap, freeze, rollback" policy parameters where India's concerned. McCain, on the other hand, in grand-strategy terms, has articulated the need for a "league of democracies" and free-market economies, included India in these conclaves of nations as a means of stabilizing the security and the

global economic order and also to hedge in China. McCain is more likely than Obama to be accommodating of an India that resumes testing just so it is strengthened vis a vis China. There is, however, no doubt that either candidate when he assumes the presidency of the United States will pressurize India into signing the Comprehensive Test Ban Treaty (CTBT) and the Fissile Material Cutoff Treaty. Delhi, especially under a dispensation such as the one led by Prime Minister Manmohan Singh, may not find signing these treaties very onerous because the nuclear deal amounts to entering the CTBT, for instance, regime by the back door.

### **US long-term objectives**

Whether it is President Obama or President McCain, in either case one may deduce from America's hankering for the MLSA and CISM and the nuclear deal, that Washington will prefer that India (1) emerges as an American strategic dependency in Asia, à la Japan and South Korea, i.e., have it rely on the United States for strategic nuclear cover in any confrontation with China, (2) become part of its/NATO's larger Asian security architecture presided over by Washington, providing military replenishment and basing rights to American military forces deployed in the region, and sites for R&R (rest and recreation) for its fighting troops - generally for the purposes of projecting US power in the extended southern Asian region; (3) help out in the GWOT (global war on terror), ideally, by assigning military units to fight the Al-Qaeda-Taliban in Afghanistan alongside the US-led NATO forces there; (4) carry out the duties of a Western gendarme in the region, and (5) becomes a nuclear energy dependency of the US and the West, its nuclear deterrent held hostage to the US nonproliferation stance and its electricity grid a hostage to the whims of the nuclear fuel supplier.

Moreover, in order to reap the full benefits of the nuclear deal and the growing warmth between the two countries, Delhi will be encouraged to hew to the provisions in the Hyde Act requiring India to tailor its policies vis a vis third states in line with Washington's outlook. The considerable latitude of foreign policy freedom India has so far managed to preserve will be imperiled, with what effect on the perceptions of India's independence and standing in the world, can only be imagined.

**SESSION III**  
**CIVIL NUCLEAR DEAL / CO-OPERATION IN GLOBAL  
TERRORISM**

**Chairman : RK Nanavatty**  
**Main Speakers : AN Prasad**  
**V. Balachandran**

**PAPER PRESENTED BY DR. AN PRASAD**

All seems quiet on the nuclear deal front after a virtual onslaught in the media and the political circles ever since it was mooted in 2005 with the signing of the Indo-US Joint Statement by President Bush and Prime Minister Manmohan Singh. The very fact it has taken more than three years to conclude a historic path breaking Agreement, claimed to be of great national interest, speaks volumes on the way the whole process has been handled. Now that it has been finalized with hard pushing on both sides, though not by any means with even a semblance of enthusiastic overwhelming support from various strata of society in India, it is worth recollecting what we are in for and what lies ahead.

To start with, we have to reconcile in our minds that there is absolutely no correlation between the Joint Statement and the final shape of the deal. All the talk of India being eligible to be treated at par with other advanced countries like the US and offer of full civil nuclear cooperation is all eyewash and summarily dumped even before the negotiations really got under way. India, by giving up on this, instead of putting up a fight has committed a blunder of sorts that has changed the whole complexion of the deal by accepting terms and conditions which by no means are honourable.

While the US, systematically following a meticulous approach of engaging a number of think-tanks and interest groups with perfect coordination between the Administration and the Congress has succeeded in a large measure in achieving its three-pronged objective of roping in India into the global nonproliferation main stream, capping capability to expand its strategic programme and exploit the lucrative Indian commercial market for nuclear power generation, possibly with an eye on reviving its own somewhat dormant nuclear industry.

On its part, India had set its priorities on access to global uranium supplies, secure global participation in nuclear power generation to supplement domestic programme, getting rid of the embargoes through an unconditional waiver from the nuclear supplier's group, and access to R&D on nuclear power as a technologically advanced global player on respectable terms. While India did manage to realize partial success, the terms and conditions are too harsh to qualify the outcome to be in national interest. India at no time, unlike the US, has shown willingness to have broader consultations other than with those who are like-minded and preferred to take unilateral decisions without attempting political consensus on an issue of national importance. It is strange that even the past senior scientists who have contributed a lot to the development of nuclear technology from scratch were kept out of the loop. It is a pity, in spite of all its technological strength, with a bait of attractive commercial nuclear power market to offer, could not use them as leverage in the negotiations.

In justification, the deal spokesmen often talk about relief from nuclear isolation, access to uranium, accelerated power generation and high technology inflow as strong points. Let us look at these in some perspective.

Isolation began when we first carried out nuclear test in 1974 at a time when we had not built a nuclear power reactor on our own. That did not deter us from facing the challenge posed by the sanctions. In fact most comprehensive technological development encompassing the entire nuclear fuel cycle as well as weapons capability took place mostly during the period of isolation, considered the golden era of nuclear development! At the time we conducted the 1998 nuclear tests we were quite advanced but still the embargoes were made more stringent, denying supply of even dual use items. We took it on our stride. Between 1998 and now we have made more headway by taking major steps towards long term energy independence through thorium utilization. The world has constantly watched and realized that isolation is not working. Thus, when we have not succumbed to pressures of isolation so far, it is strange that we are getting cold feet and switching from independence mode to dependence, giving an impression that we have suffered under isolation. In fact it is apt to say that the world nuclear development has suffered by isolating India!

Limitation of uranium and abundance of thorium is known all along and factored into the three stage power programme. As if to cover up inadequate planning and lack of timely action to mine uranium, suddenly it is being made out to be a new revelation. It is of course an immediate problem hurting the power programme in the short term but like all other challenges could be faced with will and determination. Only a very small part of uranium available in the country has so far been mined and someone is answerable for the lapse which has created this crisis.

Power is an emotive issue when the country is reeling under electricity cuts. To make the nuclear deal appealing, practically unrealizable projections, sounding like political slogans, are being made even by those who are supposed to be responsible. For example, it has been repeatedly reiterated that 20,000 MWe will be generated by the year 2000. If one looks at the breakup given by a senior responsible member of DAE in an article published in IANCAS Bulletin as recent as April 2006, in addition to reactors operating and under construction with a total capacity of about 7,000 MWe, balance 13,000 MWe by 2000 has to come from 8 PHWRs (700 MW each), 4 FBRs (500MW each), 6 LWRs (1000 MW each) and 1 AHWR (300 MW). Considering that all these reactor designs, except the 6 LWRs of the Kudankulam type which are to come from Russia under an arrangement yet to be worked out, are still on the drawing board how absurd it is to project that within the next 11 years all this could be realized? Even by replacing all these reactors with imported reactors from the present nuclear deal, the logistics themselves will take away so much of effort and time that it will be impossible to commission 13 reactors in a time frame we are talking. Going further, projections are being made that by 2030 nuclear installed capacity will be stepped up to 40,000 MW. Nuclear deal is being made out to be a panacea for solving power problem and numbers are being rolled out to mislead the country. Pragmatism seems to have no place. Nuclear power generation is serious business involving whole lot of issues such as, environmental, siting, safety, regulatory, economic, legal, technological, specially trained human resources, and so on. It is not like putting up conventional plants. One mishap caused by rushing and taking shortcut could lead to a catastrophe that could trigger global repercussions.

Even for one who has worked on nuclear development it is hard to visualize what high technology not already developed or not capable of developing, that we get access to through this deal. By indulging in such talks by responsible persons in the government and Parliament, they are belittling the dedicated efforts of so many stalwarts over the years.

If one looks at the conditions of the deal, it is a long list of denials bordering on non cooperation! US has given no binding fuel supply assurances, no consent for stockpiling life time fuel reserves, civil nuclear cooperation strictly conditioned to India not testing ever again, retained the right to suspend or terminate supplies at its own discretion, has made sure the 123 Agreement has granted no right to take corrective measures in case of any fuel supply disruption, made India's obligations legally irrevocable, no link between fuel supply and perpetual safeguards, categorically made clear 123 Agreement conforms to the Hyde Act far from India's belief that 123 overrides Hyde Act, cooperation excludes sensitive parts of the nuclear fuel cycle, no upfront consent for reprocessing, and so on. Thus, US has meticulously targeted all our core interests and retained commercially attractive aspects.

The founder of the Indian nuclear programme, Dr. Bhabha, had always thought of nuclear power as a long term option for energy security and independence to be realized through predominantly indigenous efforts. Thorium holds the key to this. What this deal could do is to upset the rhythm and pace of development of the domestic programme, divert the nuclear power programme to uranium dependence and make thorium utilization a dream for realization in the far future by killing the motivation which has been the hallmark so far. It is hard to imagine how the required tempo could be maintained on developing the domestic programme when the country's resources both in the industry and the DAE are required for sustaining the imports. Even funds allocation could become a big bottleneck in view of the change in priorities.

All in all, one should see the writing on the wall and stop entertaining hopes of thorium utilization for energy security in the foreseeable future. For the sake of about 40,000 MW we seem to be mortgaging the country's future in this field. Bhabha had dreamt of



making India a world leader in thorium technology and one can only wonder what his reaction would have been by looking at the demeaning conditions of the presently concluded deal. It is a misnomer to call this a 'Cooperation Agreement' with so many legally binding denials. What we are in for is a commercial deal out to kill our hard earned initiative and keep constantly looking for uranium supplies, spares, equipment and directions handing over the remote control to external agencies.

The Author is a former Director, Bhabha Atomic Research Center and Member, Atomic Energy Commission.

## PAPER PRESENTED BY SHRI V. BALACHANDRAN

### Introduction:

Prior to 9/11 American strategy dealing with global terrorism had marked Cold-War over tones. This was not surprising since terrorism in the early second half of 20th Century was leftist oriented. The Soviet Bloc was seen supporting some nations who were sheltering leftist militants working against American, European and Israeli interests. This in turn led to the development of the concept of "Rogue Nations" like Libya or Iraq who were perceived acting against American or Israeli interests. All efforts were on to punish such states. On June 26, 1993 President Clinton attacked Iraq with a cruise missile to punish Saddam Hussian for plotting to kill former President Bush. The problem of Muslim militancy came for close attention only in late 1990s. Even then Muslim extremism originating from the so called "Moderate Islamic States" like Pakistan post 1989 Soviet withdrawal from Afghanistan was glossed over. Part of the reason was the insistence of the US Congress in documenting those States who were helpful in apprehending terrorists working against USA or her interests. Thus the US Congress passed a law even as late as 1996 appending it to the "The Export Administration Act" asking the State Department to report on the extent to which other countries cooperated with the US in apprehending , convicting and punishing terrorists responsible for attacking US citizens or interests. The law also required that the report (Classified) should describe the extent to which foreign governments were cooperating or had cooperated during the previous 5 years in preventing future acts of terrorism. That this stipulation tended to cloud their final judgment on certain countries supporting terrorism was borne out by the 2000 report on terrorism in which Pakistan, which was criticized for supporting Kashmiri militants and Taliban, earned high marks for its cooperation with the US to "enhance security for US facilities and personnel".

This thinking was also apparent in the successive Presidents' annual "National Security Strategy" reports released since 1986 under the Goldwater-Nichols Act. Terrorism was mentioned only in passing while other Cold War security issues dominated. The 1990 report by President George H.W.Bush dealt with Communism, Third World

Conflicts, drugs, weapons and refugees, while the 1994 report of President Clinton, captioned optimistically as "Engagement & Enlargement" devoted more space on commerce and diplomacy to "enhance" US role. Two important books released during this period also reflected the same thinking: "From the Shadows" (1996) by former CIA Director Robert Gates who had worked very closely with 6 Presidents and "A World Transformed" (1998) by former President George H.W. Bush and Gen. Scowcroft. Robert Gates devoted only 13 pages on terrorism in his 575 paged biography and that too from "Rogue States" like Libya and Iraq. "From the Shadows" made almost no mention of threats emanating from Muslim militancy. This was despite 2 important terrorist strikes on US mainland during this period which should have modified thinking among policy makers. On Jan 25, 1993 Mir Aimal Kasi, a Pakistani Pashtun shot and killed 2 CIA employees outside Langley and injured 3 others. The reason according to one version was US interference in Afghan tribal areas during the Mujahideen Wars but according to another report it was because he was angry with US for its Palestinian policy. On February 26, 1993 World Trade Centre was bombed by a group which included Ramzi Youseff born in Kuwait of Pakistani origin and nephew of Khalid Shaikh Mohammed, a senior al-Qaeda leader. This incident killed 6 and injured over 1000. Ramzi had driven the bomber vehicle into the WTC parking. Both were arrested from Pakistan where they had taken refuge.

### **Post 9/11 Strategy:**

Shock and national shame after 9/11 resulted in terrorism being made as priority No: 1 in US national security policy. It led to a massive re-organization of internal security apparatus within 46 days after 9/11 and enactment of "Patriot" Act ("Uniting and strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism) which amended 12 important laws in one go. The new Department of Home Land Security (DHS) was charged with the primary responsibility of preventing terrorism within America. Major legal and procedural loopholes were plugged. Enhanced powers to detect suspected terrorist funding were given. "Intelligence Reform & Terrorism Prevention Act" (2004) created the post of Director of National Intelligence (DNI) to co-ordinate 16 intelligence agencies

known as Intelligence Community(IC). The White House National Security Strategy (September 2002) gave top priority to defeating terrorism against US and allies as well as working in preventing such attacks. The National Strategy for Combating Terrorism unveiled in February 2003( 4 Ds -Deny, Defeat, Diminish & Defend) contained detailed steps to be taken to defend homeland, US interests abroad and policy towards other States for building coalitions.

The 2003 strategy paper listed steps by US and partners to defeat terrorist organizations from enhancing their capability towards global reach by attacking terrorist sanctuaries, leadership, command, control and communications and material support including finances. It listed countries into 4 categories for US policy: (1) where States are willing and able, US would re-invigorate old partnerships or forge new ones (2) where States are weak but willing, US would support to increase their capability (3) where States are reluctant, they would be persuaded and (4) where States are unwilling or obstructive, US would decisively counter threats they pose to compel them to cease supporting terrorism. This had followed the "Prevention and Pre-Emption" concept unveiled through White House National security Strategy on Sep 20, 2002. This new strategy has helped in preventing attacks on the mainland since 9/11 despite massive internal surveillance problems. In 2007 alone more than 719 million passengers, double the US population, passed through 16 major US airports. This fact is significant since all the 9/11 hijackers had entered US legally.

The present US strategy can be divided into two: Internal and external. The nodal office to coordinate the executive branch's efforts to detect, prepare for, prevent, protect against, respond to, and recover from terrorist attacks within the United States is the Department of Homeland Security.(DHS). All concerned departments and agencies including intelligence agencies have to help DHS in this task. The primary reason for success on this front is their revitalized, accountable, transparent and legally empowered institutional coordination and information sharing with major public participation. Prior to 9/11 each agency had its own culture with very little attitude commonality. Intelligence integration was spasmodic. The biggest achievement of DHS was nation wide alignment of anti-terrorist

methodology by constant dialogue. The pivot of this system is 58 DHS funded 24 hour "State Fusion Centers" to continuously update State Police and local security agencies on inputs from DNI's "National Counter-terrorist Center" (NCTC) which integrates intelligence from 16 member IC. Besides, DHS also collates data from 35 federal, state and local agencies (Intelligence & law and order sectors) and even from private sector. 19 of these "fusion Centers" have access to classified information from NCTC. In addition "Homeland Security State & Local Community" (HSSLIC), a new intelligence group, assembles about 1,000 key members from 42 states, national capital and 6 federal departments who collaborate through regular conference calls. They also have a Steering Group to advise DHS on State and local issues affecting terrorism. Dialogue is constantly two-way. Except classified data all their reports are available on the web. Apart from constant Congressional oversight, pressure to perform well is codified through a legally empowered Homeland Security Advisory Council with 24 members, majority from outside bureaucracy. Presently there are 11 from corporate sector and 4 from academia.

Outside the borders of United States, the Department of Defense has been given a lead role in the War on Terror especially in Afghanistan and Iraq which it carries out with the help of coalition forces. A new unit named Counterintelligence Field Activity, or CIFA was noticed after 9/11. Press reports (Washington Post Dec 19, 2005) indicate that it has grown from an agency that coordinated policy and oversaw the counterintelligence activities of units within the military services and Pentagon agencies to an analytic and operational organization with nine directorates and ever-widening authority. The report quoted a former senior counterterrorism official familiar with CIFA saying, "What you are seeing is the militarization of counterterrorism."

The Central Intelligence Agency (CIA), in addition to using human and technical intelligence also deploys their secret Special Operations Group (SOG) to hunt down overseas terrorists manually or by using UAV predators. One of the classic cases of predator killing was on November 3, 2002 when Qaed Senyan al-Harhi involved in USS Cole bombing on Oct 12, 2000 in Aden was hunted and killed in Yemen.

Reports say that SOG now numbering several hundreds is deployed in Pakistan, Central Asia, North Africa and East Asia.

However the most controversial US counter-terrorist steps are "rendition" and covert CIA prisons. Gen. Michael Hayden, Director CIA told the Council on Foreign Relations on September 7, 2007 that "Rendition" was "hardly the centre piece of our efforts nor are they nearly as big as some think". However he added that "The intelligence they have produced is absolutely irreplaceable and that intelligence has been used by our security agencies and Atlantic Alliance partners". He also said that CIA's detention and interrogation programme started with the capture of Abu Zubaydah (al-Qaeda's top military strategist after the death of Mohammed Atef) in spring 2002 from Pakistan and that less than 100 people "have been detained in CIA's facilities". He said that "Rendition" was even smaller. He justified this process saying that the renditions of Carlos the Jackal (Sudan-1994) and Abdullah Ocalan (Kurdistan Workers' Party -1999-Kenya) were upheld by European Courts.

However this was not exactly the picture revealed in a US House of Representatives hearing on April 17, 2007 which arose out of European concerns that "Rendition" went against the EU Conventions on human rights. Michael F Scheuer, former CIA officer who claimed to be the father of the rendition programme since 1995 justified it as a very effective counter terrorist measure saying that President Clinton had approved it on the condition that all al-Qaeda leaders so arrested should be handed over back to their countries to face trial. However President Bush reversed it and ordered that such persons should be in US custody. Ms. Julianne Smith, Director & Senior Fellow, European Programme of the Centre for Strategic & International Studies (CSIS) said that revelations about rendition have "hindered Europeans' ability to recruit moderate Muslims to their intelligence services". She also quoted Sir Richard Dearlove, former MI-6 Director saying at Aspin Ideas Festival 2006 that "Europeans have long complained that intelligence sharing with the United States is one sided, that the United States takes far more than it is willing to give".

### **Counter-terror cooperation between India and United States:**

Formal cooperation between both countries was started in January 2000 with the setting up of the "Joint Working Group" (JWG). It is now

learnt that such JWG's have been set up by India with 27 countries. However regular "Back-Channel" talks were being held between both countries at inter-agency levels from the mid-1980s. US aims in setting up a JWG mechanism, according to Ms. Christina Rocca (July 18, 2002 at the House International Committee for Middle East & South Asia) were: (1) Continued engagement with India will lead to India playing a constructive role in resolving terrorist insurgencies in Nepal/Sri Lanka (2) to provide India with better border security systems and training and better intelligence to prevent future terrorist attacks (3) military-to-military cooperation to enhance their capabilities to combat terrorism and increase inter-operability and (4) US military sales of equipment to enhance counter-terrorism capability of Special Forces and to enable India purchase Chemical & Biological protection equipment. Secretary of State Condoleezza Rice said in New Delhi (Oct 4, 2008) that a good relationship between India and Pakistan will help combat cross border terrorism. The subjects discussed in Indo-US JWG's are: bioterrorism, aviation security, cyber security, WMD-Terrorism, Terrorist financing etc. The latest JWG was held in New Delhi in August 2008 with Ambassador Daley leading the US delegation.

**Compatibility of US-India counter-terrorist methodology in furthering co-operation:**

Terrorist threats to India come from (a) home grown Jihadis who hide in civilian areas (b) cross border terrorists who sneak from Pakistan, Bangla Desh or Via Nepal (c) Maoist rebels who hide among the tribals or civilian areas and (d) North East insurgents. I am not mentioning LTTE since it is almost dormant now in regard to India. We have the additional threat of terrorist financing to these segments from foreign countries. However USA faces threats from a global coalition of forces starting from al-Qaeda, Taliban and various scattered Jehadi groups hiding in Europe, North Africa, and Gulf countries, Central Asia, South Asia and South East Asia. Its armies stationed in Iraq and Afghanistan face daily threats from local militants. Thus there is a vast difference in the terrorist threat levels of both countries. Global intelligence agencies and anti-terror experts say that an attack on US mainland cannot be ruled out despite strict border checks.

The methodology of fighting terrorism by both countries is vastly different. On the one hand India has not declared any coherent counter-terrorist strategy despite the scourge becoming a national problem and a deeply divisive issue. Except for Jammu & Kashmir and perhaps in the North East, it has left the task of fighting terrorism to an already overburdened State Police which is inadequately equipped to perform the task. Even the last Chief Ministers' Conference held on Dec 20, 2007 which was exclusively convened to discuss internal security/terrorism came out with a bland statement : "Unanimous commitment that all possible measures to be taken to combat the menace of terrorism and extremism in the country in close co-ordination between the Central and State Governments and their agencies". The "decisions" announced were vague exhortations like strengthening State intelligence machinery, recruitment of more policemen, increasing co-operation and specialized training. No thought was given why intelligence on terrorism has mostly failed, why co-operation between the State police systems always seems to be inadequate after all these years and whether another model of fighting terrorism like a Federal Police adopted by several countries could not be experimented. India could not implement any major suggestion on internal security made in the Group of Ministers' Report in February 2001 although it had gone through the process of setting up several high level committees after the 1999 Kargil attack to examine the terrorist and security problems in depth.

On the other hand, US which has placed terrorism as national priority could institute a major institutional overhaul within 46 days of 9/11 deploying all national resources like armed forces, special secret forces, predators, rendition and secret prisons based on her global commitment. Unfortunately this model does not suit us except their domestic shield. We do not envisage any regular role for our defence forces in day to day counter-terrorist action except in special areas and situations. Armed Forces Special Powers Act 1958 applicable to the North East and its J&K version (1990) are meant to be of short term duration since they are highly unpopular with the local people. Our home grown Jehadis hide in thickly populated civilian areas where even a police "encounter" creates a problem. If we use armed force in civilian areas the day is not far off when our courts would start imposing monetary fines on us like a London court fining London



Metropolitan Police the equivalent of US\$ 600,000 for the "encounter" which killed an innocent Mexican during the London transit bombing in 2005 and which incidentally forced the Commissioner submit his resignation in 2008. Our North East insurgents too hide in civilian areas except in sanctuaries across the border with Bangla Desh and Myanmar. Similar is the case with Maoists. Government of India has wisely taken a decision not to deploy armed forces to tackle the Maoist problem since even some segments of the ruling UPA coalition believe that this is a socio-economic problem. The Indian Army also does not want to be dragged into day to day Jehadi terrorism. This does not mean that we should not have army-to-army exercises with US to combat terrorism. Any step to upgrade our capability and technology is always good and recommended.

Strangely Government of India, according to media, had not thought of studying US Government's successful shield of countering homeland attacks till September 2008 when our NSA expressed a desire to be briefed on the Homeland Security system [Para 2(3) above]. In fact this is the most effective and least controversial of all the US methodology which can be easily copied here. In India co-ordination between different State police systems and between State and Central agencies on terrorism is woefully inadequate. Just one example would suffice. Although Karnataka Police was responsible for the arrest of Raziudin Naser in Davangere in January 2008 which led to the discovery of Safdar Nagori (SIMI) cell in Indore and although they were brought to Bangalore in April to record their statements, Bangalore city Police had to send a special officer again to Bhopal in July 2008 after Bangalore serial blasts to get their interrogation reports of SIMI cadres. This would not have happened had we adopted a central counter-terrorist information exchange centre on the lines of US NCTC (which was in fact recommended by the Kargil Review Committee) and State "Fusion Centers" under the Department of Homeland Security (DHS) like in USA.

Finally there is no accountability in the Indian system. Unlike the clear cut demarcation of responsibilities as laid down when Department of Homeland Security was formed [Para 2(3) above] we in India have a colonial and antiquated system of "Rules of Business" which only lists the portfolios of different ministries without any

description of responsibility. We still do not know what is the exact role of National Security Council or National Security Adviser vis-à-vis Ministry of Home Affairs in regard to internal security. If at all it is demarcated, it is not available publicly. Unlike in USA our National Security Council or the Intelligence Bureau has no legal status listing their legal powers of co-ordination or individual responsibility. Again, unlike in USA there is no oversight worth the name in the Indian system. As mentioned above, in USA apart from constant Congressional oversight, pressure to perform well is codified through a legally empowered Homeland Security Advisory Council with 24 members, majority from outside bureaucracy. Presently there are 11 from corporate sector and 4 from academia. This is because of the firm belief that it is the people who are mostly affected by terrorism and they should have a clear idea what government is doing for them. Except for classified information all the work done by NCTC and DHS are given in their interactive web sites. Compare this with the bland self-satisfying web site of our MHA! Unfortunately in India, general public or their representatives have no say in these matters although they are worst affected, while bureaucracy arrogates themselves all powers keeping their actions secret without accountability or responsibility. No wonder our anti-terrorist efforts are faltering. (End)

SESSION IV

INDO-US ECONOMIC RELATIONS

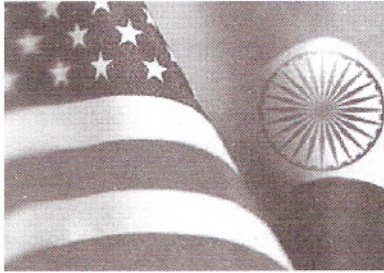
Chairman : A. Mukherjee

Main Speakers : RK Chopra

PAPER PRESENTED BY SHRI RK CHOPRA



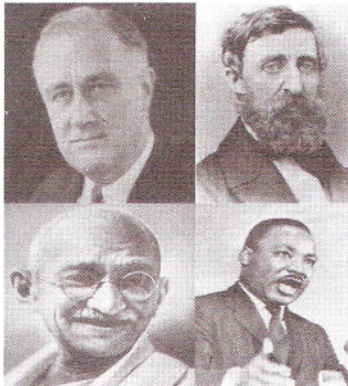
*Indo-US Economic Relations*



R.K. Chopra  
Secretary General  
Indo-American Chamber of Commerce  
[www.iaccindia.com](http://www.iaccindia.com)



Historical Perspective



Contrary To popular belief the Indo-US friendship is not a new found one but pre dates India's Independence:

US President Franklin Roosevelt repeatedly took India's cause of Independence with British Prime Minister Winston Churchill.

Writings of American philosopher of 19th century Henry David Thoreau were influenced by Bhagavad Gita and Ramayana.

The writer's essay on Civil Disobedience influenced Mahatma Gandhi in carrying out the freedom struggle Mahatma Gandhi had an ardent admirer in Martin Luther King Junior Swami Vivekananda won much applause & many friends when he addressed his American audiences as "Brothers & Sisters of America" instead of the customary "Ladies & gentleman"



**IACC**  
The Indo American Chamber for India-US Relations

### *India & USA – The Commonalities*

- Commitment to Democracy
- Freedom of Religion
- Independent Judiciary
- Common Language

The common values that bind India and the United States together are: Commitment to Democracy, to the Institutions of Freedom --free press, Freedom of Religion, Independent Judiciary.



### *India Everywhere*

**IACC**  
The Indo American Chamber for India-US Relations

A Government of India report tabled by Mr D Purandeshwari, Minister of state for HRD in Rajya Sabha states that :

- 12% scientists and 38% doctors in the US are Indians
- 36% or almost 4 out of 10 scientists in NASA are Indians
- 34% employees at Microsoft
- 28% employees at IBM
- 17% employees at Intel
- 13% employees at Xerox are Indians
- 250 Indian scientists are undergoing training in the U.S.
- 83,000 Indian students are studying in American institutions



## India Inc. in USA



- India Inc. has created **30,000** new jobs in USA
- In the first half of 2008 India Inc. made **34** acquisitions in USA with a cumulative transaction value of **\$ 5.1 billion**





Indian companies have been investing in various sectors in the US, including pharmaceuticals, healthcare, travel, information technology, luxury hotels, engineering services, as well as auto parts and steel manufacturing resulting in creation of 30,000 jobs.

The Tata group is the largest Indian investor in the US, with more than \$3 billion being pumped in as investments into the world's largest economy. Currently, Tata has 16 businesses and employs 19,000 people in the United States. Indian Steel maker Essar infused \$1.6 billion in Minnesota Steel Industries to upgrade the plant in 2007. Today, the company employs 7,200 employees in the US and has operations in more than 24 states, of which only 30 are Indian. In 2009, the total work strength of Essar is expected to go up to 8,500. In the infotec space, Wipro Satyam and HCL technologies have created 16,000 jobs in the US.

India's Minister of Commerce and Industry Kamal Nath asserted that Indian investments in the United States in the last two years had created more jobs in the US than American investment in India has.

The growing economic partnership between the US and India has been one of the pillars of the transformed bilateral relationship. The USA happens to be India's largest export destination and also one of the leading foreign investors in India. The complementarities between the two economies have made the two sides to seek a strong economic engagement to leverage the advantages available with each other.


**India Inc. Acquisitions in USA**

  
The only Bilateral Chamber for India-US Business

Sr. No	Buyer	Target	Deal value in US \$ (millions)
1	Sterlite Industries India Ltd.	Asarco Incorporated	2,600
2	Tata Motors	Jaguar and Land Rover	2300
3	GMR Energys	Intergen (50% Equity)	1100
4	Tata Chemicals Ltd.	General Chemical Industrial Products Inc.	1,005
5	Wipro	Infocrossing Inc.	600
6	3i Infotech Ltd.	Regulus Group, LLC	100
7	Everest Kanto Cylinder Ltd.	CP Industries Inc.	66
8	Satyam Computer Services Ltd.	Caterpillar Inc.	60
9	Mascon Global Ltd.	Jass & Associates, Inc. & SDG Corporation	55


**Indo-US Economic Partnership:**


  
The only Bilateral Chamber for India-US Business

- USA is India's largest export destination and also one of the leading foreign investors in India.
- The India-US bilateral trade stood at **US\$ 41.6 billion** in 2007.
- It is estimated to reach **US \$ 50 billion** for the current year.
- Indian IT and ITES including R&D and Engineering services exports to the US were approximately **US\$ 24 billion** in 2007.

The India-US bilateral trade stood at **US\$ 41.6 billion** in 2007.

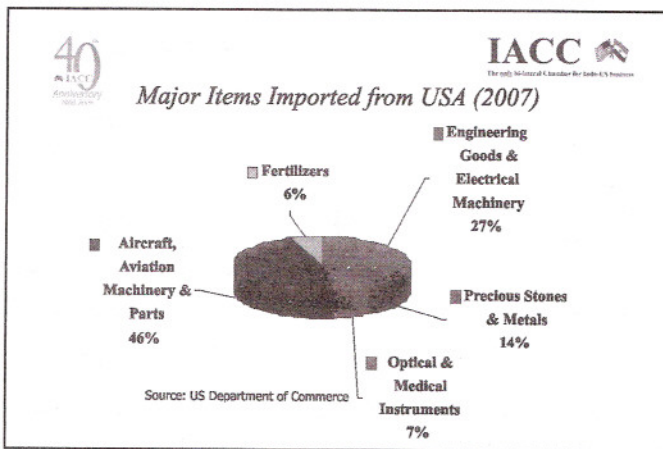
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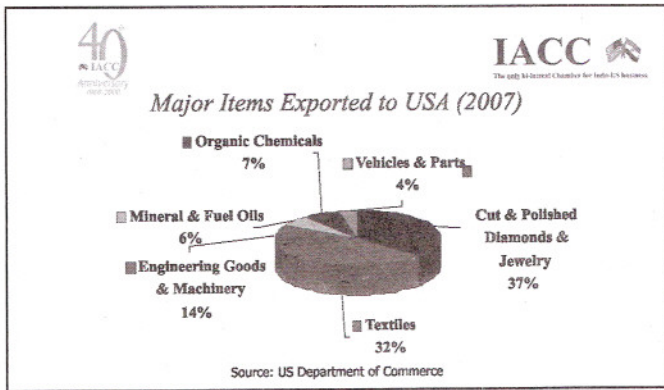
India's exports to United States, though still significantly larger than our imports, are growing at a much slower pace. India's major export products include gems and jewelry, textiles, organic chemicals and engineering goods. The rise in the value of rupee, hike in transport

40 IACC Anniversary 1968-2008		<i>Bilateral Merchandise Trade</i>		IACC 	
		(In US \$ Millions)		<small>The only Bilateral Chamber for Indo-US business</small>	
<> <>	Years				
Item	2004	2005	2006	2007	Jan -Aug 2008
India's exports to US	15572	18808	21826	24024	17145.5
US exports to India	6109	7958	10091	17592	12725.8
Total Bilateral Trade	21681	26766	31917	41616	29871.3
Growth		23.45%	19.24%	30.38%	N.A.

costs, competition from Bangladesh, Vietnam as well as some Latin American countries that have some duty advantages in textiles and apparel sector and the continuous bonding requirement imposed on shrimps since 2004 are the major factors contributing to the decline.

India-US Agricultural Knowledge Initiative (AKI) is focused on promoting teaching, research, service and commercial linkages in the areas of Biotechnology; Water Management & Human Resources & Institutional Capacity Building.





**India-US Defence Cooperation :** Increase opportunities for technology transfer, collaboration, co-production, research and development and collaboration relating to missile defence. Under the New Framework, increase in joint exercises, information sharing, jointly develop technologies and address security and humanitarian issues.

40 IACC Anniversary 1967-2007

*Key Indo-US Initiatives:*

IACC The only bilateral Chamber for Indo-US business

- India-US Agricultural Knowledge Initiative (AKI)
- India-US Defence Cooperation
- India-US Energy Dialogue
- India-US Educational Cooperation
- India-US High Technology Cooperation Group
- Information Technology
- India-US Civil Aviation Cooperation



**India-US Energy Dialogue :** According to nuclear experts The recently ratified Nuclear Deal would allow India to open its doors for nuclear trade. It will generate worldwide business worth \$40 billion, enable Indian companies to supply components to foreign N-plant makers, offer power-generation opportunities to Indian firms and increase the nuclear power level in the country to 52,000 megawatt by 2020 from the present 4120 megawatt.

**India-US Educational Cooperation:** Although over 60% of all Indian international students prefer USA as their destination, less than 1% of all Americans students going abroad for studies chose India for study. In order to enhance mobility of students and teachers between India and other leading countries, the Government of India has taken many initiatives such as "Promotion of Indian Higher Education Abroad (PIHEAD)" program and awarding fellowships, including through the corporate sector. India has also tabled in the parliament, the "Foreign Educational Institutions Bill" under which any foreign university will be allowed up to 50% Foreign Direct Investment to set up its campus in India in partnership with Indian universities.

Other recent initiatives include the teaching of Ayurveda (Indian system of Medicine) in US medical schools, Indo-US Cooperation on E-Learning (between DST, ISRO, 42 Technical Schools in India) with nearly 20 leading Universities in US and corporate partners.



**India-US High Technology Cooperation Group:** The dialogue under the HTCG has led to easing of restrictions on high technology exports to India. High Technology imports from the US increased from US\$1.3 billion in 2003 to US\$ 8.06 billion in 2007. The licensed exports to India increased from US\$56 million in 2003 to US\$ 364.1 million in 2007 with the value of application denied declining from US\$ 11 million to about US\$ 6 million. Average processing time for licenses have come down from 39 days in 2004 to 33 days in 2007. Exports to India requiring a license today account for less than .02% of US exports to India (compared to 24% in 1999).

**Information Technology:** Interaction between the IT industries and markets of the two countries is huge. 60% of Indian software and services exports are destined for the US (approximately US\$ 24bn in

2007). The IT Working Group under the HTCG is playing an important role in pushing this relationship forward.

**India-US Civil Aviation Cooperation :** the U.S.-India Aviation Cooperation Program (ACP) was signed subsequently in June 2007 during the visit of the Minister (Civil Aviation) to USA. The ACP consists of a public-private partnership between USTDA, the FAA and several U.S. aviation companies to provide a forum for unified communications between the Government of India and U.S. public and private sector entities in India.

### India-U.S Health Cooperation


Discussions in Progress


- **Totalisation Treaty**
- **Investment Treaty**

INDIA is trying to expedite a totalisation agreement with the US that would exempt Indian professionals working for a limited period in that country from paying mandatory contributions for social security. India has included discussions on this in the social security agreement (SSA) in the Indo-US bilateral trade talks.

Two rounds of informal discussions on the Indo-US social security cooperation to pave the way for negotiating a Totalisation Agreement between the US Social Security Administration and the Indian Ministry of Overseas Indian Affairs have taken place. The two sides have agreed to meet early to start negotiations on a Totalisation Agreement. A formal request in this regard has been made to the US Government.

**Bilateral Investment Treaty:** After two rounds of exploratory talks on the proposed Bilateral Investment Treaty held in New Delhi in April 2008 and in Washington in June 2008, the two sides have decided to start formal negotiations. The dates for the same are being worked out. The treaty would be mutually beneficial as the US happens to be one of the largest foreign investors in India and Indian investments in the US are also growing at a fast rate.

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Anniversary  
1984-2024

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The only national Chamber for Trade & Business



and miles to go before we sleep.....

**SESSION V****GENERAL DISCUSSION****Chairman : Prakash Shah**

Shri Prakash Shah, the Chairman of the session said that differing views prevailed in the media and the academia and the scientists regarding the Nuclear Deal giving India access to high nuclear technology. He therefore pointedly asked Dr. AN Prasad, former Director, Bhaba Atomic Research Centre to give his frank opinion. Dr. AN Prasad stated that even the past senior scientists who contributed a lot to the development of nuclear technology from scratch were kept out of the loop. When we conducted the 1998 nuclear tests, we were quite advanced. Between 1998 and now despite embargoes we have made more headway towards long term energy independence through thorium utilization. For one, who has worked on nuclear development, it is hard to visualize what high technology not already developed or not capable of developing, that we get access to through this deal.

The discussion which followed the presentation by the main speakers in each session, and the general discussion that followed the opening remarks by Shri Prakash Shah, the Chairman of this session, was lively and animated. To do adequate justice to the seminar subject in the present fast changing environment, it was generally felt that another two days seminar was necessary. A general consensus emerged on the following lines :-

- The struggle for freedom in India had the support of the American liberals led by President Franklin Roosevelt. But the first five decades which coincided with the Cold War, Indo-US relations were anything but cordial, a half century of misunderstanding - fifty wasted years.

- US Secretary of State, John Foster Dulles considered India's decision to remain non-aligned as immoral, incompatible with friendship with the United States.

- US apathy towards India resulted in India harbouring suspicion about American business and compelled it to lean towards the Soviet Union for building its infrastructure.

- The US found Pakistan as an ally to fight international

communism, gave it substantial military assistance, turned its Nelson's eye towards its clandestine Chinese assisted nuclear activities, supported it on the Kashmir issue, used it as a conduit for diplomatic opening with China and considered it an asset, promoting its policy for the Mid-East. Pakistan therefore cast the longest shadow in Indo-US relations.

- India's refusal to sign the NPT and its nuclear explosion in 1974 resulted in full scale confrontation with the US. Clinton administration vigorously pursued its policy of Cap, Rollback and Eliminate India's nuclear programme and insisted on India signing the CTBT.

- Indo-US relations plunged to their lowest point when India conducted Pokhran II nuclear test in May, 1998. But there was a quick turn around on account of recognition of India's potential as a rising power centre and an attractive strategic partner by the US think tanks, US business corporates and US politicians. The sizeable Indian diaspora as a significant political force too contributed its might.

- India and the US are in a symbiotic embrace in the economic and trade fields.

- Military cooperation has increased manifold owing to a shared strategic outlook - joint training and joint war exercises.

- Considering that the US Congress has the power to overrule the White House, its determined pursuit of predominance, intimacy in military weapons trade front could put India on short reins during critical times.

- US appears determined to shackle India by the NPT, the CTBT and also the FMCT ultimately in the long run achieving its non-proliferation goals of cap, roll back and eliminate, besides getting into a vantage position to exploit the lucrative Indian commercial market for nuclear power generation.

- Very senior scientists who have contributed in the past a lot to the development of nuclear technology from scratch voiced their opposition to the Nuclear Deal as it would kill indigenous effort based on thorium, make it dependent on the US and NSG for uranium, cap its strategic nuclear programme and merely provide them the huge

Indian commercial market for nuclear reactors. They were ignored and sidelined.

-The deal would upset the rhythm and pace of development of the domestic programme mainly based on thorium and divert the programme to uranium dependence.

-Pressures for India's signing the CTBT will soon increase. India's succumbing to these pressures would endanger its security compromising its capability to maintain even a minimum nuclear deterrent, particularly against China.

-Totally unrealistic projections of 20000 MWe by 2020 and upto 40,000 Mwe have been made to make the deal sound palatable and attractive.

-Very senior nuclear scientists with vast service experience justifiably question the prevailing view that the Nuclear deal gives India access to "high technology".

-India has not declared any coherent counter-terrorist strategy despite the scourge becoming a national problem and a deeply divisive issue. In India, coordination between different State Police systems and between State and Central agencies on terrorism is woefully inadequate. There is no accountability in the Indian system. In contrast, the US which has placed terrorism as national priority could institute a major institutional overhaul within 46 days of 9/11 deploying all national resources.

## INDO-US RELATIONS : THE CHANGING PERSPECTIVE

SEMINAR : 22nd October, 2008

(Venue : Yashwantrao Chavan Academy of Development  
Administration (YASHADA) New Auditorium, Baner Road,  
Pune)

### LIST OF PARTICIPANTS

1. *ACM (Retd) H. Moolgavkar* - CASS
2. *Ambassador Prakash Shah* - CASS
3. *Shri MK Mangalmurti* - CASS
4. *Lt Gen (Retd) RK Nanavatty* - CASS
5. *Lt Gen (Retd) PPS Bindra* - CASS
6. *Lt Gen (Retd) A. Mukherjee* - CASS
7. *Lt Gen (Retd) DB Shekatkar* - CASS
8. *Air Marshal (Retd) S. Kulkarni* - CASS
9. *Gp Capt (Retd) SG Chitnis* - CASS
10. *AVM (Retd) RD Limaye* - CASS
11. *Dr. Pramod Paranjpe* - CASS
12. *Gp Capt (Retd) SR Purandare* - CASS
13. *Rear Admiral (Retd) SS Godbole* - CASS
14. *Gp Capt (Retd) JM Thatte* - CASS
15. *Brig (Retd) RV Jatar* - CASS
16. *Wg Cdr (Retd) VS Patwardhan* - CASS
17. *Wg Cdr (Retd) MY Kasbekar* - CASS
18. *Wg Cdr (Retd) DC Sambhare* - CASS
19. *Col (Retd) AB Deshpande* - CASS
20. *Air Marshal (Retd) Pratap Rao* - CASS
21. *Air Marshal (Retd) S. Bhojwani* - CASS
22. *Air Cmde (Retd) Pankaj Mehrotra* - CASS
23. *Mr. Nilesh Salunke* - CASS
24. *Dr. (Retd) BsKs Chopra* - CASS
25. *Shri RK Chopra* - Secretary General, IACC, Mumbai
26. *Shri Lalit Mansingh* - IFS (Retd), New Delhi
27. *Shri V. Balachandran* - IPS (Retd), former Special Secretary,  
Cabinet Secretariat, Govt. of India.
28. *Dr. AN Prasad* - Former Director, Bhabha  
Atomic Research Centre

- |     |                                      |   |  |
|-----|--------------------------------------|---|--|
| 29. | <i>Dr. Bharat Karnad</i>             | - | <i>Professor in National Security Studies,<br/>Centre for Policy Research, New Delhi</i> |
| 30. | <i>Capt Mukesh</i>                   | - | <i>CASS / 330 Inf. Bde.</i>  |
| 31. | <i>Maj Gen SK Choudhury</i>          | - | <i>CASS / MINTSD</i>   |
| 32. | <i>Shri Sumedh Gurjar</i>            | - | <i>CASS / YASHADA</i>  |
| 33. | <i>Shri Yuvraj Kadam</i>             | - | <i>CASS / YASHADA</i>  |
| 34. | <i>Ms. Archana P. Uttekar</i>        | - | <i>CASS / YASHADA</i>  |
| 35. | <i>Col PP Marathe</i>                | - | <i>CASS / YASHADA</i>  |
| 36. | <i>Shri PA Gadekar</i>               | - | <i>CASS / YASHADA</i>  |
| 37. | <i>Dr. Ashok D. Kolhe</i>            | - | <i>CASS / YASHADA</i>  |
| 38. | <i>Lt Col KJ Singh</i>               | - | <i>CASS / HQ, Southern Command</i>   |
| 39. | <i>Lt Col SC Naithani</i>            | - | <i>CASS / DDSS, University of Pune</i>   |
| 40. | <i>Mr. Mohammad Samir Hussain</i>    | - | <i>CASS / DDSS, University of Pune</i>   |
| 41. | <i>Col SB Bodh</i>                   | - | <i>CASS / DDSS, University of Pune</i>   |
| 42. | <i>Col Sunil Vaze</i>                | - | <i>CASS / DDSS, University of Pune</i>   |
| 43. | <i>Dr. RN Salve</i>                  | - | <i>Shivaji University, Kolhapur</i>  |
| 44. | <i>Capt (Retd) Rajan Vir</i>         | - | <i>Indian Maritime Foundation</i>  |
| 45. | <i>Shri Prafull Mokashi</i>          | - | <i>IACC, Pune</i>  |
| 46. | <i>Maj Nishant Navin</i>             | - | <i>Station Workshop EME</i>  |
| 47. | <i>Mr. Manik D. Sonawane</i>         | - | <i>TMV</i>   |
| 48. | <i>Dr. KR Rao</i>                    | - | <i>TMV</i>   |
| 49. | <i>Col (Retd) YG Tambay</i>          | - |  |
| 50. | <i>Col LCS Naidu</i>                 | - |  |
| 51. | <i>Rear Admiral (Retd) PD Sharma</i> | - |  |
| 52. | <i>Mrs. Anjali Deshpande</i>         | - |  |
| 53. | <i>Col (Retd) JS Mangai</i>          | - |  |
| 54. | <i>Professor Ram Bapat</i>           | - |  |
| 55. | <i>Maj Gen Vijay Pawar</i>           | - |  |
| 56. | <i>Brig (Retd) AD Chaulal</i>        | - |  |
| 57. | <i>Wg Cdr (Retd) MV Kashikar</i>     | - |  |
| 58. | <i>Mrs. Sulbha Rao</i>               | - |  |
| 59. | <i>Shri Arvind Kirloskar</i>         | - |  |
| 60. | <i>L / Cdr Shrikant Satpute</i>      | - |  |
| 61. | <i>Ms. Aparna Venkatraman</i>        | - |  |
| 62. | <i>Dr. PR Dubhashi</i>               | - |  |



- |     |                                      |   |  |
|-----|--------------------------------------|---|--|
| 29. | <i>Dr. Bharat Karnad</i>             | - | <i>Professor in National Security Studies, Centre for Policy Research, New Delhi</i> |
| 30. | <i>Capt Mukesh</i>                   | - | <i>CASS / 330 Inf. Bde.</i>  |
| 31. | <i>Maj Gen SK Choudhury</i>          | - | <i>CASS / MINTSD</i>   |
| 32. | <i>Shri Sumedh Gurjar</i>            | - | <i>CASS / YASHADA</i>  |
| 33. | <i>Shri Yuvraj Kadam</i>             | - | <i>CASS / YASHADA</i>  |
| 34. | <i>Ms. Archana P. Uttekar</i>        | - | <i>CASS / YASHADA</i>  |
| 35. | <i>Col PP Marathe</i>                | - | <i>CASS / YASHADA</i>  |
| 36. | <i>Shri PA Gadekar</i>               | - | <i>CASS / YASHADA</i>  |
| 37. | <i>Dr. Ashok D. Kolhe</i>            | - | <i>CASS / YASHADA</i>  |
| 38. | <i>Lt Col KJ Singh</i>               | - | <i>CASS / HQ, Southern Command</i>   |
| 39. | <i>Lt Col SC Naithani</i>            | - | <i>CASS / DDSS, University of Pune</i>   |
| 40. | <i>Mr. Mohammad Samir Hussain</i>    | - | <i>CASS / DDSS, University of Pune</i>   |
| 41. | <i>Col SB Bodh</i>                   | - | <i>CASS / DDSS, University of Pune</i>   |
| 42. | <i>Col Sunil Vaze</i>                | - | <i>CASS / DDSS, University of Pune</i>   |
| 43. | <i>Dr. RN Salve</i>                  | - | <i>Shivaji University, Kolhapur</i>  |
| 44. | <i>Capt (Retd) Rajan Vir</i>         | - | <i>Indian Maritime Foundation</i>  |
| 45. | <i>Shri Prafull Mokashi</i>          | - | <i>IACC, Pune</i>  |
| 46. | <i>Maj Nishant Navin</i>             | - | <i>Station Workshop EME</i>  |
| 47. | <i>Mr. Manik D. Sonawane</i>         | - | <i>TMV</i>   |
| 48. | <i>Dr. KR Rao</i>                    | - | <i>TMV</i>   |
| 49. | <i>Col (Retd) YG Tambay</i>          | - |  |
| 50. | <i>Col LCS Naidu</i>                 | - |  |
| 51. | <i>Rear Admiral (Retd) PD Sharma</i> | - |  |
| 52. | <i>Mrs. Anjali Deshpande</i>         | - |  |
| 53. | <i>Col (Retd) JS Mangai</i>          | - |  |
| 54. | <i>Professor Ram Bapat</i>           | - |  |
| 55. | <i>Maj Gen Vijay Pawar</i>           | - |  |
| 56. | <i>Brig (Retd) AD Chaubal</i>        | - |  |
| 57. | <i>Wg Cdr (Retd) MV Kashikar</i>     | - |  |
| 58. | <i>Mrs. Sulbha Rao</i>               | - |  |
| 59. | <i>Shri Arvind Kirloskar</i>         | - |  |
| 60. | <i>L / Cdr Shrikant Satpute</i>      | - |  |
| 61. | <i>Ms. Aparna Venkatraman</i>        | - |  |
| 62. | <i>Dr. PR Dubhashi</i>               | - |  |