
CENTRE FOR ADVANCED STRATEGIC STUDIES



**PROCEEDINGS OF SEMINAR
ON
FOREIGN POLICY IMPERATIVES FOR
NUCLEAR INDIA**

26th - 27th February, 1999

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SEMINAR**FOREIGN POLICY IMPERATIVES FOR
NUCLEAR INDIA****26th-27th February, 1999****(Venue : National Film Archives Auditorium)****BACKGROUND PAPER**

The United States dominates the international environment as an economic and military Superpower in the post cold war era. It propagates and where necessary, unreservedly enforces its own security and economic perceptions and interests. Its strategies of "Engagement and Enlargement" and "Counter Proliferation" as well as advocacy and creation of pressure points in respect of human rights, economic liberalisation and globalisation, NPT, CTBT, FMCT, MTCR are geared towards the sole aim of maintaining its primacy and its interests in all spheres. It is able to enforce its will in a substantial measure through the United Nations, the UN Security Council, the World Bank and the IMF. As long as their core national interests are not affected, the other powers avoid confrontation and remain indifferent witnesses. Ex-arms inspector Scott Ritter has alleged that there were as many as nine CIA agents as part of an UNSCOM team in June, 1996 when an abortive coup attempt against Iraqi President Saddam Hussain was made.

Economics being the principal dynamic, the international order is gradually but inexorably changing from unipolar to a polycentric system. The US, Japan, Europe, China, Russia and India along with the regional groups are likely to be the primary centres of power in the twenty-first century, with significant asymmetries of power and capabilities amongst them. The focus is shifting towards economic and trade issues.

Free market economy is under cloud. Devastation has hit the economies of East Asia which were committed to a free market philosophy. Japanese economy is in trouble. Russia's brief encounter with capitalism has left the economy in total disarray. The developed countries indulge in erecting trade barriers through quotas, technology denial and other

manoeuvres and pressurise developing countries to open up their economies under the WTO charter. Economic recession-hit India has to overcome such problems in expanding its exports and for its economic development.

The Pokhran II in May, 1998 resulted in an uproar and condemnation of India by the five Nuclear Weapon states (NWS) and most of the countries and even by some Indian pseudo strategic and political thinkers, primarily due to ignorance, lack of transparency and disinformation by the Western media. The five NWS hegemonies desperately resisted the bursting of their hegemonic order by India and Pakistan. U.S. slapped trade and fiscal sanctions and embargoes, followed by other countries in toe. India undertook dynamic diplomatic initiative to convince them that the tests were vital for its national security and were carried out under compulsion. Mr. Jaswant Singh and Mr Strobe Talbott have held eight rounds of talks, and agreed to hold the ninth round a few months later. Detailed exchanges were held with France and Russia and discussions with UK and China. The Indo-US talks focussed on CTBT, FMCT, Export controls over nuclear weapons and nuclear technology, and minimum deterrent defence posture including India's missiles programme, for reaching stable understanding.

Good governance, social cohesion, economic and industrial strength, science and technology updating, adequate defence capability, and informed and wise political leadership are essential for any country endowed with vast natural, economic, industrial and human resources to be counted in the comity of nations.

Almost thirty percent of India's population is below the poverty line. Health and education need serious attention. Infrastructure has to be built up. These require heavy investment. Degraded environment needs remedial action. Sustainable economic development is the crying need of the hour. Defence capability which has been allowed to be run down needs to be restored. Huge budgetary fiscal deficits are seriously affecting the financial and economic health of the country.

The foreign policy initiatives should aim at safeguarding and promoting India's national interests and strengthening national security. The economic factor should claim serious attention.

Jaswant Singh-Strobe Talbott talks, declaration of no first use of nuclear weapons, and efforts to educate American Senators, House

Representatives and American masses are in the right direction. The US now seems to be increasingly aware of the Indian market potential. Mr Jagdish Bhagwati's recent appointment at the Chair of Indian Political Economy at the Columbia University, the first such specified Centre in US set up to study Indian economic reforms augurs well. Efforts are necessary to persuade US to rescind technology denial measures. Similar efforts in the European Union would pay handsome dividends.

The present international environment holds promise of much give and take in the field of trade and commerce between India and Russia. Premier Primakov talked about Russia-China-India strategic triangle during his last visit to India. The Indian response then was lukewarm, and China's dismissive. Russia could give valuable help in India obtaining modern defence technology, and benefit by importing Indian goods and services.

The sick Asian tigers may take some time to recover. India should help in arresting their downslide through trade, joint-ventures, investment and in the process help itself. China has made its presence and impact by extending help to them. India's package is liberalised access to its market credit facility at Govt. to Govt. level and increased technical training.

China would remain India's primary long term strategic challenge with Pakistan serving as a short/medium term threat of a far lower magnitude. China is emerging slowly but surely as a major global power. It is ruthless in vigorously pursuing and expanding its national interests. It has stressed the need for "comprehensive national strength" in determining its role in international affairs. Its strategy towards India is one of strategic encirclement, through its military and technology help to Pakistan, its inroads in Myanmar, its military supplies to Bangladesh, Saudi Arabia, and its establishment of a listening post in Coco Islands just off the northern tip of the North Audaman Islands. The settlement of territorial dispute with China appears remote. China recently again emphasised its claim to the Indian state of Arunachal Pradesh and considers reunification a sacred duty of its military. The dichotomy of economic pluralism/liberalisation and political centralisation, and regional imbalanced economic development may prove to be a serious weakness in China in the long run. Sino-Indian borders are porous to India's disadvantage. In dealing with China, a minimum nuclear deterrent and diplomatic skill of the highest order is a must. It would be advisable to explore areas of congruity of strategic interests

with China, and strategic co-operation in case Sino-US relations deteriorate in the future. Noticeable increase in Sino-Indian trade during the last five years is a healthy sign for improving Sino-Indian relations.

The international security environment is in a flux. India's foreign policy will have to cope with the challenges of strategic uncertainties and adopting to the evolving major changes. The other challenge is tackling the low intensity warfare perpetrated by Pakistan. Indian Prime Minister's recent Amritsar-Lahore bus journey, the Lahore declaration of amity by the Indian and Pakistani Prime Ministers these constitute dynamic and historic events to lower antagonism and promote trade and commerce between the two countries. Economic co-operation, closer ties in trade and commerce among the SAARC countries is the crying need of the hour. Effectively countering the drug trafficking and arresting and reversing the downgrading of environment and ensuring energy security for the country in co-operation with other countries are the other challenges which India's foreign policy will have to face and tackle on priority.

The Seminar is expected to examine in depth the foreign policy initiatives being undertaken and whether they are in line with the foreign policy imperatives warranted by the international security and economic environment for the emergence of India in the 21st Century as a power befitting its size, resources and potential.

PROCEEDINGS OF THE SEMINAR

Air Marshal (Retd) S. Kulkarni, Director, Centre for Advanced Strategic Studies opened the seminar and welcomed the distinguished guests and all the participants of the Seminar. He specially welcomed all the main speakers who came from long distances, starting from Professor Muchkund Dubey, Mrs. Meera Sinha Bhattacharjee and Shri Arvind Deo, all of whom have come from Delhi, and Professor Narasimha Rao and Dr. Mohammad Moazzam Ali who came from Hyderabad. He also welcomed the academic fraternity which came from Hyderabad for participating in the Seminar.

The Seminar was chaired by Shri R.D. Sathe, former foreign secretary and now the President of the Centre. Professor Muchkund Dubey, former foreign secretary spoke on Indo-US relations in the first session. Professor A. Narasimha Rao, formerly with the Political Science Department of Osmania University and former President of the National Congress for Defence Studies spoke on Indo-Europe Relations in the second session. This was followed in the third session by a talk on Sino-Indian Relations by Mrs. Meera Sinha Bhattacharjee who was a member of the Indian Foreign Service, served a tenure in China before resigning from the IFS. She specialised in China at the Columbia University. A founder member of the China Study Group which became the Institute of China Studies with her as its first Director, she is still guiding its activities. Dr. Mohammad Moazzam Ali, Reader, Department of Political Science University of Hyderabad made his presentation on Indo-Russian Relations in the fourth session.

On the following day, i.e. on 27 Feb.99 in the fifth session, Prof. Muchkund Dubey spoke on "World Trade Organisation and India : Implications". Ambassador Arvind Deo, former Additional Secretary, Ministry of External Affairs and currently Editor in Chief, Public Opinion Trends, Pakistan Series, spoke on India's Relations with SAARC countries, particularly with Pakistan, in the sixth session. Dr. Savita Pande of IDSA who was to make a presentation on Indo-South East Asian Relations had to cancel her trip to Pune at the last minute due to personal problems. The seventh session on this subject had three distinguished speakers, Mrs. Meera Sinha Bhattacharjee, Prof. Muchkund Dubey and Shri Arvind Deo.

After presentation by the main speakers in each session, the seminar was thrown open for general discussion. Adequate time was allotted for a detailed discussion and comments on all the sessions for close interaction between all the main speakers and the seminar participants. The discussions in this well attended seminar proved animated, educative, thought provoking and lively.

WELCOME BY DIRECTOR

AIR MARSHAL S. KULKARNI

On behalf of the Prsident of the Centre for Advanced Strategic Studies, Mr.Ram Sathe who is in Chair, Members of the Governing Council, as well as Members of the Centre for Advanced Strategic Studis, I welcome you all to this Seminar on Foreign Policy Implications for Nuclear India.

I take this opportunity to specially welcome all the speakers who have come from long distances, starting with Professor Muchkund Dubey, former Foreign Secretary, Mrs.Meera Sinha Bhattacharjee, Shri Arvind Deo, who have come from Delhi and Professor Narasinha Rao and Professor Moazzam Ali, who have come from Hyderabad for taking part in this Seminar. I also extend special welcome to some of the academic fraternity, who have come from Hyderabad, Warangal, and, Admiral Ravi Kshetrapal who has come from Hyderabad specially to attend this Seminar.

I now request the Chairman to kindly go ahead with the proceedings.

OPENING REMARKS BY THE CHAIRMAN

R D SATHE

The nuclear blast, last May, marks a very important development in India's Defence Policy, but it had major implications for India's Foreign Policy as well. Pakistan's demonstration of her nuclear weaponry and capability was also a reminder to us that now there are two players on the Indian sub-continent. This nuclear blast demonstrated our strength or did

it expose our vulnerability and add to our weaknesses. We did not hear much applause from most non-Indians. Even our time tested friends, that is our Russian friends, used an American flag on their hands. Their applause was very muted.

Of course we anticipated wide criticism that had happened in 1974 as well. But 1974 was different. The explosion of 1974 was termed by us as an implosion for peaceful purposes and we continued to campaign very hard against nuclear weaponry and in fact defied the Western World when we refused to be a party to the discriminatory NPT. This was in fact in keeping with our principles.

Earlier, we had adopted non-alignment as a policy, so that we wanted to establish that we would not be a party to any movement to divide the world into warring blocks. Non-alignment was as precious to us as non-violence. Indeed, both were parts of a whole.

Our courage to enunciation of such a policy in the wake of a terrible world war was certainly welcomed by a very large number of people in a war weary world, and, indeed, non-alignment became one of the most important movements in the Sixties and Seventies. So when we campaigned for disarmament and against nuclear weapons, we certainly commanded the respect of many nations.

But, alas! As time went by, we found fewer and fewer supporters. Today our friends, neutrals, and foes ask if we have abandoned the policies of non-alignment and non-violence and joined the ranks of those who believe in the need for nuclear weapons. We can no longer fudge answers to these and we have to answer it ambiguously. Clearly, we are faced with a dilemma. The dilemma arises from two contradictory maladies. One is that war takes place when one side is stronger than the other. The other is that the ultimate object of war is peace. As we look back to history, one thing is clear and that is that the world system is undergoing a great change.

In the past centuries and decades, we have moved from Empire to Colonial Rule to Federation, to Commonwealth of People, each glorifying achievements of people of different classes, colour, religion and political systems. Throughout the period we have heard people expounding, 'One

World', 'Global Relations', etc. These phrases sound very good. But there was a hollowness about it, particularly when one considered the wars that have taken place and the ravages that have been committed.

But as we now enter the new millenia, the very same phrases are beginning to reflect the new realities. Well regulated World Trade Order, Multinationals beyond the reach of individual governments and the developments in information technologies indicate that drastic changes are to be anticipated in the world system in the coming decade.

India, side lined for over two centuries in the world system is now fully integrated with it and there is no way in which we can be isolated from it. The time frame in which these developments have taken place has been very short and most of us find it difficult to come to terms with it. We are now forced, post war, to find our way to adapt ourselves to these developments. The questions they have to answer are many, what happens to Foreign Policy? Foreign policy is just one of them.

The aim of the Seminar is to focus as to how we are going to conduct ourselves in this international arena in the future. The seminar will specifically focus on India's relations with the USA, Russia, China, Western Europe, our neighbours and emerging world trade order.

We are fortunate to have with us very distinguished people to speak to us on each of these subjects. Some of you might think that this might turn out to be an exercise in crystal gazing, or making prophecies. I would like to contradict this thought most forcefully. We must remember that intuition is something that all of us have, ladies in particular. Our intuition is based on what we know and what our experiences have been. Psychologists say that this is what the left side of brain does, namely getting information, collecting relevant facts and drawing conclusions from them. The right side of the brain is supposed to engage in projecting possibilities for an overall response to questions about the future. The number of times that our intuitions come right is incredible.

The fact that group intuitions can guide us better is well recognised by business firms and it is what think tanks are all about. We in CASS like to believe that our seminars are like think tanks in as much as they provide an opportunity for a large number of people to avail inputs from groups of

specialists. I would also like to thank the Ministry of External Affairs for providing us funds in the past for organising this and all other seminars. We regret however the absence of any serving member of the ministry on this occasion.

Ladies & Gentlemen, it is now my pleasure to introduce Professor Muchkund Dubey, a very distinguished member of the Foreign Service with very wide experience. He was Foreign Secretary during 1990-91 and has been a professor in JNU, since 1998. I will not go into the details of his curriculum vitae, but suffice it to say that it is always a privilege to have such a distinguished person amongst us and also to tell you that we look forward to two lectures that he will be giving us this morning. Indo-US relations, and later on, on the WTO. He has published a number of books. He has written on WTO and a book on Subhash Bose, about Indian Society Today, External Implications of Communal Revivalisation of the Ayodhya Episode, An Unequal Treaty.

Professor Dubey, may I request you to address the gathering?

SESSION I

INDO-US RELATIONS

Chairman : R D Sathe

Main Speaker : Muchkund Dubey

PAPER PRESENTED BY PROFESSOR MUCHKUND DUBEY

Most respected Shri Ram Sathe and distinguished participants in this Seminar.

I was informed about this talk on Indo-US relations, last night, as I was being driven from the airport. This was supposed to have been delivered by the Foreign Secretary, or in his absence his representative, but he could not come, so I have tried to improvise a talk on this and I think that I do not have to emphasise the importance of Indo-U.S. relations. This is obvious.

US has always been a major power, particularly in the post Second World War period.

After the end of the cold war, it acquired even greater stature in the world power structure. It emerged as the only super power. Economically, it is still the most powerful nation in the world with a GNP, which is higher than all EU GNPs taken together as well as Japan. But its percentage share in the world GNP has declined something like 40% in the immediate post world war period to now around 22% or so.


Technologically, it is the main generator of technology, almost 80 to 90% of the basic breakthroughs in the realms of Science & Technology is achieved there. It has one of the most fantastic infrastructure for research and development and it is also the main source of capital to the world, one of the main sources of capital.

After the end of the cold war, it has strengthened its position in the structure of world power because it became a leader of the new alliance. During the cold war, it was the leader of a rival alliance. But what happened after the cold war is that the other rival alliance disappeared and it merged with it. Russia is a part of that alliance. A larger number of the new countries, most of them newly liberated countries from the Russian yoke, most of the East Europe, they have also joined this alliance. Though Dr.Meera Bhattacharjee might differ from me, but I must say that China is an important member of this new alliance. She can say that this is something debatable.

Though the Russians and the Chinese sometimes talk about the necessity of pluralism in the world power system, it is only a kind of feeble balancing act that they want to perform. By all intents and purposes they are a member of this alliance and they see their interest in this alliance with intent to retain status quo in the world. I think that even the whole of West Europe which still perceives threat from Russia leans on US for its security. This is one of the reasons why NATO is continued even after the Warsaw Pact was liquidated.

Now, so far as India is concerned, we perceived this very very significant development at the end of the cold war and we tried to adjust to it. We tried to forge a relationship with United States on a somewhat

different basis. Basically by removing the blinkers of the cold war, not looking at the Americans as belonging to the rival camp, as struggling for supremacy, in the rivalry in the world, as acting as an agent of a particular ideology in different parts of the world, so called imperialist and the others, progressive and the liberal, I think we have tried to set all these considerations aside and deal with them directly, based on individual issues .

In that, we were not doing that earlier because our foreign policy was always marked with a sense of pragmatism, very healthy pragmatism and if it appeared to be leaning in some direction to outsiders, partly it was because of their own projection, of their own perception and partly it was because it suited our interest eminently and not just because we just blindly believed in some ideology. 

Throughout, right at the beginning of independence, Nehru's period, this has been our policy. But I think that after 1989 we made a conscious effort to do so and it was in that context that we gave to the Americans the right to overfly when they approached us for taking some hospitals and nurses on their flight. They assured us that it was non lethal. They were not carrying any lethal weapons and we laid down conditions that if once war broke out in the Gulf, this would be stopped and then later on we gave them the right of re-fuelling also. We observed the sanctions applied in the Gulf very scrupulously, as a matter of fact, in some respects even more scrupulously than the major powers.

And one example was that once when it came to the question of nationals of the respective countries. The Americans and the British agreed to use the Iraqi aircraft to evacuate their personnel, which we did not, because there was embargo on that even earlier. You know the chronic embargo according to Article 39 & 40, whereas the peace keeping comes under Article 41. Economic embargo was placed even earlier and it was an indication of, when the American Ambassador came to me for getting their rights and we ultimately agreed to grant these to them, I made it clear to them that we were not doing it as an obligation flowing from any resolution that might be adopted by the Security Council. Because at that time, the Security Council Resolution authorising them to carry out operations was on the anvil. We did not agree with that and it was that had not come to sanctions, which came a little later. We said it is purely bilateral and this is one point I tried to make it clear to them.

Then the second important initiative which was taken was military to military co-operation, which had never taken place before. So a Steering Committee was set up. The Kickleiter Report, their Commander of the Pacific who sent in their proposal over starting ability of military co-operation like this. We processed that proposal and we commended it to the Cabinet, the Foreign Office, The Defence Ministry, the three Army Chiefs. All of them took the same view and it was approved by the Cabinet. Then Steering Committee was set up and our deputy army chief, was the head of the team and had first round of discussion with them.

There was same co-operation in the field of trading, and we were then making an effort to find commonalities where our perceptions were similar. The areas in which we were converging at that time were, terrorism, drug trafficking, peace keeping, sharing the burden in peace keeping because there India was in a slightly advantageous position to do so. Keeping the access to the strategic supplies in the Gulf open and we offered co-operation for that and keeping the sea right in that direction also open and we offered co-operation for them.

And I might quote that at that time the permanent member, Under Secretary in the US Office, in the political matters was my direct counterpart, Robert Kimit. He went over world wide TV network and he said that among the countries who have made sacrifices to help United States in the Gulf without being a part of the alliance was India.

I think that even before that, during Rajiv Gandhi's time, under the Memorandum of Understanding signed with President Reagan during that period we got some good transfer of technology from America in the civil sector. Something like 700 to 1000 technologies were transferred and in the military sector the co-operation in the light aircraft and one or two other projects continued and we did not have much problem.

I think the things changed after the democratic government came to power. And it is very difficult to explain as to why change because the basic factor had not changed. As a matter of fact, it should have been better because India embarked upon liberalisation in June 1991 which gave the Americans the bigger stake in the Indian economy. But I think perhaps the factor might be partly personal, the so called Robin Raphel phenomenon. The US President was briefed. The US President did not find

time for this area. That way perhaps we missed out the opportunity of developing contacts with the leading democrats during the campaign and immediately after the campaign. But for some reason or the other, the Americans started doing and saying things which were increasingly becoming unnecessary irritants, on Kashmir, on many other things.

Then came the liberalisation. An attempt was made to remove these difficulties and Mr. Narasimha Rao in June 1992 trip and after that we made some gestures to them. I think two of them were not desirable, at least of doubtful merit. But it is for anyone to judge. One was that we co-sponsored with them two resolutions in the General Assembly in 1993. One was on CTBT. Mind it, we were the leading country to move CTBT resolution, year after year, for twenty years and Americans were the ones who opposed them, year after year. And suddenly we joined them to co-sponsor it. And because just then the perception of the world had changed. They thought that this is not the case. Because they had accumulated weapons which could meet any danger. The mistake that we committed in co-sponsoring those resolutions was that even in the preamble paragraph, we did not insist on usual reference to the elimination of nuclear weapons. Elimination of nuclear weapons was the broad objective in all the previous resolutions on CTBT which has been emphasised in the resolution which India had moved first in 1982 and then year after year. It used to have two strong paragraphs on FMCT and fable material and linking it with notional, not operational. I would like to make a distinction. Notionally, the elimination of nuclear weapons. And in these two resolutions we did not insist even about that. The second thing that we did with the US was that we agreed to have seven power dialogue with them on India's security matter. This agreement was reached in secrecy which is generally done and things have gone pretty fast. They had sent the parameters of the talk with them. We had given comments as to how the talks should be held and suddenly some articles were written. I was the first one who wrote an article against it on this and then it was followed by other lots of articles and the government went back on it and the Americans blamed us. It was in London meeting that we went back and in London meeting they said that you don't keep trust and you have been a traitor.

I think that the government started on the assumption that the economic reforms introduced in India, its success critically depended upon our faith in United States and therefore these moves were made. This

assumption was gravely flawed and it was flawed on three grounds. One ground was that the success of any government reforms depends overwhelmingly on domestic factors than on external factors; even if you have the development strategy which is export oriented and based on flow of private capital. Even then the success depends overwhelmingly on domestic factor, how we use the capital, whether you have counter part capital of your own, what is your saving, what is your governance. Otherwise everything else can be dissipated. And it has been happening in our unfortunate country. Most of the governments in power have this weakness of diverting attention from what needs to be done domestically to external factor. Today if a priest in Orissa is killed, our leaders in Government find an external conspiracy behind that to destabilising BJP led government rather than you know kind of looking into our own act and searching inside and seeing what has gone wrong and what we are doing. The other thing is that we ignored that any economic relationship is a two way traffic and in a vast country like India, outside powers have their own interest because of our market, both goods and capital. So the Americans could not have just ignored India. And third is that both on the grounds of morality as well as on pragmatic grounds, no relationship can really succeed and it is very difficult to build any lasting relationship, unless you are clear about your own objectives and you do not want to compromise on your basic position. If you start compromising on your basic position to help others, then you really cannot build a lasting relationship with that country. They will ask you to compromise more and more and more, till you do not know where you find yourself.

I think Americans now have been coming to India in the Indian market. In the economic capital, they have their co-ordinates in the economies. There are lobbies for India in US business-men who try to help us from time to time. But it is not to the same extent to which they have acquired stake in Brazil or in China and this is related more again to domestic factor, the relative lack of dynamism in our economy, our inability to sustain that dynamism, because these are the factors that really give out as a State and that has not happened. But America continues to be the biggest source of foreign capital for us, the biggest source of technology.

This is the position in which we were continuing when Pokhran came. Among other things that Pokhran did from the American point of view, the most serious thing that it did was that it shook the world nuclear order,

what they call international proliferation regime which they had tried to build painstakingly since the second world war period. It was a sheet anchor of their policy and this is because it helps them in maintaining their hegemony in the world. It is also because after the Gulf War, President Bush when he called about establishing a new world order, he said that an order which projects our way of life. So in maintaining this status quo what is at stake for them is not only continuing to get strategic supplies of raw materials from the world, continuing to have markets all over the world, but basically maintaining their way of life which they had developed over the last two hundred years, since Renaissance, and the industrial revolution and technological revolution in the modern times.

They have gone to a very great extent. They have made tremendous sacrifices to build this order. They have got the NPT extended indefinitely. They have got the CTBT approved by most of the countries of the world. Some of the countries they have paid heavily to bring them in line. Ukraine they persuaded them to surrender their facile material from the weapons that were in their possession. They gave them a few billion dollars. They took the facile material to United States. They promised that they would convert them into energy grade material from 90% to 5% of criticality of facile nature and transfer it back to them and this conversion takes lot of resources. It is just like converting diamond into coal. It may cost less to convert coal into diamond a lot more to convert diamond into coal. And similarly if you want to convert a 90% rich uranium to 5% rich, it can be used in energy. It is very very expensive because of the exigencies of the post cold war and the treaty, with the war-heads being withdrawn and there was a question of what to do with the facile material in the war-heads. Then US Corporation in the private sector; they have started facilities for converting material from higher grade enrichment to lower grade enrichment and so they spent close to 2 to 5 billion dollars in just persuading one state to comply and that state was Ukraine.

They are admitting four, five East European countries into the NATO and the cost of it is estimated to be about 30 to 40 billion dollars, because they want to get them arms in order to bring them in line and conform to the system. So this is the amount of sacrifice they are making for maintaining the system and the way they build the system.

And what India did was to shake this and to give rude shock to it and therefore they reacted sharply. When I had the only meeting that I had

with Brijesh Mishra after Pokhran II he told me that the government had anticipated everything what will happen to our relations with China, what will happen to our relations with Pakistan and so on and so forth. Whether he was saying right or wrong, I do not know. But one thing that they did not anticipate and it was that they did not anticipate that President Clinton will take it so personally and that we would actually evoke so much of personal ire in President Clinton. This they had not anticipated and there was a big problem that they were facing. You know what they did to us.

When they applied sanctions, they mobilised the major developed countries, the developing countries to issue one of the harshest statements against us. The statement of G-7, of the European Union, of the Security Council, Council for Disarmament and it was in that context that we entered into long dialogues with them. Now 8th round of this dialogue has been held and I would give you some ideas as to how I view these dialogues. I think that we did the right thing entering into this dialogue because there could be a view that they have kept you under pressure, they have prevented you from doing this or doing that and you should not have entered into dialogue, it has just been the means of continuing pressure on you.

I do not agree with this because as a diplomat, I do not agree with anything which denies diplomacy because basically the whole thing is that diplomacy just gives you the small bit of margin from which you can build up with. Diplomacy works on a very very thin margin and that margin is a very precious margin and this is the very essence of this profession and if we are not going to grasp it and we are not going to use it, when we are there, then we can resign and go back to market and sell grains and potatoes, rather than remain a diplomat.

So we did the right thing. Engaging the super power of the world after this big event was a very very right step to have taken. I think that our relations with them are extremely important in all circumstances and every attempt must be made in all circumstances to bring those relations back on the rails.

Second thing is that this is also the best means of ending our international isolation because other countries you can assume will generally follow what they agree with US because of the security dependence that most of the other countries still have with them. But I

think there was something wrong with our negotiating strategy right from the beginning and this is because the way this government functions, I think that they function in a very very closed door manner. They have only one or two personalities who do everything in the world and they are keeping things very close to them, somehow or the other.

This feeling that there is a kind of a wider consultation making themselves aware of all implications, one does not get this from the way the government functions and it is true both in the domestic field and in the international field. You are aware of the resolutions that they moved in the parliament and the very next day they say it is a mistake, they are going to withdraw it. And they are not going to calculate who are going to support them and who are not going to support them. Even this minimum thing they do not do.

In the foreign policy also, in the beginning, I think that they made a great scramble for being recognised as a nuclear weapon state which was a mistake in my view because you will not be recognised as a nuclear state until you become one and just by exploding these bombs we had not become a nuclear weapon state in that sense, in the fullfledged sense of the terms.

And therefore when we are prepared to sign some clauses of CTBT they did not even start to analyse the CTBT and find out that there is no clause in the CTBT which you can sign without signing the entire treaty. But in the beginning official statement was made to the Press that we are prepared to accept some clauses of CTBT. Then they said that, there was a thought clearly from the official quarters that one way of our bringing into this system is some kind of a protocol to the NPT. You know you can't make me a member of the nuclear weapon states because it is very difficult to get the members, agreement of the whole secretaries to amend it. You can have a separate protocol. One of the most unrealistic thing that you can think of.

It is one of the very clever devices, without knowing that it amounts to the same as amending the treaty. Same process will have to be gone through and besides you know it is not clearly feasible for you to be recognised as a nuclear weapon state, technically, formally, legally until you force upon them this fait accompli, until they get used to living with this fait accompli for some time to come.

Then the other things that they started doing in the second stage of negotiations was that they did not think of acceding to the MTCR.

This is an indirect way of recognising us as nuclear weapon state in the sense that you know there are different clauses in MTCR etc. and there they transfer technology to those who are in their League. So, if they transfer technology to us, we would automatically be considered to be in that League. That was my logic. But then we start saying that we need transfer of nuclear technology, you know nuclear energy technology, as though for the first time in India this government discovered that the nuclear energy technology is very important for the energy situation as a whole in the country, as though no other government was aware of that before and all of a sudden they showed great interest in getting nuclear energy from the United States.

Apparently, nothing of that sort happened. It was quite clear and I had clearly written two three articles at that time that that was a wrong way of going about it and it was a non starter and it did not turn out to be a non starter and this was because of the two three reasons.

One is that United States is a party to at least four or five regimes which prevents the transfer of dual control technology to developing countries and United States has moved heaven and earth to get these things put together. Now how do you expect its present leadership to violate that.

The second thing is the United States itself. Even before Pokhran there were no transfers. Whatever they were transferring was flexible interpretation of their national laws to give effect to this treaty and flexible interpretation was there because of our good relations and ultimately the transfer of technology will also depend only on the quality of our relationship with United States. Until that quality is restored to a normal level I do not think that whatever things are there, flexibility there is for transferring things, that would not happen.

So, I think that you immediately place yourself in the place of a demander. In a negotiation if you start by demanding something you weaken your position automatically and so I do not know why that scramble was there for the two months after we started talking with America. My view was

that we should have talked to the Americans purely for the two things and they did these things also.

One was that what kind of understanding we are going to reach on our nuclear weapon. What they say that their perception of non proliferation objectives. Our perception of our security to which is linked nuclear deterrent, minimum nuclear deterrent, and how we narrow the gap that we have between the two. That should have been the crux of the talk which it was. I must say that one of the main perception was that.

And second should have been, how do we improve our bilateral relations and the sanctions would have come logically in that context without saying that we are dying and we are crying because of your sanctions and that we cannot live without your removing the sanctions. Please do something for us. Basically we should have said that in these bilateral relations how do you expect to deal with a sovereign country in a dignified, self-respecting manner if you dangle a state of sanctions over his head and you must apply your mind to it. But the Government took a peculiar position on these sanctions. It made it a point, not to speak about the sanctions, when immediately after Pokhran the budget was to be presented.

The mistake started right from that time when the budget was moved by Mr. Yeshwant Sinha in the Parliament we did not take into account the effects of sanctions at all. While Pakistan had copiously taken the effects of the sanctions in their budget, which was moved more or less at the same time. We said, look, we can get over it, we do not care for it. So much that on 15th December 1998, the statement made by the Prime Minister, first printed statement on nuclear strategy there is no mention of the word sanction there at all. In none of the talks earlier from official quarters there was anything mentioned about sanctions.

And the sanctions would have been one of the main key point in the context of the improvement of relations. Only in the 8th round, the last round in Delhi the sanctions came up and that virtually we tumbled upon it because we decided that after eight rounds we had to conclude these negotiations and we concluded in a positive note that let America do something for us and in lieu of it we will do something for them and the Americans should remove the sanctions on World Bank loan and we will try to get the CTBT signed and it is in this context that it came.

But as you know that the removal of the World Bank sanctions it is not such a big shake. The thing is that they are illegal and we are right to say that you have no business to impose it. We are entitled to World Bank resources on merit and what you are indulging in is not according to your law, not according to international law. It is clear cut pressure and arbitrariness. Main thing was the bilateral sanctions and the bilateral sanctions issue is so tangled since the Pokhran that I do not see any end to it in the near future. Because there is now legislation of the US Congress it can be withdrawn only by a counter resolution and President Clinton in the remaining part of his tenure is not in a position to take initiative to get such a resolution introduced and passed. He has no incentive either I think. I think that the only thing that he can do is to suspend it for a year for which he has the authority. But this is again keeping the issue on a short leash and not very much in keeping with our national self respect and dignity.

Now I come to the understanding on the security issue, what has been achieved. I think at the end of the 8th round, to outsiders who have no access to government papers and I for one do not have any, it is difficult to say to what extent an understanding has really been reached. The government statement says that the America have more or less accepted the necessity of India to have nuclear weapons in self defence. That they are more or less reconciled to our minimum deterrent. But they want to know what is the size of that.

I think what has happened during the negotiations during the time of Narasimha Rao is further slowing down of the Agni programme and at the time soon after Pokhran, it was Dr. Abdul Kalam who has himself announced that the next test of the Agni in the present range will take place in December. And there was not a word from government when December came and December has gone. It was also said in July/August, June/July that accelerated range Agni will be developed and government has taken a decision and it will be probably on 16th August. Prime Minister in the Parliament announced that a Cabinet decision has been taken and it will be developed and flight tested in 1999. But the foreign minister made a statment seven days after that saying that it may or may not be tested in 1999. And so I feel that there is a clear understanding with the US that while we will go ahead in laboratory or elsewhere with the programme, for sometime, we would not test. I think which is a great great mistake that could turn out to be one of the biggest setback to our developing the

minimum nuclear deterrent. That could very well lead to a situation where our Pokhran test would be nothing more than a misadventure of the government which wanted to win popular support and has no determination or courage to push it through. It will be basically a betrayal of the nation if that really is the case, because there can be no deterrence for India without a medium range delivery system and the fact is that we do not have a medium range delivery system.

The Agni has been flight tested only three times and once it has failed, once it has half succeeded and only once it has succeeded. And there is no example of any country which has put in operation a delivery system with only that number of tests. The Super that the Russians put into operation today, they did nine tests before they put it into operation and I think that this is something which is a matter of great concern.

Other thing is that publicly United States would never, never give up the objective of non-proliferation and so long as India, every step that India takes to violate it, every move that it makes to violate it, they will protest. They will put pressure. Whatever may be the private understanding. If you see the recent remarks of James Rubin or even Talbot, after 8th round, Oscar Plintoun and Clinton's State of the Union Message, it comes loud and clear even if Talbot has said that we will keep faith with our allies in the statements we made in the communiques that we have issued with them and the G8 and EU and Security Council we will keep faith in our allies. They had also said that he hopes that India will work its way in 1999 to conform to NPT. Any hope that we have of their stopping putting pressure on us I think that there is no basis or justification or there could be private understanding but not publicly they will continue to do that.

Then this question of the size of deterrent. I think it is unreasonable for the United States and all the persons, of US ambassador to insist on knowing the size of our deterrent, because the most important thing is that we ourselves do not know the size of deterrent and this job has been entrusted to the National Security Advisory Board. Just imagine it, or at least the nuclear deterrence doctrine has found it and the size is a component of it. I think a government which is engaged in developing a nuclear deterrent should know about it and should not wait for a committee to be set to come out with its recommendations. It is an operational matter and it

is the duty of the government in consultation with the armed forces and the scientific and technical experts to know what it is doing and whither it is heading towards. National security council can at best propound certain doctrine, bring out certain component, but the Executive, the Government must know, particularly at a stage when it is engaged in the process of developing this nuclear deterrent.

Second thing is that, I think, an outside power, the only country which can ask us to tell them the size of our deterrent is the country with which we are negotiating rearmament limit and we are not doing it with the Americans. We might do it with the Chinese, we may do it with Pakistanis and we have to tell them what is our size and what is their size and this is the only way in which you negotiate, of course when the time comes and one does not know the time when it comes. But certainly not with the Americans. We are not negotiating with them arms cut limitation and I think that whatever the Prime Minister has said is enough. That is, it is our deterrent, that we would have minimum credible deterrent, that we would not get engaged in an arms race with other nuclear weapon powers.

The joint statement at the end of the eighth round says that the relations between the two countries have never been what they should be and these talks have led the basis of broad based relations between the two countries. I think there is no statement as misleading as this one.

First thing is that with US you cannot but have broad based relations because they impinge on every aspect of our relations, economic, cultural, scientific, strategic, nuclear. How can you have any relation with US unless it is broad based. Secondly every government when it wants to put a gloss over its efforts it rediscovers the field. It is really a grave injustice to previous governments to say that there has not been a broad based relationship. I thought that there were four years of Rajiv-Ronald relationship which was quite broad based, when each one of them used to call the other by first name and there have been other periods in our relations which was broad based.

Third is that there are some inherent limitations to our having broad based relations with United States and these limitations really arise from our different perceptions of the world order. For example one area where there is an unlimited scope to co-operate is in the area of multi-lateral

system, the multi-lateral trade, the multi-lateral financial system, the multi-lateral disarmament. Our perceptions are diametrically different. We are for elimination, they are not for elimination. On WTO our stands are very different. We are for strengthening multi-lateralism. They would like to weaken United Nations further and further. The second thing is another question of broad based relations is that so long as they, you know, your relationship with a better power, with United States cannot be seen in isolation. That relationship has to be seen in relation to what is our relation with China, what is our relation with Russia, what is our relation to Europe and they are mobilising them against us and they have just put us back to the wall and they have almost refused us the space that we have to deal with these countries and so long as they are doing that, the space to deal with United States will also be rather limited. This is the fundamental limitation.

Finally, I would conclude by telling you on the basis of my experience as to how to deal with a mega power like United States. I think there are a few things which we must know in dealing with them. One is that most of the powers of the world, not only United States, one thing that we find while we negotiate with them is that they are very-clear about their objectives. And we are more often than not. We are not. And generally they do not compromise on their objective. They can compromise on the ways and means of attaining it etc., but the basic objective they seldom compromise. There is always a final position, pull back position and we do not seem to have that final pull back position. We are prepared to be pushed to any extent in negotiations.

Second thing is that they have the natural penchant for displaying the arrogance of power in dealing with others. The way they deal with canon Yugoslavia, the way they deal with Iran. They don't accept any canon of International Law. They don't accept any international norm, any standard when they think that it is not upto their interest. They just apply brute force and there should be no illusion that they will do it against us also, if they can afford to do that. And they have now acquired a capacity to strike any country anywhere in the world and through conventional weapons and not through nuclear weapons and they have based themselves in different parts of the world and they can strike any country anywhere in the world and they have that position and do not regard yourself immune from that.

The only thing that will make you immune from that is your own cohesion, your own unity, their realisation on their part that with all these things they cannot do any thing to you. But if you are a divided house, if we are quarreling amongst ourselves they would not mind further exaggerating it and making it more difficult by making it slide if the situation arises.

Third thing is that they understand power. My dealings with them when I have talked to the Americans on a major thing in UN, I mean bilaterally. They would not talk to you. This is something which you can never accept. This is totally unrealistic. But once when I had mobilised the entire 50 non-aligned countries in the group then I got a message that they are definitely trying to talk to you. And I did it repeatedly, time and again, in dealing with the Americans and in dealing with the Western countries.

So they understand power, they understand debate. And power in the India's sense is the quickest possible development of the minimum nuclear deterrent.

Third thing is that as I said in the beginning that if you kind of compromise on your basic negotiating position then there is no end to which they will make you compromise. They will take you to the next step, to the third step, to the fourth step till they ultimately make you conform to their objective. That is their tactic, and I think that basically the most important thing is that in the present context the only way in which we can get out of the international isolation, the only way you can talk in equal terms with the United States and other major powers is to present to them the fait accompli of our being a nuclear weapon power and sooner we do it the better. The longer it is delayed the more entangled our foreign relations, longer our foreign relations remain entangled, the longer will remain isolation, the longer will be the consequences of Pokhran II.

Thank you.

SESSION II**INDO-EUROPE RELATIONS****Chairman : RD Sathe****Main Speaker : Narasimha Rao****PAPER PRESENTED BY PROFESSOR NARASIMHA RAO**

Air Marshal Kulkarni and dear friends.

History is of late acquiring politico economic dimensions. I have had the unfortunate privilege of knowing excellent information on both sides, some supporting the nuclear tests technically and some opposing equally technically why we should not have gone in for nuclear tests etc. etc.

What is the social scientist, bombarded with information on two sides technically on nuclear test etc. asked to suggest a policy expected to do keeping the Europe factor in mind ?

I have culled out certain information as to what Europe has done and then its relation to India's nuclear strategy. Once upon a time, France decided to go nuclear. Now before it decided to go nuclear, they had conducted a small exercise: should Warsaw Treaty Organisation enter the Western Europe at the conventional level, France would threaten the use of its, in our language credible minimum nuclear deterrent and threatened to use it on number one Warsaw Treaty forces which were slowly advancing into Western Europe primarily in the Donetz sector. Number two, it has threatened to launch a medium range because France could only do a medium range because France does not have an ICBM because it does not require an ICBM. It will launch on the eastern part of the Soviet Union thereby compelling the USA to enter the thermo nuclear war and threatening the USSR.

Now the idea of France going nuclear and using this kind of let us say a diabolic technique of drawing the super powers into nuclear war was that there is some kind of a relational distrust of United States jumping in immediately. Otherwise with NATO, though France was outside NATO for

a very long time and surprisingly France has joined the NATO now. The reason was that there is some kind of a distrust that US would not sacrifice its territory for the sake of a small piece of Europe and then go all out into a thermo nuclear war over the USSR.

Suppose it does not, in which case French nuclear deterrent would have performed its function namely diffuse the crisis by stopping the escalation, stopping the flexible response and then diffusing the whole crisis because that was the purpose of force isape. This is inspite of the fact, that France had a possibility of America intervening.

India does not have any such power to intervene on its behalf at all. Why are the people talking that we should not have gone nuclear, and acquire a credible nuclear deterrent. Should not our credible deterrents differ in terms of China and Pakistan? What is credible nuclear deterrent towards China would be different from what is credible nuclear deterrent to Pakistan. No one is talking about it. Because credible nuclear deterrence is a lovely phrase. Because it should be used, it should be talked about, write profound article, foot notes in journals and then as my predecessor told nobody knows what a credible nuclear deterrent is because you cannot know.

Because to Pakistan our credible nuclear deterrent is totally differnt and the range seems to be between 60 to 240 war heads. Subrahmanyam says 60 are enough. Brahmachalleney says 150 are necessary. And how will a social scientist decide how much you need. We can't, but then, now let us see what Europe has done. I will just tell you what the things are.

Africa has rallied round South Africa and opposed test by India. Middle East and Arab countries are frustrated not knowing what to do with Israel nuclear weapons and in frustration people are insane. Therefore, we forget them. A large number of marginal states in the world out of about 200, about 100 countries, whether anybody goes nuclear or not nuclear politics is irrelevant to them.

For example the weaker a country, the more security, because who would like to attack it? The larger marginal countries have been irrelevant, with the result that only about 30 to 40 countries of the world are playing this politics.

This is what P5 have done. France expressed its reservation and it is a European power. Stop testing immediately and unconditionally and sign CTBT. Look at the words they used for India. Now, United States and China expressed deep concern at India's nuclear test but said that the global non-proliferation regime is at risk because of India's nuclear test. Ironically these are the two countries who put the nuclear non proliferation regime at the risk of the world.

Now G8. G8 is an anacronism. Stop test, sign CTBT, do not deploy, do not test missiles capable of carrying nuclear weapons, no further production of facile material, no nuclear weapons, do not export equipment, do not export material, no technology of weapons of mass destruction. This is G8.

Security Council expresses concern. That means nothing. 'Expresses concern' has no meaning in the technological parlance of the world and they said there should not be nuclear weapons in South Asia because the South Asia is going to be a fulcrum between the Middle East and South East Asia and therefore the possibility of a conflagration involving the nuclear weapons is greater. Therefore there should not be nuclear weapons in South Asia. Now since when have Security Council decided arbitrarily that this geographical area should not have nuclear weapons? I have not known United Nations Charter a clause which has given them the right to decide that in this area there should not be a nuclear weapon, in this area there can be a nuclear weapon, which is shocking. If they say there should not be nuclear weapons everywhere, it is a separate issue.

Now, let us go to the Europe. UK and France have taken one stand. The rest of the Europe have taken a different stand. Between UK and France, France has agreed that India has a right to go nuclear. Denmark, Finland, Ireland, Netherland, Sweden want a nuclear disarmament on time schedule which is similar to India's stand. European Commission has not published this because it has come in the voting figures. Austria and Germany want facile materials to be dismantled totally. Who are they, because they do not have. So if either I should get a good idea or you are not entitled to get a good idea.

Now, within these the most current statement before I go to non-nuclear areas where perhaps I am a little less ignorant, is you please sign

but not ratify. You know this is what America has done in respect of strategic arms destruction. No.2, what you do, you sign, you follow the articles of the Strategic Arms Destruction, but then do not ratify. Because you can always get out if you do not want to. But in international law in any treaty you can always get out. There is always a get out clause. I have not found any treaty in the world which do not have an escape clause and a withdrawal clause. Always you can withdraw. If you are powerful enough, you can violate international law. My predecessor has already told you, that power gives you the right to violate. So then, in this context there seems to be, according to paper reports that we are likely to sign, but not ratify. Policy options before I close, do not sign, irrespective of the fact that Brooker Price accepts and the former chief agreed that we should sign, should not go nuclear. Also he is on record that I won't like to be in this country because the country has gone nuclear.

India is surrounded by the maximum nuclearised area called the Indian ocean. There is no other ocean in the world which is so nuclearised than Indian ocean. Should we not take this into consideration and integrate nuclear strategy if politically, scientifically, militarily, integrated strategy into the whole security thinking of this country. It is not being done. All that is being done is lovely articles in the newspapers, either taking this stand or taking that stand.

Now there is another problem. There are people who are scientists, who have been questioning the tests, their veracity. They use the word sharp, they use the word nano second, they use the word booster device. Whether this is hydrogen bomb or not, whether it is, I tried to meet some of the people. Now here is some of the answers which social scientists should know. There is a need to know category and no need to know category in scientific establishment as well as military establishment. By and large, the category which need not know is the category which knows. Sometimes the category which needs to know does not know.

But usually what happens is there is politics in the scientific establishments in this country. If X says that we will go to LCH, we will go to HA, we will go to Superfine. All the people who oppose him in the establishment will question the whole status and then write profound articles on defence of the booster device, it is not a threatening device. How am I supposed to know. How can I know?

For example there was a seminar in Hyderabad where one of the admirals from Navy, myself and another India's scientist, we were all discussing on a panel and the man gave me some figures of the entire facile material in Indian atomic establishment. This is the amount of facile material I have. I do not have an access. What can I do sitting back on the panel except to go back to the Atomic Energy Act of 1962 which prohibits revelation of facile material figures. I asked him, why are you revealing? Because that is the only defence which I have, because the Atomic Energy Act does not allow you to reveal any figure of the facile material. No country reveals it. Even if somebody robs your facile material, you are supposed to keep it secret becuse it shows your inefficiency, it shows secrecy, it shows confidence that the man who robbed might not know what to do.

American facile material inventory has 12 tons of facile material unaccounted for in spite of all the outs and ins they have. These are some of the grey areas with which we have problems of discussing nuclear issue.

Now we will go to the non-nuclear issue. Europa is supposed to be the name of a very beautiful maiden, an Asian maiden. I am beginning with a myth, because myths are long standing, more preferable, interesting compared to history which is usually dry. Now one of the gods of Europe usually a Greek god, because Greek gods and Hindu gods are slightly more erotic in their history. So that man has fallen in love with this Asian maiden whose name is Europa, transformed himself into a bull, took her away and then landed her in Europe.

After landing, the gods won the first battle. Now the prisoner of desire, Europa wanted to take revenge. I am developing this much, because you will see the development of Europe fitting into the myth. It cursed the gods of Europe stating you will pillage, you will kill each other, you will murder, you will become barbarian, you will be beset by a religion which will be split and again you will have to fight between the regional gods and man. The second round was won by the humans and the Europe acquired the name of the original maiden called Europa.

Forget this part of this history. In Europe gods did fight. Church split. England and France to give you an example fought all over the world. They fought in America, they fought in Europe, they fought in India also. I

do not know if there is any continent where they have not fought. They spilled blood. Out of that they began to question, they began to debate. The humans took over the reason. Then came the age of reason. Then came an age of doubt. Then came the question of appeasement in the form of marxism which also has a European origin.

Then, when these things came, we come back to early modernity because I told you my time is limited by virtue of the history not by virtue of the myth. So by the time 1945 came in and 1945 was over, Europe had to confront an extraordinarily formidable enemy in terms of Soviet Union and Eastern Europe. So there came about 5 to 6 nice theoretical people, people like Altrudor, George Martin, Caril Law, Thobliasy, Barlinger, Okato. These were communists except George Martin who was a socialist in France.

Most of these people were communists and by the time these came into the European scene, Europe was completely modernised, bureaucratised, bourgeoised. Now if the majority of the population are bourgeoisie, whom you are going to fight, what will communist party do. Therefore communism had to undergo some change. The orthodoxy had to undergo certain crisis. So these people tried to evolve some kind of, in their language, Euro-Communism which of course transformed itself into what we call social democracy, which is the most prevalent in Europe today or more acceptable.

While these debates were going on something parallel was taking place in Europe. Europe thought that if we continue to have our boundaries on the basis of the nation states that we have, we might return to the curse, curse I am using more as a myth of internecine fighting. Therefore why not we plan to unite. They began with economics, they began with European Union, which is likely to come and they had planned elaborately over a period of 40 years how to achieve this political union.

Now to problems. Three experiments are going on simultaneously in Europe. One was completely overcome. The nation state, have a super state of Europe which is likely to come at the end of 1999, European Political Union. Some of the nation states are remaining, which have not joined them, because from six they are becoming twelve. A sub nation level in Yugoslavia was fighting most critical level, lower level in the same continent.

A group are trying to overcome the boundaries and barriers and become a union and become a very formidable country. Formidable in what. Eight trillion is their GNP. Maximum number of scientists and technologies are there. The countries which roamed the world and colonised the world are there. The most warm two nations are there and the people therefore out of the requirements in START I and START II, they decided in 1972 to have European Security Conference and Europe would not have war in future.

How many Indian Universities in India have European studies? How many libraries have European expertise. Three of them are in Delhi. I came to know that in Poona there is an institute which has a European studies branch, The Servants of India Society in Poona. We tried to have European studies, because this is some kind of experiment that we are doing, because we are also going through some kind of ethnic crisis. We are going through our own crisis.

This does not require policies. This does not require Government of India or the European parties to decide whether we should study Europe or not because if you depend on them, then CPM will say you study China, Congress will say study Italy. So therefore the best thing we would say is, this is something which University Grants Commission, Universities in their own autonomous status can decide, what we can study. Otherwise where the most critical experiments are going on, where once upon a time it was United States which was opposed to the ECM coming up because the challenge of another capitalist power ranging on the world and roaming around was a little bit of fear.

There were two occasions when Europe stood up. I will tell you only two examples. One was when Walter increased the American rates of Federal Bank by half per cent. Europeans said that it affects the security of Europe and within 24 hours America had to go back on their interest rates.

Number two, two years back American Congress passed a resolution stating that any country or any company which deals with Cuba, these companies will be barred with American trade and this is our national law. Their national law on nuclear policy ignored the sensitivities of the European countries who took strong exception and Clinton had to say, case by case

we will decide and we will permit. Then one way of clamping down this something like Government of India said on non-alignment, we will judge each issue on merits. The Government deciding issues on merits hardly works.

European experiments are going on at a theoretical level of international state which we also are going through. In nuclear level. France has done something which approximates, it is not similar. No two countries, no theologians of two nuclear states can be similar. They are going on the theoretical foundations of Marxism. They themselves have been questioned and they have been modified in Europe, except Dange who compromised with the Congress party later. Joshi, Gopalan, Nambudripad they attempted, but they have not done it with the result that we are left with absolutely theoretical vacuum on what we are doing. The only solace is that the vacuum is filling because in vacuum Newton's law operates. Well if you push it, it goes on pushing. When you do not push it, it stays where it is there.

For this there are two ways. Do not depend on the Government or the Universities for starting of the courses. This requires the innovative individuals to take this action. We do not require Government at all, for developing any relationships, if there are independent studies, that can be made in America and Europe. There are independent institutions that are here with us also. Because in West, Corporates fund security and related interests. Here Corporates fund fashion shows and cricket matches. They don't bother about, especially country issues. Surprisingly Poona seems to be an exception from what I have been told about it. But otherwise they do not. So from this what will emerge is that Europeans have certain kind of political cum economic cum security considerations which require to be studied in detail in this country for the reasons of our location (a) and in the nuclear theologies they went through this kind of an experiment (b) and c) in terms of the very concept of a nation and state, they are conducting an experiment. They are unable to come to any final discerning yet and lastly they are going to have problems of capitalism in future.

With three groupings, you have NAFTA, you have lap tops, you have EC and you have APEC, each approximatly having eight trillion as the GNP. The rest of the world is eight trillion, that means 3/4ths, twenty-four trillions are in the hands of those people and science and technology are in

the hands of those people. They can therefore create power. They can therefore employ and force power. Therefore if you do not know them, we will not deal with them, because either having money or either having power would not solve the issue.

I will give you last example. When Russia wanted 50 billion dollars to bale out its economy immediately after the collapse, of course the Americans and G8 tried to put some conditions. Taiwan said I will give you 50 billion dollars because my foreign exchange reserves are 80 billion. America said do not give. If you give to Russia, we will immediately withdraw this 7th Fleet. If China does exercise or if China does anything to you, we will not be responsible. So having so much of foreign exchange reserves, will not give Taiwan the lever to create. So economy by itself, unless also balanced by a tremendous amount of plough in terms of science and technology, in terms of the role all over the world it does not play.

Lastly, I am told from a reliable authority that European countries do not reveal their foreign exchange reserves to America. We do not have to reveal because the Reserve Bank figures are different from Ministry of Commerce figures, Ministry of Commerce figures are different from Ministry of Industry figures. Even on balance of payment they differ. It is such a unique example that we could have so many different balance of payments from different ministries, like the amount of poverty. Lakdawala Committee differs from National Sample Survey. National Sample Survey differs from Planning Commission, Planning Commission differs from all of them, including itself, because the next Planning Commission won't agree with it.

So you have problems of operation analysis. The reasons for their not disclosing is that by not disclosing they are controlling the monetary flow of the world. Europe can play havoc with it. How do they do it. Whether we can do it or not, whether should we do it or not, whether is it necessary to do it or not. No. First know, without information, without trying to know. That is why I am only trying here to expose the areas of our ignorance which requires to be attended to, before discussing the role of a foreign policy, unless we decide to define a policy. Not having a policy is also a policy.

Thank you very much.

SESSION III**SINO-INDIAN RELATIONS****Chairman : R D Sathe****Main Speaker : Meera Sinha Bhattacharjee****PAPER PRESENTED BY
*PROFESSOR (MRS.) MEERA SINHA BHATTACHARJEE**

I want to say two things before I begin. One, certain degree of empathy with CASS, because just as you are struggling to keep going, we in the Institute of Chinese Studies are also, a privately initiated enterprise and we are struggling to keep going and I extend a welcome to those of you who come to Delhi and are interested in China to come and visit our Institute.

And the second thing I want to say is that I stand here with a certain degree of, what should I say, trepidation. I have, for a long time taken a non-mainstream, non conventional view of China. I have made an attempt to Study China from the inside out because I believe that the first maxim or the first tenet of all intelligence is that you should know your enemy. How many centres of Chinese Studies you have in this country? How many centres of studies are there on China or on Europe or Soviet Union or Russia?

I think that maxim has to be taken very seriously, but instead of the word enemy, I would say, know all those you have to interact with, expand the frontiers and the borders of your knowledge, particularly in today's world. And in China's case, I think you have a very unique attempt at integrating, with the world on lines that are dissimilar to the kind of policies and strategies and values that the socialist block interacting under the Soviet Union made familiar and which constantly and continually continue to challenge, as the basic assumptions and values or what has been a Euro-Centric State system is now extended to the whole world and that what Chinese normally call power politics. I won't go into that, but this is by way of explanation.

Now it seems to me that one thing we must all recognise and we do recognise and that is why I am here, namely that China has always been an

important, if not, the determining factor in India's relations with the world and India's foreign policy, post 1962 i.e. the break down of the earlier Bhai Bhai relationship and the persistence of very sensitive national issues that have remained un-resolved. That is post 62, post bi-polarity and even post Pokhran II. It is even more, it has become even more important to India.

No matter how you look at it, China is important and the management of our relations with China and I use the word management very deliberately, now faces India with one of its, perhaps one of its biggest challenges. How do we look at this China, how do we perceive this China. I want to, with your indulgence, start with something very basic. Let us see what is this thing we are talking about that is called China.

We know it is a continental sized country. We know what its population is. It is 1.2 billion. We know that in the last 20 years its economy has boomed with an average of 10% growth annually. That is its GDP growth which was 2% in 1978 has mounted to about 900 billion in 1997. We know that the per capita income of this 1.2 billion people is now about 700 dollars, not very much and this is going to be one of the serious anomalies of China, that may be by the year 2010, the present financial crisis being overcome. May be by the year 2010, as estimated by various people, various institutions, China will have the world's second largest economy.

But it will still be a poor country. This is going to be one of the anomalies of China. In 1997, its total trade turnover was 325 billion dollars. Now in 1978, if I remember correctly, China was about insignificant in the world's trading areas. Now this amount of total trade turnover has rocketed China to the 9th or 10th trading position, in status as 9th or 10th trading nation of the world.

Someone mentioned Taiwan with its foreign reserves of 80 or 90 billion. Today, China has the world's largest foreign reserves, over 140 billion. It also has a 40 billion trade surplus, disputed by some, as to how you counted the Chinese with the United States. Here, let me add that if you look at China closely, you will notice two things. Investment to China comes largely from Asia, South East Asia and particularly from overseas Chinese. In other words, this has also been Chinese policy not to be dependent on investments from American or developed countries sources because it realised that it could be made vulnerable. So most of their investment comes from South

East Asia, Asia and from Chinese sources. Despite everything, the financial slow down of last year, it attracted a total foreign investment of 221 billion dollars is not insignificant by any means.

I thought Dr.Savita Pande would be here so I did not bring with me any accurate figures of its military paraphernalia. So I do not have any to give you. Just to remind you that it is a formidable military power. It has both conventional and nuclear forces. Today, her nuclear capability is perhaps it is capable of hitting the United States. That is recognition of her strength all the time. Its training, its PLA is on very modern professional lines, training in professionalisation, induction of technology. It is also giving priority to modernising and developing her Navy and her Airforce. It is, as you know, an influential member of the P5 and the N5. And after the disintegration of the Soviet Union, there is no doubt that China ranks as the second country in the world. Far behind United States but far above most other countries, provided you take power to mean what Chinese call comprehensive national power, i.e. power that is aggregated on the basis of your economic performance, your technological levels, your scientific development, your social stability, your per capita income and your military and conventional and nuclear power. Not just one single or two single aspects of this power. So this China is a major power to be contended with.

To add some more little detail and description of this China, to consist of the biggest problem. We know this China has demonstrated enormous wealth to undertake military conflicts even in situations where the balance used to be to its disadvantage. It entered into the Korean War in 1950 when it had barely stabilised its economy, its society and its government. It took on confrontation with Soviet Union leading to clashes in 1969, before it had normalised with the United States. So, in 1969, in the late 60s, China took on the two super powers.

As you know, we have had our military conflict with China and so had Vietnam. You also know that this China was isolated as was mentioned by earlier speakers, by the United States for 22 years. But it took only 7 years thereafter, that is after the Nixon visit to China. First normalisation, called Sino American relations to take place which then went into dip again after what happened in Tiananmen in 1989 and by the visit of President Jiang Zemin to the United States in 1996, perhaps the last of the sanctions imposed on China by the United States including the sale of nuclear technology for

peaceful purposes, which had been held up since 1985, as the last of the sanctions, had been lifted.

Now look at this, look on the other side. Look at what this China has achieved in economic terms. It started on the path of economic growth and economic modernisation from 1978. It has successfully ended its hostile relations with both the super powers. When the full normalisation came about with the United States in 1979, it immediately offered to normalise relations with the Soviet Union, simultaneously in time, that took a process lasting eight years and underwent a very fundamental seepage once Gorbachev came to power.

Now, how Gorbachev changed both Soviet perceptions of China. Soviet attitude towards China and in particular the Soviet negotiating position on issues like territorial issues with China is something I can't explicate here, but it requires the, point I am making is, it requires a dramatic change in Soviet posture before this came about and that took place in Gorbachev's Vladivostok speech in 1986.

It has since then also normalised relations with and developed further relations with Mongolia where it was at odds with Mongolia, with Japan, with South Korea, with Vietnam. In fact, that was one of the obstacles in Sino-Soviet normalisation. It has, currently it has resolved its border problems with the Soviet Union, you are quite aware could have been quite complex, skilfully, because once the Soviet Union collapsed, it rushed in to carry on that dialogue with the successor State of the Soviet Union namely Russia, and the Central Asian States on lines that had been on principles and the lines that had been agreed upon when Gorbachev went to China for the first Sino-Soviet Summit in many years in 1989, the year of Tiananmen.

I talked of in short to give its list of successes. It has successfully reabsorbed Hong Kong. Makau was returned to China this year. Taiwan is a very complex problem. But the Chinese have managed two things. One to get the United States to accept their sovereign right to Taiwan. That is the name, the title, the legal position has been accepted by the United States and when Clinton was in China last summer, he promised that the United States will not recognise, would not recognise Taiwan as a separate country, would not advocate one Taiwan and one China policy, also would not support the entry of Taiwan as an independent unit into international organisation.

Taiwan is of course very upset. But I will tell you later what the United States did. But the title has been accepted that there is only one China, and Taiwan is a part of China. This is a partial success, but it covers a whole lot of possible problems in the future.

The second thing which I want to tell you, what it has been successful in doing is to wedge the barrier between China and Taiwan. So no longer Taiwan, by constitutional law, calls China an enemy or branded country and those clauses have been removed. It is opened up to investments in China until the southern province of China, Sinkiang. Now even for Taiwan investment and the Taiwan business men whom we are told has a second family also on the Chinese mainland. They have one in Taiwan. Because they spend so much time in China, have the second family in China. It lives there. And the reason I am mentioning this is at least there were added stakes in peace between Taiwan and China in the future nation.

So in attracting the large investment from Taiwan and if I remember right, Taiwan is now the largest investor in China. Also, it has been able under the offer of one country two systems and it went even further by saying to Taiwan, look you can keep even your own military. We won't even interfere with that. You keep your own system. This body of water that separates us, but just accept that you are Chinese. Now under that they have managed to bring about high level talks. In fact the last Taiwanese visitor even met President Jiang Zemin. What comes of that later is a different matter.

These are diplomatic and political breakthroughs that have come about. Therefore now the only country with whom, or I will put it this way, now what sort of unresolved issues that this great giant has today. Principle unresolved issue is of course Taiwan because integration of national territory is a goal that any Chinese government would follow and uphold. The question of St. Carco island raises the territorial issue with Japan which is for the time being put on the backburner. Question of now defining its maritime boundaries, particularly with Vietnam and it is in this connection that the clashes consisting of the claims of the South China Sea, Islands in the South China Sea become important.

And from our point of view, and it is also important for us, the unresolved issue is the India China border and there are new issues and

these new issues are being aspected on old issues and assuming new forms. Question of territorial integrity no longer means just absorbing having taken over Tibet or Hong Kong. Now the question of how to maintain this territorial integrity. What happens to Tibet when there is a demand for separation or a separate identity for Tibet. This is a domestic a people's demand supported as it happened by countries as powerful as United States. What happens to Sinkiang where there is fundamentalist islamic movement which has long historical roots, a history of wanting to set up a separate republic.

Again Taiwan is both the territorial issue as well as an issue in this new sense. Now we had a Taiwanese delegation that came to our Institute about a week ago. What was interesting was the emphasis on what they call the new Taiwanese. Now who are the new Taiwanese. We kept asking this question, what do you mean by the new Taiwanese. The new Taiwanese is now the term that encompasses the tribes that is original to, native to Taiwan and the main landers and the Taiwanese born Chinese. Now suddenly a new identity. Now why should not this new Taiwanese with its skill, with its foreign exchange reserves, why should they not have a separate identity. This is a new aspect of an old issue. Sub nationalism threatens China today, China's security today.

Then the whole question of weakening of sovereignty, weakening of national borders because of information technology, because of the economic integration of the world, but also because of United States and the ascendent alliance that Prof.Dubey was talking about. That now there is so much attention to democracy which means pluralism similar to the political pluralism, multi party systems, civil political rights, free speech and the human rights and so on. These are now the insidious factors that subvert a country system, whether it is China or whether it is India. I mean it could affect us as well.

Now to round up the positive picture of China. Since its raposhama with Russia the Chinese have very interestingly and this is something that I would like to work on in the next couple of years, put forward what they call a new model of security. And they start from home. You begin, you make your society as stable as possible, even if it requires the use of harsh measures such as Tiananmen or Tibet or in Tibet they have a slight harsh campaign in Sinkiang believing that that is temporary and that economic advancement will ease national tensions. They started on it and starting at home. That is

why the party will never give up its power. That is why they would resist all demands to move towards the multi party system.

Then it moves to its neighbourhood and there it deliberately has tried in the last decade or more to resolve all problems with its neighbourhood, with the countries of its neighbourhood, in addition, to strengthen relations by the following means.

One by establishing strong economic relations, two by following that with certain confidence building measures and of course by resolving disputes and then following it up by confidence building measures. Security arrangements on the borders that would prevent accidental conflagration and in effect creating porous borders so that now China's border in the North East, it contributes a great deal to its growth. This extends also to ASEAN and it extends also let us say to APEC. I am quite rightly giving you the positive side of it. We will just look at the negative side, how it handles its dispute on South China island and what does it say to the countries with whom it has differences. It is with full bag. Let us discuss it. How shall we discuss it. Let us go by the Law of Sea and by population. But they will not take it to multilateral forum until we can do that and let us keep it under cool and we can perhaps, the most important thing, let us go for joint development.

Now this concept of joint development subverts the entire notion of international relations. If you look at the Chinese agreement with Russia on say the Tuman River Project, what has it absorbed. You have North Korea, you have South Korea, you have Japan, you have Mangolia, you have China, you have funding from the US, to develop this Tuman River Basin. Once it is done, of course the cynic can argue that China will be the only one who can take advantage of it. What I am trying to suggest is that China is building net works of economic and cooperative relations on the developmental projects across its border which it hopes, we hope, will limit the route to war or aggression, but it might go against any of its neighbours.

Now this is a very moderate introduction to this China, but very wrong introduction and I am not mentioning all the negative aspects of China because those are too well known. I mean, they feature in our introductory note, they feature in the comments made by speaker, they will feature in questions that will be asked. I mean, this is the main view of China and I do not think it needs to be addressed.

But now we need to come back to what should India do with this China. How should we perceive this China. This is the China. This is it. The description I have given what are we and how are we going to perceive it, particularly after Pokhran II. Now in my view 1999 like the year 1986, when the Samdurong incident took place is a pivotal year. It is a year when I wrote about what happened in that year, portrayed what has happened. I described it as an year of the two possibilities that is inherent in the manner in which both sides perceived what has happened and handled what has happened on the border.

You have to make a choice between peace and war, putting it very crudely. You could either then let the clashes that have taken place on the border live to outright and continue enmity between India and China or you could find a way to soften what has happened to revert to find a path to make peaceful negotiation. I think 1999 is as critical a year. What do I mean by that ? I mean that in the manner in which China has reacted to the Pokhran test and let me also add here when I say Pokhran II, I am not referring only to the five nuclear tests. Pokhran II refers to that whole complex of events that took place including statements that were made before, after, clarifications that were given in the Prime Minister's letter, responses that came, reactions from abroad and also another background to Pokhran II what has been happening in the bilateral relations.

Just look at these five tests. Now in the way in which I am using does not make much sense here. So what is our possibility in view of two things. One that there has been, well let us say the two possibilities are building on the tension that has divided India and China since May 11, 1998, since building on the complete lack of official contact. The non meeting of the JWJS. Incidentally, as we are meeting here today, the first high level official interaction is taking place in Beijing, first one since May 11, 1998.

So, if you take that into account, we can slide into a competitive and adversary relationship. I will explain that a little later or you can take India, decide or the two countries can decide to take big big leap forward. That is to undertake an act of great statesmanship and move towards a cooperative friendly working relationship based on greater realism than our friendship prior to 1962. That is, you keep your powder dry. You should be prepared for any slide back into possible hostility or enmity with China. That is your

sovereign right to actively pursue a policy of cooperative relations with China. Now in my mind the chances of route a), possibility a) until this mission and the possibility and what comes out of it was far greater and why it is greater. It is greater because we made the very foolish mistake of going nuclear, of giving reasons for going nuclear.

To accomplish India's national security with its immediate neighbour, primarily China and Pakistan and pointing finger at China in the President's letter. I think that the decision is fraught with consequences. India is a big power and one that has desisted from going nuclear for 20 years or more, 30 years, which has had the time to consider what kind of nuclear philosophy and doctrine it should have, India should not and I say this very forcefully, should not have gone nuclear for a narrow reason that it could not deal with its nuclear neighbour China and China's friendship with Pakistan.

We were talking about minimum deterrence and the question to ask is, can we ever have a minimum deterrence with China. General Sunderjee's answer was No. You can have a small, but you cannot have a full credible nuclear deterrence, minimum nuclear deterrence.

The point in naming China or in naming Pakistan or it is by implication naming them, what did we do? This argument that we should put to the world that we need it because NPT was inequitable, because there is no guarantee of our security which could mean that threat comes from anywhere. That at the same time we were for non proliferation, that we were willing to go along with nuclear disarmament that being our first objective and that like the Chinese propounded in 1964 a philosophy of no first strike use.

We should have thought of something that would give our neighbours and other countries reassurance. Now having done that we happen to ask ourselves, why is everyone throwing Kashmir at us. Why everyone is talking of South Asia as a region of conflict. Because we said we have a better neighbour in Pakistan. Whenever we have tried to solve our problem in Kashmir, we said that China threatens, we said that long and bitter memory of 1962. We fear the nuclear partnership between China and Pakistan. We did not take on larger issues. We brought it down to the issues in our part of the world, and issues that we should be able to handle on a national basis.

We immediately made this an international issue. Now comes the requirement of the international community mentioned in the P5 resolution and it is a shame for this country. Now what is there that worries us about China. The question we have to ask and there is no time here. I even do not know the answer. We know that in 1995 Mr. Narasimha Rao was preparing to explode a nuclear weapon, a shot in the dark and then at the last minute it was called off and the reasons given were that the Indian economy could not sustain it. Or we said there were American pressures.

The point is, in 1995 we knew that China and Pakistan were nuclear partners. In 1995, we were told by the Chinese at the highest level, we have never given, provided, nuclear weapons technology to Pakistan. You believe this or not is a different matter, but we never provided them the nuclear weapons. But after we joined the NPT in 1992, we have not provided any kind of nuclear assistance to Pakistan. Whatever we have provided is, in fact they provided them with enriched uranium in January 1995 and the Chinese said, whatever we have given to Pakistan we will give to you if you want it, even existing missile technology or missile M-9 or M-11.

In 1995, while our normalisation talks were going on with China and we had these assurance from China, whether you believe them or not, we did not make the ending of Chinese nuclear relationship with Pakistan a pre-condition for normalising relations. The thing is we did not take it very seriously.

So what happens between 1995 and 1998. Only the CTBT, I said. Is that right? Now I will not discuss it. But certainly in relation with China and Pakistan, nothing happened although George Fernandes will tell you the firing of the Ghouri missile. Something that happened and China was the mother of Ghouri. Now, in addition to this, let us look to the factors that led to enmity, persistent enmity between India and China. There is for some reason, there has been for sometime a tendency to regard the economic and political rise of China as, inevitably as a threat to India, inevitably.

Now the question I would like to ask, both systemic and theoretical, a country developed economically, it is going to develop politically and militarily. When countries as large as India and China need to develop or any other country, we have to make adjustments with each other and the

system has to adjust, to accommodate. Otherwise the only future is war. Now here why do we regard this China has a long way to go before it can really attack or aggress against India. This is a mind set, I think has to be changed.

Secondly, we have always feared that what China does is that China does not want India to be a big power, that policies followed up with our neighbour Pakistan, are meant to keep us in the frame, were so ugly, to keep us tied down to the sub-continent. What is that fear. Who can tie you down if you are following your own policies? If you are following your own development going on as it should, who can tie you down?

Third problem, we have, of course, in our Sino - Pakistan relationship. The fourth is our unresolved issues on the border which includes not only large tracts of India, but also Sikkim. Here, I must say, and I have been saying this for many years now. If you look at the position on the ground after 1962, if you look at the changes in the territorial and the military in the extent of territorial administration by either side, or clearly that was brought about in 1962, what do you get is a picture that is totally in contradiction to the large claims that are made by both sides, everything that China did on the large fencing of the McMohan line region.

I will say in recognition that it was the region of greater sensitivity to us in the Nehru's early days with China, it was true of the areas north of the McMohan line. In effect all the areas south of McMohan line is in our hand, including the 90000 sq.kms. of Arunachal Pradesh, and besides, the areas that were recognised as disputed by the Colombo Powers, they did not enter into that area and we did not enter until 1986 border clash which I won't go into here. The question was upsurging. What have we been discussing since 1988 and the JWG with China. We are in effect discussing the formalisation of control as it is on the ground, which means in effect, the Chinese have given up their claim to Arunachal Pradesh.

Why do we keep whipping up that claim? Why do we say that the Chinese claim whatever the notional thing may be at the domestic and other reasons, and with negotiating posture. In effect, we can with confidence deal with the Chinese that we control Arunachal Pradesh. They will not be able to take it from us nor do they want to.

Second thing, Sikkim. Same thing. The Chinese do not acknowledge the absorption of Sikkim by the Indian Union in 1979. But everything they do, even now, opening cross border contacts between the two armies, accept the line as the fact between Sikkim and India, defacto control of Sikkim with India. Amongst the latest proposals that we have not acceded to is to open new training force in Sikkim through Sikkim which would then further consolidate defacto situation. So I think India can forget this large territorial issue.

We are keeping similarly quiet on the 2000 sq.km. or whatever that they are occupying in Aksai Chin after 1962. But let us forget it. This is a manageable problem. There are today seven or eight areas that need to be ordered along the McMohan line. I think not the entire border. I am not sure. That thing is to be settled whichever is in dispute. Why do we raise the larger issues ?

Along this line since 1993 or 1996 we have signed two agreements in placing CBL wanting to make it a line of peace and tranquility. And I think we are taking too long to rushing up everything. Which shows that a certain degree of trust from both sides was necessary, that the CBL would have put in place your goal of peace and tranquility can be advanced even on the basis of those two agreements.

But please bear this in mind, because I am coming to the point which I think is very important. So if we can change our perspective on China, if we can think of giving China the benefit of the doubt as far as its intentions are concerned, the entire strategic community in India today only focuses on China's capability. Only on this capability which is ridiculous. I mean, you have to put it into the whole gamut of domestic and world policy not just the foreign policy and consider situations in which China could use it.

Now coming back to Pokhran II, what are our possibilities today. If you look at the Chinese reactions to Pokhran II, you see how carefully the Chinese began to separate the international context of the test by saying India was going against the trend of the time. It was challenging the international non-proliferation regime and it was adding to the instability and the tensions in South Asia. It does not say anything about China. It separated that from a bilateral relation with India.

In short, from Pokhran II, even the statement of May 14, which was the harshest, which came after President Clinton's letter, China has very carefully separated the problem, nuclear problem from the bilateral problem. The nuclear problem has been put in this international context. The actor to take note of this is not China. It is P5 and the N5. It is not China that has called you to hold back. It is not China that has called you not to deploy. It is the P5 and the N5 and like United States, of course China has no sanctions which it can really impose on you. But it has taken no national steps to punish you for going nuclear.

On the bi-lateral side, the Chinese have kept the door wide open to revert to a path to normalisation and in the years from 1988 right upto April 1988, we had a stream of high level visitors and exchanges including at the military level. The economic performance between the two countries has improved and generally the atmosphere was improving.

Chinese now want to revert to that. Chinese have dug into this position, made all the statements that they have to make on the nuclear aspect of Pokhran II. In the CD, Commission for Disarmament, Mr. Shoto Khoro, their representative there, has made a very harsh statement and unlike the United States and the other P5 countries, China is not willing to conduct nuclear dialogue with you, because in China's view, conducting a nuclear dialogue means accepting and legitimising your nuclear explosion.

But on the bilateral side, the Chinese door is wide open. If you want to go back, more economic development. I was a part of a small group that went to China in September. What you might call as a peoples' diplomacy, a tender tract to diplomacy. And we heard only one phrase over and over in China. China does not fear India. China does not threaten India. There are reasons why India and China should not go to war in the unipolar world. But China is very deeply hurt by the Vajpayee letter.

Now the factors that went into that hurt was also personal letter in the case of Clinton. They distinguished between Vajpayee I and Vajpayee II. They said that the Vajpayee I that visited China in 1979 was a wise man. But not Vajpayee II. This is where they then had grave doubts about the future of China India relations under the BJP Government.

For the first time they began to talk about the breakdown of a consensus in India and an anti-China policy that may be followed by the BJP Government. For a time, it seemed that they were not prepared to deal with the BJP Government. But clearly they have since milder statements to that effect have been made by the senior leaders and by the Prime Minister. There have been several track two meetings meetings between the Chinese and the Indians and lot of peoples' diplomacy that went on and then statement made at the highest level and now this meeting is taking place in China as we have here today.

What do you think they will discuss ? Now I will do that one should not do. I am going to say that is bold really and let me conclude . I would say that today the decision lies, and this is my conclusion, my speculation, my personal, I think from what I have said and from the kind of analysis that I have made, the decision clearly lies with India. It is called upon to decide which of the two fundamental approaches to China it is going to adopt and then it is called upon to understand how China negotiates.

Let me explain what I mean by that. I kept saying that the Chinese separated the nuclear from the bilateral issues unlike with the Americans, who are prepared not only to make the nuclear issue a bilateral issue to impose sanctions when they discuss the nuclear issue with you. The Chinese have made it clear at every stage that at no time will they conduct a nuclear dialogue with you and yet every Indian statement sees the breakthrough that is taking place now as the possibility that it will lead to a dialogue with China on the nuclear issue just as with the other great powers.

In my reading of China, this could not happen. But my advice to Chinese negotiating team or with the politicians is, do not insist on it. Wait for the time and your own management of your own problems. Also accept that there is a certain realism in China just as I mentioned border. While the notional claims exist in practice the territory has been in your control and in your administration. China will have, over time, if we handle ourselves properly, will have to accept that India has become or is on the threshold of becoming a nuclear power. The reality is that. How will they accept. They will not give you legitimacy until something happens. What that something would be, I cannot tell. But there is enough flexibility in the Chinese position.

And this is where I come back to the CBL 93 and the peace and tranquility arrangement in 1996. There is a clause which says that neither side will use their military capability against each other. There is no reason on earth why this clause cannot be interpreted at its maximum to mean use all manner of, not use all manner of capability, including nuclear and missile. But what already exists between India and China can be built upon to achieve what you should call not an understanding on what minimum nuclear deterrent should be, but an understanding on like a no war pact between India and China. That will cover the possession of nuclear weapons by China and hopefully by India.

This is a very flexible issue, a very vague possibility, but my advice is we should not raise the issue but just enlarge the deputation of 1993 and 1996. Secondly, India must accept that with the passage of time, China is a major power. We are a potential major power, China is in a different league. We cannot continue to equate India and China which is what we tend to do all the time. Nor can we continue to insult and I use that word deliberately, China. If you write to P5, write to all P5, do not leave out China. If you write to the N5, write to all N5. If you inform the P5, inform China. We will have to acknowledge Chinese status in the world. Chinese interest in the world. We will have to acknowledge to our tragedy and our sense of national humiliation the fact that this hiatus that exists between India and China will not be bridged for a long time to come

Much water has flown under the bridge since the fifties. China is not trapped in its neighbourhood as we are trapped in our neighbourhood, by Pakistan, by Kashmir, by not knowing how to deal with Sikkim and Bhutan, Bangladesh, Sri Lanka. China is now breaking out of the confines of neighbourhood and its perspectives are much larger. India should see that China will react as a global power, not only as a major power with global interest, not only as a regional power in the neighbourhood of India. So its stands on nuclear non proliferation will have to be understood in all its complexity.

Let me here just itemise one or two things which I think are important to China. You will notice that when President Clinton went to China, the joint statement that they signed to which we reacted very harshly, called upon both countries to work together with the rest of the M5 and P5 to

implement the resolution. In other words, I think what the Chinese are trying to do, trying to keep the United States from moving separately. They have no leverage over the United States if it wants to break out of the N5 and P5 constraints. The rest of the P5 and N5 put together cannot control the United States tomorrow if they decide to control and legitimise you as a nuclear power. China can do nothing about it, except that they can take on an enmity with you. They cannot take on hostility with United States. So there are subtle ways of trying to contain United States and I suggest that is one of them.

Secondly what this China will do of a nuclear India in its security assessment. But as a report in the Janes Defence weekly for China, it will take 40 years before India can really threaten China. But if the non nuclear regime, non-proliferation regime breaks down, what would China fear. Taiwan and Japan, both of whom apparently are set to turn away that have the economic and the technical and the scientific and the American support for going nuclear. So what would threaten China ? This nuclear neighbourhood! There are other reasons.

What then should, how then should we deal with China. Do we continue to see China as a natural geo-political, geo-strategic rival power bordering on a challenger and an enemy of India. or do we see it as a country with whom we have to learn to live in peace, not only we want to, we have to live in peace. Any kind of military tension and arms race will deflect us from whatever kind of economic and social developments we are undertaking, and learn to co-operate and find areas of co-operation with China even in this nuclear field.

Here there is no time and I am not an expert on it. I mean I only look at the politics of it. The Chinese vulnerability vis-a-vis the United States was committed in military and in terms of nuclear relation, has made China continue to possess or support the idea of no first strike because it wants that from United States to continue, because I think they are not sure what happens after Clinton is gone.

Secondly it wants to persist with nuclear disarmament for its own security. I think these are the areas which we in our own interest should work with China, because it is in our national security interest. But I think

countries like India and China have to think in dimensions beyond national security. We have to think in terms of the human future factor and the human factor is we do not want a nuclear holocaust, we do not want the perceptions of war, we do want to curb the aggressive nature of state and we do want to build ourselves economically and culturally.

And lastly I would say if we co-operate with China or rather if we do not co-operate with China, what we will have to be careful of is not to make the mistake of 1962. We made territory and this is a very long argument that we have had before. This territory holds much wider differences between India and China. Today, we are in that same position. If we do not take the path of co-operation and continue to press China, no you must talk to us as a nuclear power, hold a nuclear dialogue, otherwise you are enemical to India's interest.

That is why we look to the Americans who always play the game of part and part containment. And incidentally a man called Winston Lord whom you may have heard of, was a part of the Kissinger team when the Americans showed a bias against India and for Pakistan in the Bangla Desh case, who has been advisor, National Security Advisor and now consultant, who was ambassador in China and Taiwan, who was in, Delhi the other day and gave a talk. The thrust of the talk was we do not trust China. When China becomes powerful, it will be you who will suffer, not we, who will suffer and the best way to ensure that it does not happen is to bring about systemic economic, as we said systemic change within a democracy. This is what happened to Soviet Union and the United States.

So we must not permit territory to be left hostage to whatever differences we have with China. The advantages of territorial settlement are obvious and I think whatever differences we have with China and whatever kind of political relationship we may have with China should not be over an issue that is really a 19th Century issue, namely territory at a time when territory is beginning to lose significance for every state in this world.

Thank you.

SESSION IV

INDO-RUSSIAN RELATIONS

Chairman : R.D. Sathe

Main Speaker : Mohd. Moazzam Ali

PAPER PRESENTED BY DR. MOHD. MOAZZAM ALI

Back in October, 1992, when this writer sought to discuss Russia's foreign policy with Prof. Felix Yurlov (a former Central Committee member and professor at the Institute of Oriental Studies, Moscow) in Moscow, he bluntly told me that Russia does not have a domestic policy ; how do you expect her to have a foreign policy ? The situation has only marginally changed since then. Russia's domestic and foreign policies are far from well articulated. Diplomatic faux pas, ad hocism, empty raging, ineffective initiatives have characterised much of Russia's foreign policy. Disillusioned with West, it has spasmodically turned to the East. On the other hand, India's foreign policy woes have multiplied after May 11-13, 1998, Pokhran-II nuclear tests. India and Russia the long standing friends, the warmth of whose friendship had considerably lessened in the aftermath of the collapse of the Soviet Union in December, 1991, are increasingly warming up to each other. The Indo-Soviet relations have had a glorious past so much so that these relations elicit equally abiding respect from all the Indian political parties as is manifested by the fact that the 1998 BJP electoral manifesto categorically states that the party was committed, "to further develop the long and traditional relationship with Russia by increased co-operation in trade, technology, defence and other security related areas. India and Russia have many common interests in Asia and we will strive for greater cooperation to serve them..."

India (in the post-Cold War and post-Pokhran-II period), and Russia (after the December, 1991, collapse of the former Soviet Union) feel maladjusted with the post-Cold War unipolar world which is drifting increasingly towards Pax Americana that has begot a peculiar set of international circumstances, mechanisms, manners, modes and structures of international decision-making. They have qualms at kowtowing in the court of the sole super power. They are both economically weak, politically unstable and

hence vulnerable to variety of Western domineering pressures. They feel let down and pushed around. (The issues of NATO expansion, Iraq, Bosnia and now Kosovo in case of Russia and international opprobrium on Pokhran-II, non-conference of nuclear state status, debilitating \$20 billion sanctions, 200 Indian companies being black listed, pressure to sign the CTBT, denial of the permanent seat in the Security Council etc., in case of India, may be cited as examples). Both the countries have huge foreign debt and yet are ardently seeking foreign investments reinforcing their dependence on the West. For all their disabilities both India and Russia are on the look out for appropriate means to secure their rightful place in the unipolar world, make their voices heard get their international sensibilities and security perceptions and concerns duly respected. Their efforts having remained infructuous so far, Russia in particular has begun to feel that what could not be achieved individually could perhaps be achieved in collaboration with India and China, specially after it was so humiliatingly sidelined on Iraq and Kosovo. India, on her part, is under great pressure to solve the Kashmir issue.

In this regard, the glorious past of the Indo-Soviet relations is inspiring enough. The Soviet Union had nearly won over the NAM to its side, making it appear like a natural ally of the socialist world (courtesy India and Cuba). India, on her part, had got the Soviet veto on Kashmir, neutralized the American 7th fleet in the 1971 war, got enormous Soviet moral and material support so much so that over 70% of her industry (specially public and defence sectors) and even larger percentage of weaponry was of Soviet origins, obtained through generous Soviet loans and Rupee-Ruble arrangements. Given this background, there appears nothing unusual if Russia and India perceive each other as old friends who were temporarily out of touch somewhat for sometime. Nothing stops them from coming closer yet again. Given this background and the immediate one of the ruffling of Russia's feelings on Iraq (which the U.S. bombed on December 16, 1998), Prime Minister Primakov's visit appears well contextualised.

The Russian Prime Minister, Yugeny Primakov arrived (in lieu of President Yeltsin) in New Delhi on December 21, 1998, Before his arrival, Russia had agreed to accept in Indian currency (instead of hard currency) the outstanding debt worth Rs. 30,000 crores in instalments of 3,300 crores every year. P.M. Primakov's visit has led to a fresh examination of the Indo-Russian economic-trade and political-military relations. The seven agreements signed on December 21 (1998) evening cover many important sectors. In

this regard it may be argued that on the economic-trade front, the two countries can turn their economic difficulties into so many opportunities for mutual advantage. India could place many more orders (than it already has) for the Russian technology and equipment in the needed sectors (both infrastructure and other). Russia continues to be very strong in certain areas as is evident from its recent deployment of new Topol-M nuclear missiles on December 27th 1998 and the unveiling of its most advanced MFI fighter plane which can match the most advanced U.S. fighter (the F-22). The Indian orders (for both civilian and military technologies and equipment) could help revive the Russian economy. What is notable is the fact that both state to state and private business, trade and investment potential is far from being fully realised. Though the Russian economy is in a bad way, Russia can be banked upon as a reliable supplier and joint production partner in defence related sectors. Although three business deals involve the purchase of tea and oil, many more long-term deals for the supply of host of other consumer goods from India can be concluded. India could also supply to Russia much needed agricultural and pharmaceutical products on a long term basis. This helps the Indian economy as well. The bilateral trade which was worth \$ 1.5 billion in 1998 could be taken to the peak in Soviet times of \$ 5 billion or more.

The Politico-Strategic Relations

The politico-strategic arena presents a few difficulties. India and Russia have a long history of bilateral treaties. Besides the treaties signed in 1971, 1993, and 1994, the idea of the Asian Collective Security (ACS) was kept afloat by Russia in the 1970's but a satisfactory articulation on the questions such as ACS against whom in what form and to what end was not forthcoming. The Indian side had its own misgivings. However, P.M. Primakov's visit has added some new dimensions. (1) India and Russia have signed a 10 year defence pact (valid upto 2010) envisaging the purchase of \$16 billion worth of Russian weapons and defence equipment over a ten year period (which Pakistan thinks will upset the security environment and the balance of power in the already volatile, nuclearized South Asia). Whether this will undermine Vajpayee's Feb. 20 (1999) Bus diplomacy or directly violates the letter and spirit of the June 4, 1998, Geneva Communique of the five major powers (including Russia) to help reduce regional tensions and foster peace and security (as alleged by Pakistan) is debatable but it has the potential of triggering arms race in South Asia as

Pakistan has already declared that it will make purchasing arrangements of its own to maintain "balance". However, the 10 year pact also envisages India and Russia to collaborate in the joint production of the state-of-Art weapons systems. India's interest in acquiring T-90 tanks and advanced S-300V air defence system and also in MiG Advanced Trainer aircraft are well-known. (2) The six day visit from December 22, 1998, by the Russian Army Chief, Colonel General Yuri Dmitrievich, to finalise the army to army cooperation is very significant. The air and navy collaboration is also on the anvil as the formation of the joint working groups (in navy, air and army sectors) to identify areas of cooperation indicates. (3) Prime Minister Primakov has on December 21, 1998, floated a new idea of "Strategic Triangle" between Russia, India and China. Such a triangular bloc, he believes, could serve to strengthen the regional geopolitical stability. China has already rejected the idea in favour of "an independent foreign policy of peace." The three countries in fact have different strategic perceptions and interests and all is not honky dory between India and China either. However, Moscow sees P.M. Primakov's visit as fitting reply to the U.S.'s doings in Iraq and as representing a "new drive against a unipolar world," where the U.S. has assumed the mantle of the global cop. Moscow has based the Triangle proposal on the assumption that both India and Russia share the concept of "a multipolar world" and the supremacy of the U.N. in solving international disputes. The Russian ambassador to India Mr. Albert S. Cheryshev, at a Delhi press conference, on December 29, elaborated that P.M. Primakov's strategic triangle idea, though "not against anyone" was in fact a practical reality for "several decades". For those who doubted this reality, Mr. Cheryshev trotted out the examples of Iraq crisis, the WTO deliberations and the voting pattern in the U.N. General Assembly on major issues where India, China and Russia held similar views. (Ambassador Cheryshev overlooked the fact that this arguable corollary was a product more of chance than design). To Mr. Cheryshev the triangular bloc represented a natural configuration which could be formalised : "we can be together, we can work together, we can cooperate together. These are natural configuration" expressing the need "for a multi-polar world, not unipolar" one. Russia had her own troops but "should we (the Russians) follow the spread of NATO?" The use of force in international relations was condemnable. "We should talk and use diplomatic means to resolve the crisis." It is clear where the shoe is pinching. Internationally sidetracked, Russia finds it difficult to reconcile herself to the (i) loss of the Super Power status about which she feels nostalgic intermittently, (ii) the expansion of NATO (despite Russia herself

joining the Partnership for Peace), (iii) the emergence of unipolar world (which she refuses to recognise), (iv) the hijacking of the U.N., (v) helplessness to play an effective role in the resolution of crises involving Iraq, Bosnia, Kosovo etc., (vi) the loss of international influence to such a degree that she is deprived of any effective say, not heard or consulted. In a word, Russia is reduced to the status of a chained onlooker. It is this helplessness Russia desires to break out of. The strategic triangle represents a desperate attempt. (4) The Indo-Russian joint statement proposes the proclamation of a "strategic partnership" between India and Russia. This proposed partnership is to be finalised and formalised next year. The urgency attached to the idea was underlined by the Russian ambassador who announced on December 29, 1998, that the Prime Minister Vajpayee has been invited to visit Moscow sometime next year (before President Yeltsin comes to India) to sign the Declaration on "strategic partnership" between India and Russia. This idea requires a close scrutiny. What is strategic partnership? What kind of countries are entering into it and to what end? What chances there are for the success of such a partnership in the existing international politico-strategic environment? Can such a partnership influence, alter, dominate the international environment and the global decision-making process? What is there in it for India? If the strategic partnership is not to degenerate into a mere slogan, the idea has to be analysed. The lack of clear thinking on these questions may lead to a queer situation where the perception/expectations from the strategic partnership could diverge leading to conflicting explanations, interpretations, even breakdown in partnership or at least it would mean different thing to India and Russia.

The constitutive thrust of an international strategic partnership idea can be determined by certain envisaged contingencies like, (i) the partners are faced with an immediate war or serious crisis/crises, (ii) the partners are seeking jointly to influence/alter/dominate international/perceived regional political environment/decision-making process, (iii) the partners are seeking to effectively counter/checkmate a perceived enemy/enemies in the region/world. Only when these objectives are clear that one can look at partnership perception of Andrei Kozeriev. Back in 1994, the then pro-West Russian foreign minister Andrei Kozeriev had sought strategic partnership with the U.S. He had then defined the term partnership rather/normatively in terms of (i) "close and sincere cooperation in world affairs", (ii) "mutual recognition as likeminded nations", (iii) "closing the institutional gap between Russia and the West", (by making G-7, G-8, admitting Russia in the

CSCE etc.). (iv) partnership should be rule-based and characterised by "mutual trust", on important decisions, (v) "mutual respect for each other's interests and concerns." As can be readily seen that these elements suit the Super powers more than they suit India and Russia.

The perceived or shared contingencies do not exist in fact. Russia till recently tried hard to work in unison with the West ignoring the East. Only when that attempt failed that it turned to the East. The economically weak Russia and India cannot hope to dominate global politics in partnership. Now, let's examine the last point. At the international level, India and Russia are faced with different sets of problems. Russia's sensitivities are already mentioned above. India finds itself (i) bludgeoned and isolated after the Pokhran-II tests, (ii) faces sanctions involving huge amounts (according to one estimate \$ 20 billion for Indian economy worth \$ 350 billion), by way of aid and trade, (iii) some 200 Indian companies and dozens of research institutions are barred from doing business with the U.S., (iv) certain technologies cannot be imported, (v) the foreign private/investment is also affected, (vi) she is being made to sign the CTBT under duress, (vii) she is denied the nuclear state status, (viii) she is denied the permanent seat in the U.N. Security Council, (ix) Her voice is not heard with due respect, as she is under a kind of observation, siege etc., (x) after 8 rounds of Jaswant-Talbott talks, a few sanctions are lifted but most are in place and Talbott does not favour "rewarding" India for the nuclear tests, (xi) the Kashmir issue is internationalised and international pressure has mounted to solve it.

The list of Indian and Russian international woes is long. They have some common perceived enemies as well. But can these enemies be countered through a strategic partnership? One has only to look at Andrei Kozerev's record to see that the idea of partnership did not work with the West, neither the partnership for peace with NATO worked well. India can readily grant Russia the great power status but she, through partnership, cannot restore to Russia the coveted super power status, prevent the expansion of NATO, replace unipolar world with a multipolar one as desired by Russia, wean the U.N. away from the U.S. influence, force a joint Indo-Russian effective, binding say on Iraq, Kosovo etc. Russia on her part has merely supported India's claim to the Security Council seat (Primakov said as much). But Russia cannot end India's isolation on nuclear issue. Russia, in fact, condemned India along with others for the Pokhran tests, insisted on adherence to the non-proliferation. Ambassador Cheryshev's statement that

the Indo-Russian differences on nuclear issue "were on merely technical grounds" is rather intriguing. The ambassador was quick to add that he hoped that India "will be part of the CTBT". Russia can do practically nothing for lifting of sanctions, getting for India the coveted nuclear power status or help solve the Kashmir issue.

Can Russia and India, through strategic partnership, counter checkmate the sole super power? They are far too weak and dependent on the West to do that. What is certain is that India, by entering into such a partnership deal might revive the notorious notion of "tilt" towards Russia that could only ruffle (for no good reason to or end) the U.S. and the west. In fora like the U.N., World Bank, IMF, WTO etc. she will compound her difficulties. She will also end up making her neighbours even more suspicious, encouraging an unwelcome arms race etc. Russia and China have improved their relations, China is willing to talk to India. Vajpayee has embarked on the February 20th Bus Diplomacy. Entering into partnership at this stage can upset many of these positive developments. Secondly, what kind of countries are seeking partnership? The Russian economy is in shambles. The persistent illness of President Yeltsin has greatly added to the political uncertainties in Russia. Even some fascist groups have sprung up. Yeltsin's visit to India next is in serious doubt. (that is why perhaps P.M. Vajpayee is pressurised into making a visit to Moscow before Yeltsin comes to India). In India, RBI Report (1998) has held forth gloomy prospects for Indian economy. The 18 allies of the BJP may be relied upon to ensure political uncertainty for the Vajpayee government. Therefore, both Russia and India live in the midst of deep economic and political uncertainties. Their international vulnerabilities are perhaps fated to rise. In circumstances such as these, the idea of strategic partnership sounds fatuous, irrelevant even harmful. The changed parameters in the Post-Cold War, Post-Pokhran-II, altered power structure calls for a much closer examination of the international milieu to locate favourable and unfavourable factors, new advantages and disadvantages and opportunities. The strategic partnership idea does not represent a favourable opportunity. India is well advised not to rush, be rushed into it. There appears nothing in it for India and a mere deceptive so for Russia. It could prove even self-deluding and self-damaging leading the partners nowhere. It could even degenerate into a mere slogan. Such an idea should better be left to the future, more stable leadership blessed with better politico-economic conditions. In the meantime, India would do well to watch and cultivate the next generation of emerging Russian leadership. In our obsession with Gorbachev, we had ignored Yeltsin and paid for it. A

whole crop of leaders have emerged on the Russian political horizon to succeed the ailing Russian president. The most likely successors to Yeltsin after the election in the year 2000 are : the 62-year old Moscow Mayor Yure Luzhkov, 48-year old General Alexander Lebed (although Gregory Yavlinsky, Yugeny Primakov, Gennadi Zhuganov are also in the fray).

As far as India is concerned, matters may better be left at what P.M. Vajpayee has said. Talking to the Russian media persons on December 25, 1998, he expressed satisfaction at India's defence and economic ties with Russia which were finalised during Primakov's visit. "The long-term Indo-Russian ties are not confined to buyer-seller relationship but also extended to inter-services interaction of the Armed Forces of the two nations." He also observed that the Indo-Russian economic and scientific-technological cooperation was developing upwards and has "excellent" perspectives and that the Kudankulam nuclear power project will become a "new symbol" of closer Indo-Russian ties.

In conclusion the following points may be reiterated : (1) It makes sound political sense to keep Russia as a strong factor in India's foreign policy. The Russian or Indian card can be used by both the sides but sparingly and judiciously so as not to arouse suspicion in the West and arms race in South Asia. (2) India need have no hesitation in granting Russia the Great power status but her super power ambition and the concomitant confrontational attitude towards the U.S., if backed by India with strategic partnership could put India to avoidable difficulties with the U.S. and others. (3) It makes sound sense to enhance the trade opportunities, on a long-term basis, with Russia. India could supply a whole lot of consumer goods, agricultural and pharmaceutical products on a long term basis. Russia needs these goods direly. Both state to state and private avenues of trade need to be tapped to the full for mutual advantage. The trade potential is far from fully realised. (4) While defence collaboration has gone on well, undue obstreperous overzealous pronouncements in this regard can be self damaging as India's neighbours may use it to their political advantage or use it as an alibi to initiate wasteful arms race. War does not have to be a preference for India. A sensible foreign policy can save billions for developmental purposes. (5) The idea of strategic partnership proposed to be formalised next year, sounds fatuous and unnecessary. Given the internal conditions Russia and India are in and the realities of the inter-national politics, the idea is not viable. It can even be self-damaging. The least that can be done is not to rush into it. The year 2000 is surely not the year to sign it.

SESSION V**WORLD TRADE ORGANISATION AND INDIA :
IMPLICATIONS****Chairman : R D Sathe****Main Speaker : Muchkund Dubey****PAPER PRESENTED BY DR. MUCHKUND DUBEY**

World Trade Organisation and India : Implications. This is a vast subject and it is very difficult for me to decide what aspects to cover in the short time that we have at our disposal, but I will try to see how much I can.

I think let us begin with the end of the Uruguay round when the WTO came into existence. Uruguay round was the last round until now of trade negotiations held in the GATT. It began in 1986 and concluded in 1993. The final Act of all the agreements reached was signed in Marrakech in Morocco in April 1994. The agreements came into force from 1st January 1995.

One of the major decisions in the Uruguay round was to adopt an agreement establishing WTO - World Trade Organisation. Previously we had GATT. The World Trade Organisation was given the responsibility to administer the 28 agreements that were signed after the end of the Uruguay rounds. That is why I have called the treaty establishing the WTO as a treaty of treaties, because each agreement can be regarded as a treaty by itself and almost an unprecedented feature of international law or Law of Treaty.

It was provided that no country could make reservations to any of the 21 treaties. Yet if it made reservations to any of the 21 treaties or did not sign any of these treaties, then it could not sign any other treaty and it will have to remain outside GATT, of the international trading system.

The two other things that have been entrusted to WTO are to conduct trade policy review of individual country and to operate a dispute settlement mechanism. Uruguay round of trade negotiations was different from all other previous GATT rounds, mainly in the four or five respects. One is that the

GATT related to trade in goods whereas in Uruguay round, trade in services was brought in. The trade in goods generally takes place at the border. So one could say that GATT has a border paradigm. whereas trade in services can take place in a variety of ways. The consumer can go to the service provider. The service provider can come to the consumer. The service provider can establish in the consuming place. That establishment comes with services and there could also be trans border transfer of services. So, for the first time the border paradigm was extended including practices and policies which government adopts inside their countries. The second thing is that many aspects of macro economic policies which were regarded as falling in the domestic jurisdiction of government were included in the Uruguay round of trade negotiations and rules and regulations were framed and agreed upon in respect of these aspects also.

One of them is agriculture. In agriculture for example, there is no problem which you have rules and regulations on trade in agricultural form, that is the goods. But agricultural agreement includes agreement on curtailment of domestic support policy. How much of domestic support you give to agriculture is included there, which until then was regarded purely in the domestic jurisdiction.

Then the 5th agreement of ancestral property right. That has nothing to do with trade & industry. It is related to which industry you allow to establish in your country. If you allow somebody to come to your country to sell goods, would you compel him also to produce the goods in the country. How long would you allow him to sell goods without patent. These were not related to trade, but there was a full fledged agreement or treaty.

Similarly there was an agreement on TRIM - Trade Related Investment Measures. Government used to lay down conditions for investment in order to save foreign exchange, in order to ensure that the local talents are utilised, in order to ensure that local raw material is utilised. If somebody comes and sets up a factory in your country by investment, you oblige him to export fifty percent of the product, you tell him that you cannot bring any raw material from outside, the amount of raw material that you will bring in, you will have to export so that you do not cause a drain of foreign exchange from my country, what you call balancing. You oblige him to use local raw material. Now all these were prohibited in TRIM, as international regulation.

The other aspect of Uruguay round was that it was one of those resolutions which did not relate to tariff negotiations or no tariff barrier negotiations, but whole set of new regimes were established and there have been very fruitful regulations from which you have got 28 new regimes coming out and so the negotiation was not on exchanging concessions, but on establishing regimes of very very far reaching nature. So this is basically how it differed.

Now I will describe the main features of some of the agreements and then I will go on to how it helped function and what is it that India should do. In these four parts I will divide my lecture.

Let us take the agreement on agriculture. Agriculture was kept outside GATT right from the beginning when GATT was established. The major developed countries USA and European Union, you know, European countries they were subsidising their agriculture. Their agriculture was not as cost effective as of many other countries like Argentina, even Australia, Burma for rice, Thailand for rice. So they wanted to produce more under protection and under GATT they could not do so. So they took a waiver from GATT rules under Article 25 of GAT.

Article 25 permitted that if you have a 2/3rd majority, then you can take a complete waiver from a particular sector of trade from the GATT rules. So they took waiver from GATT rules under Article 25 and excluded agriculture altogether from the application of GATT and they kept on subsidising agriculture from then till the Uruguay round was launched. The expenditure that each group was incurring over agricultural subsidies were something to the tune of 30 to 40 billion dollars per annum. USA was spending 30 to 40 billion dollars. European Union was spending, Japan was spending 20 to 25 billion dollars.

Then one may ask that why did they decide to bring agriculture back into GATT to frame laws, to govern trade in agriculture. I think there were basically two reasons. One was that United States felt that it suffered barriers in the markets of European Union, that European Union was much more protectionist in agricultural trade than USA and USA wanted the European Union to open its market.

But the second reason was even more fundamental reason and it was that by the year 1986 when the Uruguay round was launched, the European

Union and the USA, of course, emerged as net exporters from being net importers of many agricultural commodities. In the immediate post world war period, they used to import rice, wheat, barley, anything that you name. They used to import sugar from outside countries. But by the year 1986, they were not only self sufficient but were surplus of that. They had mountains of butter, they started giving food aid out of their production. And therefore agriculture, the basic purpose that they had of acquiring self sufficiency had been served.

The second thing was that the structure of economy had changed in most of the societies. Agriculture tends to occupy 5% of their GNP. Services were becoming very important. In services knowledge based goods were becoming even more important and knowledge based goods require tremendous investment in R&D in order to be ahead in competition. And they could not afford to spend 50 billion dollars on subsidies and they thought that the alternative use for this money was better in R&D.

They needed that money for massive scale investment in R&D and wanted to move that money outside the agriculture and therefore when they reached a particular stage in their agricultural development and the restructuring their economy, they decided it was no longer necessary to protect agriculture on this scale and therefore according to their convenience they wanted agriculture to be brought within the rules of GATT.

What was agreed in agriculture in the Uruguay round, I think basically three or four things. They decided that the internal support should be reduced by 21%. They called it AMS - Aggregate Measure of Support. I mean support of various kinds and they devised a common measurement for that, so that it should be reduced by 21%. Developing countries should do it 2/3rd of it, 14%. Export subsidies should be reduced by 36% and trade barrier which was also measured in common denominator should be reduced by 36%. Those countries which were subsidising upto 10% need not reduce their internal support and only those countries which were subsidised 10% or above should reduce the internal support and some exceptions were made for developing countries.

There was I think a very interesting provision and it was that those countries which did not import agricultural commodities will have to import compulsorily 1.5 to 5% of their total consumption. Starting with 1.5% and

by the way of implementation period, going upto 5%. So even if you do not require to import, you will have to import 5% of your total consumption by the end of the implementation period. For developing countries it was again 2/3rd i.e. 1% to 3.3% they were required and this provision is called Minimum Access Provision.

Now the argument generally being given is that this agricultural agreement will be of great help to India because mainly on account of the reduction of internal support price in the European Union and America, we will be able to export to the United States and the European countries. This is because when subsidies are reduced, the prices go up and we are not one of the low cost producers of agricultural commodities in the world. Particularly if you take wheat, the low cost producers are Argentina, Canada, Australia. If you take rice, it is, Burma, Thailand are most of the low cost producers. If you take sugar Mauritius, Philippines, Brazil. In most of the commodities, the low cost producers are other countries. But if the prices increase, then it can compete, then it can come to our level of price and therefore there is a possibility that because of the reduction of subsidies if the prices in the foreign market increase, then our high cost product, compared to our competitors can compete.

Now this argument is not really very valid because of two reasons. One is that you forget that you compete vis-a-vis a local producer. But you do not compete vis-a-vis your competitor. For them also price goes up. They are already low cost producers. So there is no advantage vis-a-vis your competitor.

And secondly in most of the local commodities, particularly high value commodities like fruits, seasonal fruits, flowers, pulses, it is the, what you call micro management of export is more important than price advantage of all these because you can get price if your product can reach, for example if Indian ananas from Tripura can reach the European market on 18th December, just before Christmas, you can get any price. But how to make the Indian ananas from Tripura reach Europe before 18th December. You have the transport bottlenecks, you have the refrigeration problems, you have got the port congestion and there is, generally, a problem of quality.

If you are planning to compete in flowers in Copenhagen in Netherlands, they produce three million carnations, each of them the same colour, the

same size and the same intensity of colour, I think that we cannot produce even four roses of the same colour. because it requires tremendous amount of centralisation, tremendous amount of experimentation etc. So the micro management is more important than price advantage environment and therefore those who say that just because of agricultural agreements our exports will go very high are not really taking into account the other factors which are more important for export.

Then I will take other sectors in which India is to gain. I mean I am taking those sectors in which India is to gain and India is to lose. And that is textiles. Now in textiles you know what happened and I have to go to the background. Textiles trade in the world is about, or still is governed by what is known by MFA - Multi Fibre Agreement and under that Multi Fibre Agreement each exporting country has to negotiate with each importing country how much import it will take from you. It is done purely by quota.

So there is a bilateral quota of Indian textiles in each market. Norway, Sweden, Switzerland, USSR and therefore any IAS officer who used to be transferred to Commerce Ministry from district, he used to prefer the textile just because he was travelling all the time, negotiating quotas and he was travelling in very rich countries. This was the thing. Because what happened is that there was one clause in GATT Article 19 which says that if in your industry there is a sudden surge of import from a particular source as a result of which your industry is threatened, then you can impose restriction temporarily. Then you have to justify why you have done that and you have to impose that restriction on all other countries. If it is on towels from India, then towels from all other countries should also be stopped.

Now Article 19, this is called Safe Guard or Injury Clause or Market Disruption Clause, did not satisfy developed countries. They wanted to impose restriction on the source from where it was coming. Americans did not want to impose restriction on the towels coming from Portugal and Spain because they knew that Portugal and Spain could not produce those cheaply. And therefore they normally said that under GATT there should be no restriction at all, but then there is already a clause in Article 19 which allows you to impose restrictions temporarily. So even that did not satisfy them. So they went outside GATT and they entered into a new agreement altogether called MFA and therefore at one stroke entire trade in textiles was kept outside the GATT. That is, it is no longer treated in GATT.

So now what has happened in Uruguay round is that and this is a big concession to the developing countries, if you think of India. They agreed to integrate textiles into the world trade, that is the MFA would be phased out and trade in textile after the end of the expiry period will take place according to the rules of GATT. But there are many problems with the agreement on textiles.

Firstly the way the MFA would be phased out is what is called in trade terms Back-Loaded, that is phasing out in the beginning is very low and all the phasing out has been left at the end. I will give you the figures. It has been agreed that 16% of the textile trade not covered by MFA will be integrated on the date the agreement came into force i.e. 1st January 1995. Another 17% on 1st January 1997, another 18% on 1st January 2002, and then another remaining 49% on 1st January 2005. So this means for 10 years period till 2005 as on 31st December 2004, only 51% of the trade will remain liberalised. This means that for full 10 years, the actual liberalisation in textile trade will be not much because let us say at the end of 1997, it will be 33%, 16 plus 17. Till the end of 2002 it will be 51% and therefore the real liberalisation granted for 10 years is very low. Then the other thing is that even in the 16% they can take credit for what has already been liberalised.

So in other words, for no liberalised items, no liberalisation will take place for 10 years or so because you know in world market 25% are already liberalised. They subject only 75% to restriction, 16 plus 17 - i.e. 33%. So out of this, they can take only 75%. So only 8% will be liberalised. Then the other thing is that people doubt if by the year 2005 they will really remove the duty on the remaining 49% and there is a fear that they might be excluded.

For example, you know if you want to remove these restrictions then you know you have to bring about structural changes in your industries. Then you have to move away from sunset industries to sunrise industries. There is no sign in any of the developed countries that this kind of structural change is taking place and if structural change is not taking place, then it would be very difficult. You have got trade union movement, so on so forth and we just can't do it overnight.

So, the whole credibility of this commitment is being doubted because of the manner in which it is phased out and there is no provision in the textile agreement of old structure adjustment in any of the chief clauses of the textile agreement.

So this is about the agreement on textile. Now let me take another agreement which is of very great importance to India and that is TRIPM - Trade Related Intellectual Property Measure. Now the first thing, as I have already told you, that there was no business for TRIPM to be a part of these negotiations, because you know it is not a question of negotiations about trade liberalisation. And this is not a question of trade liberalisation. This is a question of infringing the monopoly rights of the patent holder. It is really a movement against liberalisation and it is a negotiation for guaranteeing the entry of income.

And therefore it was brought into the trade negotiations almost by force. You know we just want it to be there and what you want in bargain that type of thing. In the bargain of course was the MFA so that developing countries could go and tell what we got. So what are the clauses of the trade agreement.

I am talking, of Trade Related Intellectual Property Rights, TRIPM. Intellectual property rights are of different kinds. You have trade mark, you have geographical names, you have patents, patents and then you have copy rights, books and others.

Now I will discuss mainly with the patents because with others we do not have much difficulty. With others we ourselves could make. In others we could, you know, this patenting of Basmati by Chacko would not have been possible if we had a registration in our country of having described Basmati as a geographical name. We do not have a registration. So we do not have even the basis to go to court. But anyway the main thing is patent and in patent five or six things have been done.

One is that the period of patent has been made longer and it is the same period which is granted in the developed countries. Where you used to give patent for seven years or 14 years, seven years for sensitive items like chemicals, pharmaceuticals, processed foods. These areas. Now for every sector patent will have to be given for 20 years. So we have made, we have to bring our registration in line with these countries.

Secondly, we used to have a regime of processed patent wool. I think there is a lot of confusion. You know and you should really very clearly understand. It is regime of processed patent wool i.e. in that area you

cannot give product patent in the area in which you have processed patent wool regime, you cannot give product patent. Now I will tell you what is the difference. The difference is that somebody, the first chap who discovered vitamin C. Now he takes a patent for his product i.e. vitamin C which meant that no person by whatever process he produces vitamin C will be able to produce it till this man's patent is over 20 years.

This is called product patent. So he has got a patent for the manner in which he has produced it, which is process patent as well as what is called i.e. Vitamin C tablet. But our rule was that, in our Patent Act of 1970, the rule was that in pharmaceuticals, chemicals etc. we used to give process patent only. We give patent only for the process by which you have produced vitamin C. I am free to produce vitamin C by another process. So the alternative route to arrive at the same, alternative technological route to arrive at the same product was kept open. Indian scientists could in their own laboratory, find another formulation to produce vitamin C and it was allowed.

Now this has been abolished by the TRIPM agreement. Basically you would have to give also product patent in the area in which you have given process patent. So this is the one big change that has taken place so that your alternative technological route to produce a product is now closed. If somebody has produced something, he will have patent for it. For 20-25 years you would not be able to do it through another variation.

The third thing was that we used to give compulsory licensing. It is very important provision because when you allow a patent holder to bring a product and for 20 years you would not allow that to be produced, that patent holder may not bring the product. What can you do to him. And if it is a drug, can people remain without a drug.

So we have to balance the interest of the patent holder with public interest so that our public can also get the product and the rule was in the licence for the patent. In the back of it there used to be a stamp which used to say that within three year's time you will have to work that patent, that is you will have to produce according to the formula in the country itself, what is called Working of the Patent and it was automatic. It was put on the back of the permission giving the patent and then if you do not produce, then we will licence to somebody else in India to produce it. That is called compulsory

licence. Failure to produce will lead compulsorily to licence being given to local producer.

So these were the provisions in our Patent Act. It is no longer permissible under TRIPM. TRIPM had an Article 31 for use without authorisation where in certain situation in which government can use a product or produce it without authorisation. But they are nothing comparable to, I mean people try to compare and say that article 31 is the same as the compulsory licensing. But it is absolutely incorrect. If you read article 31, it has got no resemblance with compulsory licensing. It cannot be done for commercial purposes. So the point is that you should explore all possibilities of persuading the patent holder. You should give him compensation that your having explored the possibility, that you have explored the possibility and the amount of compensation is justifiable in court and it serves that basic purpose, to take into account the interest of the patent holder. So if you take all the factors into account, no government will have the incentive to go in for and produce without authorisation. Whereas the compulsory licensing was automatic.

Now the fourth element of the TRIPM is this, it provides that plants and life cannot be patented and this is a very important provision. Plants and life forms cannot be patented. But plant varieties can be, should be protected. Plant varieties must be protected. Number one. Number two, macro organisms can be patented. It is half life. So already half life we have covered. But natural biological processes cannot be patented. But macro organism can be patented.

Now here comes the thing that whether you can use your own seed and where once you import the seed from outside, you will have to keep on importing that. You cannot keep your thing. And the whole idea comes in there. You know, the whole business of plant varieties and now I will tell you that two arguments that by patenting plant variety, you patent plant itself. I will tell you why. Neem is a plant. O.K. Now if somebody has manufactured a variety of neem which has a high yield, you allow it to be patented. Then somebody has manufactured a neem variety which has a better quality, then somebody has manufactured a neem variety which can defy insects.

Now what will happen if these three are produced and if these three are marketed throughout the world, including our own country. Then what shall we do by holding on to our own neem tree. Commercially it has become

useless. So by allowing plant variety to be patented, basically you allow the plant itself to be patented. And it is only semantic to say that plant can be protected, but plant variety cannot be patented.

Now, the patenting of plant variety means that if you have got a seed from a patent holder and if you produce out of that seed, then you cannot retain a part of the seed for your next year's production. You will have to buy again from the same patent holder. So this is another problem that arises. And so this means that now one question that may be asked, that India has 100 varieties of rice and if one variety is patented by import, then we have to import it, and the royalty is very high. Don't import it. Use your own variety of 100 varieties. Now this argument is not also valid because of two reasons.

One is that, if you are in export business, then you would like to produce what is internationally traded, and internationally traded are those which are patented. The wheat that is quoted in the Canadian market is the minotova wheat and you have to have an equivalent wheat to sell in the world market. When the Russians at the time of Gorbachev had the problem in getting the rice from where it was produced to the centre of consumption we had offered to give them 1.5 billion tons. Their expert came and they rejected our wheat on the ground that it did not conform to any of the known varieties in Europe and they were very unsure about what it will have.

And the other thing is the advertising power of the patent holder. I do not mean you will produce what is commercially salable, but if the patent holder has such tremendous advertising power, then they can reach every home, the way in which the Wheel is reaching every home. After we have allowed the Proctor and Gamble to come in detergent market it is all Proctor and Gamble. If you see TV, it is advertisements only for their product. And so for the seeds also they will just flood us with their advertisements.

And the third thing is that because of the deprivation of environment, many of the varieties are disappearing in any case and therefore I think that the Clause in the TRIPM Agreement says that plant variety must be protected, either by a patent or by seed generic system. Now, effective seed generic system, any country can protect it in its own way or you generate seed in

your own way. And in India, for two thousand years we have seed generic system and still the Act is making the rounds of the Defence Ministry and it is yet to be introduced in the parliament.

Basically there are two models of protection of plant varieties which is called UPOB One and UPOB Two. UPOB is the Union of Plant Breeders Right and this is a European model and basically they are to protect the interest of the breeder and not of the farmer and the information is that the bill that the government is thinking is the design of the UPOB and there are many people in the country who are opposing it and they want a bill which is designed to protect the farmer and not the breeder and actually one of the persons, I do not know if you have heard her name, Suman Sahai, who runs the gene campaign, she has drafted an alternative to the bill that government is considering. I have got about 100 copies of the draft in my home. I wish I would have got it here, where she says that it should be entirely different.

Let me just describe two or three more features of Uruguay Round. I think Uruguay round has got greater transparency to the system in the sense that in the dispute settlement mechanism some very effective changes have been brought about. One is that time period is laid down for each thread of the dispute settlement. And let me describe to you very briefly the dispute settlement mechanism of the Uruguay Round.

Basically, if the country A feels that the action taken by country B has hurt its trade interest, then it will go to the dispute settlement mechanism. Six weeks are given to settle the thing and if in these six weeks no settlement takes place, then a panel is established and the panel reports in three months or six months etc.

One big change in the Uruguay Round, apart from the period, is that previously the acceptance of the panel report was subject to 2/3rd majority, now the rejection of the panel report is subject to 2/3 majority. So this means that panel report will be automatically accepted because, you know, it is very difficult to muster 2/3rd majority to get a panel report rejected. And then there is an arbitration provision. As per that the panel report says that if your law is inconsistent with GATT, you change it and you compensate the other party.

Now, if the country A, which has caused you offence does not scrap the law nor does it compensate the other party, then the party, country B, has a right to retaliate. Retaliate means that you can impose restrictions on the imports from country A to cause him the same degree of harm. If your trade is suffering by 200 million dollars, then you impose duty so that he also suffers harm by 200 million dollars.

Now the GATT is the only body in the entire UN system which has the power to retaliate, which has the sanction to enforce its decision and that sanction is a form of retaliation by a country. The only other UN body which has the power to enforce the decision is the Security Council under Chapter 7, where you take sanctions. And UNO, WHO, FAO, the General Assembly, Trusteeship Council, none of them have the authority to enforce their decision and the GATT has it. This is the reason why many of the things which are discussed in other forum, the developed countries want to bring it in GATT.

That is the reason why they want to bring in social clause in GATT. That is the reason why they apply minimum labour standard in our country. They knew that UNO was dealing with it, but UNO had no way to enforce that and they wanted to bring it here. Then they wanted the environment clause. They knew the environment programme in Nairobi which was responsible for that. There is a commission, subsidised and developed in New York, but they still brought it to GATT because it has a provision to retaliate. So you retaliate and if you have no capability of retaliating, then you give notice of 60 days on the matter to GATT.

Now, the poor countries cannot retaliate because you are poor, you cannot enforce restrictions on your imports. Most of the imports you need for your own development, and some of the luxuries that you do not need, you are afraid what US would do in turn. Nor can you go out because you are too weak to go out, because the law of the jungle does not suit a poor, and a big country can go out and remain in the law of the jungle. You like to remain, you would like to remain in the law.

So the Article 23 of GATT, which is now the Article 23 of WTO, has improved. You are not being utilised by the developing countries. They suffer many times. They went to GATT many times. But each time they have the option of leaving the GATT because they could not. Even if the final verdict was in their favour and the Americans and others accepted the

final verdict, they could not retaliate and after retaliation their choice was to go out of GATT. They could not go out of GATT. Since the WTO, the number of complaints being filed has gone up because of this positive effect of Uruguay round and also because there were many more agreements which were registered then only on goods. But very few developing countries are in a position to take advantage of that.

Now another thing that has happened with the WTO is that WTO has now become a forum for continuing negotiations rather than negotiations in rounds. Previously after 4 to 5 years there used to be one round, Uruguay Round. You can go along Dillar and Tokyo round. But now in WTO itself, if you read it correctly, you will find that there is going to be a negotiation on patent development clause of TRIPM in 1999, this year, whether you could expand patent into light house. TRIPM is going to be reviewed in 2000. Agriculture is going to be reviewed in 2000. And the entire service sector, large number of service sectors, education sector, health sector, many sectors of services they have not even come up for negotiations.

The Americans can very well say that the syllabus for Delhi University that is produced by the Syllabus Committee, my country will produce syllabus for you and it will compete the syllabus made by you and there is no reason why you should not accept it if mine is competitive. So you know they can go into that much of the services in any particular country.

Now this is briefly, some of the agreements and how they are going to affect us. I think what should be our position on some of the subjects which are coming up for negotiations on the patent field. I have taken a view that we should have prepared a full fledged patent bill to replace our Patent Act of 1970 even though the transition period is up to 2005 because there are clauses in the TRIPM which enable us to enjoy some principles.

There is article 7 which says principles, article 8 which says objectives and these principles say that you can take measures of public, you know in the interest of public health, morality, against monopolies etc. Now to what extent we can take advantage of these clauses, these flexibilities in TRIPM. If you have got a bill and if we had circulated it, then we could have tested that. We could have seen the reaction of the Americans.

For example, the EMR bill that has been introduced in the parliament - Exclusive Marketing Right. There we have taken an exception for herbs

and aeromatic plants. And the Americans have already gone to the GATT dispute settlement mechanism on the basis of our bill and they say that consistent TRIPM you can't provide it and therefore instead of being hustling into a major change into our entire patent system in one year or two years' time. we should have had a full fledged bill 4 to 5 years in advance for public debate in India to know the opinion of our own people to what extent our own people can stand behind it.

Because the pressure will be tremendous and to get to know their own reaction to it. But we have not done anything of that sort. This is the suggestion I had made in my book in 1995 and no action has been taken to implement it. I have been repeating this suggestion in every forum and everywhere. I am glad that one subject which I have been repeating for the last 10 years i.e. unilateral free trade, bilateral free trade, with our neighbours has been implemented. But this one is yet to be implemented.

Second thing is that we should quickly enact a few generic bills because 2000 is coming and we have to see whether it is going to be closer to UPOB and whether it is going to be closer to our own system.

Third thing is that we have to prepare for the review on article 27 3B which is the patentability and there the developed countries are going to raise the question of patenting of life forms because they have made tremendous progress in developing life forms. They see lot of money in that area. Billions and billions of dollars. Americans have already allowed.

Incidentally, the person who first got the patent through Supreme Court in the United States was the man of Indian origin. Chakravarty and he got it for a mouse that he had developed in laboratory and that the Supreme Court says it is not a creation. It is the stuffing of genes and not the production of genes and that is why he has been allowed to patent.

In this, in the European Union, the European parliament was against it and the Commission was in favour of it. But now the parliament has reversed itself and the ideological community has allowed the Commission to go ahead. So now we have to take a view whether we want to do it, go on patenting of life forms also. What is commercial interest, what is moral thing.

In agriculture, I think, well, let us just take one item and then finish it. It is what do we do in the services negotiations. In the service negotiations what is happening is that many of the services of our interest are not being taken. Like we are pretty good in accountancy services, we are pretty good in many consultancy services. They have not been taken up for negotiations.

There is one labour services agreement, labour movement. Movement of labour had been removed, has not been accepted in GATT. It says that immigration laws are not going to be subject of free movement and movement of labour for seeking employment in foreign market is not covered by the agreement of GATT. And these are the areas in which the developing countries are more competitive. But they have allowed movement of recluse person. Recluse persons are really labour because corporate person is a recluse person. Therefore they use the word, for simple labour they use the word recluse person. labour and person and for labour they use the word recluse person.

So the movement of recluse person for seeking job temporarily. That is the only subject of interest on which negotiations were done. But our computer scientists, our engineers and the concessions that we have got, like 6000 persons from all over the world and computer scientists from any, upto MA you can't go. Only if you are a Ph.D then you are allowed.

Then movement for temporary stay is permitted only if there is a company. Your executives can move. Developing countries do not have companies in their development. So we have to decide which are the labour services that we are going to take up for negotiations.

Finally, there is one issue in India which the Americans have called for negotiations which they call the Millenium Rounds of negotiations after the Uruguay round and the Millenium Round of negotiations is to be launched in 2000 year and then goes on during the next millenium. Our government is opposing it and they say that you first implement what is already agreed. It is identical position that we took at the time of Uruguay Round. We stopped Uruguay round from 82 to 86 on the ground that first implement what you have agreed. But then ultimately they forced it on us.

Today we are taking the same position because I think that a round of negotiation is more helpful to developing countries than negotiations taken

on adhoc basis because adhoc basis negotiations are taken by those who have the power to do that. Americans went to Subic Bay and there they agreed that they wanted free trade on formation technology product. They got the approval of the Apex countries. They went to Singapore Ministerial Meeting and they got it approved in the Ministerial Meeting. Just in two months they got the entire subject free of duty in which they are interested.

So in adhoc basis it is they who set the pace but in a round you know that is going to take place two years later. You get involved in the discussion over what will come on the agenda. You are trying to prepare for the country. But the Government of India are stating the same thing as the Uruguay Round. You might even have heard Mr.Hegde on this subject. And I think that it is an entirely wrong policy. We should have agreed to the Round because in the adhoc thing they just go and determine whatever they feel. They were able to cover only 5% of what used to be covered under the WTO. But this is the best that could be done.

Thank you.

SESSION VI

INDIAS RELATIONS WITH SAARC COUNTRIES

Chairman : R D Sathe

Main Speaker : Arvind Deo

This is indeed a very tricky subject in the sense that one has to speak about foreign policy imperatives for a nuclear India. That is to say, what kind of foreign policy position, assumptions that India should adopt now that it has demonstrated its nuclear capability. I dare not say it has become a nuclear weapon state, but it has shown its ability to become one if it decides to do so.

I would like to begin by a very general observation namely that there comes a time in a nation's life as in an individual's, when a decision taken or an act performed consciously or instinctively has an irreversible impact

on history that such a movement becomes a defining movement and a turning point or whatever you call and the nation, as much as the individual has to make necessary adjustments to be able to face the consequences and take necessary actions implied by such decisions or acts.

The decision to go nuclear in May 1998 was one such decision. It is not that India had concealed its nuclear capability. It had been demonstrated in 1974. But whatever be the political compulsions, it was described as a nuclear implosion, a peaceful nuclear experiment. We had not gone and committed ourselves to say that this is a full scale nuclear explosion and a few days before the explosion took place, I came across two articles in a Pakistani newspaper, the Dawn, written by Munir Ahmed Khan, which has been reproduced in POT Journal, in the month of May, if I remember right, describing India's nuclear progress since 1944 when the decision was taken to establish an Atomic Energy Department in the Tata Institute of Fundamental Research and Dr.Bhabha was associated with it in 1946 under Dr.Bhatnagar's advice and according to Munir Ahmed Khan, India's progress in nuclear field till 1964 would be said to be comparable to that of China.

It is my submission to you that had the Government of India decided to undertake even a minor nuclear cracker before the non-proliferation treaty came into operation, India would not have to stand in the world forum and defend itself as to why it should now adopt itself to be a nuclear state. I said this because this is a decisive moment, this is a defining moment when you took a decision not to do something.

I also make, both incidentally, Munir Ahmed Khan is supposed to have written a series of three articles, but by the time the second article had appeared and it used to appear once every four days, that Indian explosion has taken place. The third article was cut out. Sometime back I had gone to Pakistan for a couple of days and I happened to meet Munir Ahmed Khan. So I asked him, I said I read your two articles. What about the third. He said that the third need not have to be written because you proved what I was going to say. That means you were capable of undertaking nuclear explosions on your own.

I say this because I am now going to say something quite different, which has not been touched upon. Another decision we have taken and which had a very important bearing on our foreign policy is India's decision

to be a secular state. And this is important for our foreign policy relations in dealing with countries of South Asia, one of which is dominantly Buddhist Sri Lanka. Two of them are Islamic Republics, Pakistan and Bangladesh. One is an officially called, entitled, Hindu Kingdom of Bhutan which is primarily a Buddhist State does not call itself a secular state, does not call itself anything, and by definition it calls itself the Kingdom of Bhutan and Maldives which is an Islamic State.

I say this because our foreign policy postures would be always judged by our commitment to secularism and this is important because I did not see any particular discussion on this in dealing with our relations with other countries. I mention this because in the recent incidents that took place against Christians and against Muslims, the question that has been asked in all our neighbourhood countries excepting possibly Nepal, is that are we shifting away from our assumptions of secularism and are we going also to a, quote, unquote, "Fundamentalist State". This is a question for which a commentator like me has no answer. The answer is to be given by our political system, be that as it may.

I shall now touch upon the possible reactions that could have been expected from our neighbouring countries. What actually happened and does it fit in with our preconceived assessment of what would be South Asia's reaction to India becoming a nuclear state. Pakistan is a case. You know Pakistan's reactions within weeks. It exploded its own set of nuclear test and they acquired again a capability to go nuclear if it so wished and if it could afford to do it. Because the decision to go nuclear also had economic cost. I shall touch upon Pakistan in more detail at a later stage.

The reaction from Sri Lanka was not unfavourable. Sri Lanka, Nepal, Bangladesh, Bhutan, Maldives are all signatories to the non-proliferation treaty and as such they could not applaud the violation of what was according to them a serious treaty commitment. But Sri Lanka showed understanding to our position. Nepal, sandwiched as it is between two major states China in the North via Tibet and India in the South, decided to maintain discreet silence. Bhutan being under India's protection adopted a friendly line. Bangladesh made some noises, but nothing very serious and Pakistan gave us its reaction by going nuclear.

What are the consequences of this for India's foreign policy? First, it has enabled Pakistan to talk to India with a certain measure of confidence.

It can now justify to its own people that we are in no way inferior to India. Part of Pakistan's search since 1947 has been for parity with India. In fact the creation of Pakistan owes itself to a search of parity by the Muslims under the leadership of All India Muslim League. It worked in a different way. That is another matter. But this search for parity came to a defining stage by Pakistan deciding to go nuclear and it could then justify to its people that if it could enter into a dialogue with India, it was now doing so as a dialogue between two nuclear capable powers.

What are the other implications for nuclearisation to India's foreign policy and here I am going to divert slightly out of the South Asian context. I have no answers. I shall only pose a question before you. One of the demands is that now as a nuclear weapon state or a nuclear weapon capable state, India should seek its rightful place in the United Nations Security Council as a permanent member with a veto power.

I would simply like you to examine for yourself on the evidence available whether mere possession of a permanent membership with a veto power actually enables you to cast that veto and the case in point is Soviet Union. Soviet Union, or successor State of Russia has been a permanent member of security council. Its veto power is still in tact and yet when its traditional ally, Iraq, was slobbered by the Americans and their allies in 1990, Russia could not exercise its veto.

So exercise of Veto as an automatic corrolary to membership of the United Nations Security Council on a permanent basis is no guarantee that you will exercise that veto . That exercise demands like your foreign policy, exercise demands a certain economic strength, domestically a certain degree of political and social stability which is important and in this search it is possible to evolve a greater cooperative framework so that the stresses and strains on your relations with neighbours are reduced.

I can see a lot of people asking me : but do you really expect that India's relations with neighbours would ever be friendly. Isn't it axiomatic that a neighbour's neighbour is your real friend because neighbour is generally your enemy. I am afraid I do not necessarily share this because the confrontation, enemy etc. are terms that can be used in a different context. In modern days you cannot really talk in terms of friends and enemies. You have certain basic interests which are permanent.

South Asia as a geographical unit has not really been strictly defined. But by and large it includes the seven countries that are members of SAARC. South East Asia. South Asian Association For Regional Co-operation. The idea was floated by Zia Ul Rehman of Bangla Desh in order to seek a certain opening up of relations not only with India, but also removing dependence on India and establishing relations with Pakistan and other countries of the region. Every country in South Asia joined it with a degree of reservation in mind because their primary fear was overbearing influence of India on their economic and political will.

Pakistan made no secret of its joining SAARC in order to be able to avoid Indian hegemony in the region. This is one of the words which has become fashionable after the Chinese started using it that they are against hegemony. Hegemony is really in the mind. India had no plans for establishing hegemony by saying, 'now you shall do as I tell you'. It was a certain asymmetry in sizes between India and its smaller neighbours that this hegemony was inherent in perception, if not necessarily in reality.

India has had its reservations in joining this because in the manner of speaking the experiment of India as such is an experiment in South Asian Co-operation. When we became independent, we formed a kind of union of India which could very well had been a federation of 10, 12, 20 different States. But today if you can travel from Cape Camorin to Calcutta without a visa, without an entry permit, without a document, it is because we consciously took a decision to be a Union. The continuing problems between the Centre and States in India are a manifestation of the unresolved issues of this formation of Union and they are not likely to be resolved in the near future. This is a continuing process and will take years before it formally finalises.

Now we are going into a venture in which we are inviting six other countries to mesh in their economies through a free trade and preferential trading arrangement. What kind of relationship are we going to evolve. I am placing before you some points which I had a couple of months ago an occasion to mention to a collection of college students in Poona and they were shocked because I told them that when you talk of just expanding trade and commerce, it does not mean that you can simply buy goods produced in Pakistan in India and India in Pakistan. It also means you must think in terms of investing in another country, having joint ventures, exchange

of people from one country to another for tourism, for studies, throwing open your institutions to academic students from other universities, other countries and this is somewhere where the students suddenly picked up their breath. They said that this means that we will lose our seats either in Poona or in Bombay or in Bangalore or wherever that means.

Now we already have undertaken this experiment in India. As I travelled last time by train, I had with me two students who were studying in one of the private colleges in Poona. They were from Rajasthan. They had come all the way from somewhere near Jaipur to Delhi, caught the Goa express, caught the Rajdhani, came to Bombay and we drove down to Poona by a bus. And I asked him, how do you find it here. Oh, in the first six months one year we found it very difficult. But now we are accustomed to, we like it. We were looking forward to coming back.

So when I mentioned it to them, I said, remember, when these students go out and go back to work either in Rajasthan or in Assam, or in Meghalaya or wherever they are, suddenly when they want to find somebody with whom they can exchange ideas, some ideas where they can find resonance, they will come back to their days in Poona. This is a kind of emotion, emotional integration to have number of students from Poona going to Delhi and studying architecture, studying medicine.

Now these are the bonds which we can expand to include students from Bangla Desh, students from Sri Lanka, students from Pakistan, students from Nepal. You already have students from Nepal. It is one of the few known facts that students from Nepal can appear for competitive examinations in the UPSC, excepting I believe for Indian Administrative Service and the Indian Foreign Service. Theoretically they can appear for the National Defence Academy Examinations, join the National Defence Academy, become entrants to the Indian Air Force, Indian Army, Indian Navy and rise to the highest post.

Mind you, this gives you a degree of confidence, this kind of confidence is what makes for relation between people to people, even at a time when State to State relations are undergoing through a rough patch as they did. When I served in Nepal in 1986-1989, I mention this because people to people contacts are the kind of cement that hold relations together and this is required for two or three countries with whom we have certain foreign

policy problems. I shall touch upon Pakistan in the end because it is little more complicated than others.

But I will now touch upon Sri Lanka. Sri Lanka's current ethnic problem arises out of a certain dissatisfaction among the Tamil Group, Tamil Language Group in that island which has been denied facilities for higher education or employment beyond their numbers, what their numbers suggest. Before independence of 1948, the Tamils although at a minority about 10 to 11% occupied almost 90% of seats in Universities, academic institutions and almost 75% seats in government employment. This was naturally bound to change. I mention this because it is now the empowerment of majority, decision by the majority and the minority felt stifled in the island.

If in 1970-75 we had a kind of open border between India and Sri Lanka, as we have between India and Nepal, where the excess pressure of steam built up is released through migrations to India, perhaps the explosion that took place of Tamil anger in 1983 and after that, could have been avoided.

I still submit to you Ladies & Gentlemen, that however difficult the idea may appear, in the ultimate analysis South Asian economic co-operation will essentially involve a free movement of people as much as of goods and services, free exchange of ideas as much as of newspapers and magazines, and films and artists will and I say this because this is a challenge before India's foreign policy whether we can adjust to these requirements.

By nature beaurocrats are conservative. They do not want to change the status-quo. The political masters have neither the time nor many times the inclination to undertake such path breaking exercises. But somebody has to do it. And what better forum there could be than institutes like yours and others throughout the country to examine whether this concept of greater exchange at academic levels, greater exchange at the level of experts, and in the long run employment opportunities in each other's country would not be able to resolve the problem.

With Bangla Desh we had the long standing dispute of sharing of Ganga waters. This has been resolved. There are other issues such as transit of goods through Bangla Desh from the state of Bengal cutting across to India's north east. I think we are nearing a solution, when it would be possible for these goods to be trans-shipped through Bangla Desh carrier and would

be delivered across into India. Provided there is goodwill and good relations between the two countries, even the most intractable problems find themselves easier of solutions.

With Pakistan I made the statement that the nuclear explosion has given the possibility to Pakistan to talk to India on a more confident basis. This was demonstrated when Mr. Navaz Sheriff, the Prime Minister came to Lahore to receive the Indian Prime Minister who was travelling on the first inaugural bus service. It goes beyond symbolism in the sense that Mr. Navaz Sheriff's basis, at home three different forces who are putting brakes on his ideas of an accelerated rapprochement with India.

And the three forces are the armed forces, because their entire continuation in a strong position of dominance in society is dependent on a continuing confrontation with India. The so called domestic church, the Mullahs, the Islamic fundamentalists do not want an early rapprochement with India excepting on their terms and their terms include India's agreeing to hold a plebiscite in accordance with the UN resolutions and all that follows. Wherever Pakistanis meet and debate with Indians, or talk to Indians, the one central issue that comes is, but you must find a way out for getting out of the Kashmir impasse. Unless you do that there cannot be any long term improvement in Indo Pak relations.

This would be a challenge before India's foreign policy because India also has certain commitments. India has commitments to the people of the State of Jammu & Kashmir and I use this word very carefully. I am not using the word Jammu & Kashmir. I am using the word, to the State of Jammu & Kashmir. Because Jammu & Kashmir as a State has been a part of the Indian Union. One of the major complaints of various leaders from the State of Jammu & Kashmir has been, and Farukh Abdullah has made no secret of it, in private or in public that you Indians, that is the words he uses, do not trust us Kashmiris, to which the answer is, No, Sir, it is Delhi that does not trust people from Srinagar. But Delhi does not trust people from Bombay, people from Poona, people from Ahmedabad either.

So it is like George Bernard Shaw said, good manners or bad manners is the same set of manners for all set of people. Now if India can't, if Delhi can't trust its own constituent units, then how is Delhi going to build this trust with Colombo, with Dhaka, with Kathmandu, with Islamabad. With Lahore it seems much easier because Delhi is primarily dominated by Punjabi

speaking people and so is Lahore and when the two meet, they have no barriers. They have no cultural barriers, they have no emotional barriers. But besides that, how are we going to tackle this, because if and when India normalises its relations with South Asia which it seems to be doing haltingly, but always in a positive direction.

The next question is how do we deal with neighbour's neighbours. Afghanistan. Because of the Talibanisation of Afghanistan, I am using a very well known and well accepted short form by now, has caused tremors of fear in the intelligentia and the average middle class and above, of Pakistan, excepting hard liners like Gohar Ayub Khan, the former foreign minister, and the present master of power. Or Asif Ahmed Ali, the former Foreign Minister, who absolutely shoot out their mouth without thinking what they are saying.

Most of the people privately would admit that they are concerned at this rapid growth of fundamentalism in their own country because it would destroy all they have stood for. Some of them have gone on record to say whether these people would accept even Jinnah as the Father of the Nation. Because he was not a Sunni Muslim in their pattern of thinking. He was an Ismaili or a khoja. Now once you start wondering whether what is happening around you is going to affect you, you look for friends and Pakistan is beginning to look for, very tentatively, but going to look for some kind of assurance from India that it has no hostile intentions towards Pakistan.

I agree that we must keep our powder dry. But we must also realise that opportunities of making up with long term adversaries do not come every year or every six months. They come once in 30, 40, 50 years and if we do know how to grasp it and exploit it to our mutual advantage, not only to our advantage but also to the other side's advantage, you would have done great service. If we do not do that, we have failed our generations to come. This is the task before nuclear India.

Now I will touch upon one issue which is not strictly foreign policy issue. But this is a thought I wanted to place before you. I have no answer for this. I am not aware of any nuclear state which has such high rate of illiteracy as India and Pakistan. And you cannot be a credible state, let alone a credible nuclear State, if you continue with this disastrous social index. It is absolutely imperative that we address ourselves domestically to the question of removing illiteracy, removing poverty, organising some kind of securing

of social justice without disturbing our basic frame work of democracy and secularism.

Yesterday, we had a discussion on this when we met Mr.Sathe in the evening and I do not think we came to any conclusion nor are we likely to come to a conclusion in the question answer session now. But I say this because this is a problem before nuclear India. You cannot bash nuclear weapons when people about are protesting for bread and butter, protesting for education, protesting for employment.

Just as I was coming out today, I was seeing it on Doordarshan. One of the debates was about the growing expectations, and failure to meet expectations by the government, of young people and the essential question was it was I think Yechuri who was saying "Padhane Likhaneese Fayada Kya Hai. Noukari To Milti Nahi. Phir Log Kya Kare. Bagawat To Ho Jayegi". Now this kind of thought is not something that is just said for the sake of saying. If we go to the villages, if we go just 20 miles outside the city limits, 30 miles outside the city limits, you see how common it is between India, Nepal, Pakistan and increasingly in Sri Lanka, unemployment. The problems of unrest are essentially directly linked to the failure of the State to grant employment, to grant social justice. Nuclear or non-nuclear, India would have to address this problem simultaneously. It cannot say I will solve my foreign policy issues first and then I will address myself to this question. These must go hand in hand.

And if we set a model example of what we can do to secure these, perhaps countries in South Asia will derive strength from us. Nepal knows that in spite of its poor domestic performance on generation of employment, it is not likely to face an immediate explosion because there is a border which is open. Hundreds of boys come here, find some kind of employment, acquire some kinds of skills. They remit money home, adjust to a certain degree of balance of payment. We recruit Gorkha soldiers.

We have a long way to go to exploiting water resources for which co-operation is necessary, for which confidence is necessary. But I am not dwelling at length on these, because these are the issues that can be settled, given the goodwill, the honesty and the integrity for India to realise that unless it adopts a co-operative attitude it cannot overcome the fears of its neighbours.

India cannot reduce its size. God forbid, but this is a fact that India cannot reduce its size. It must give up what we are normally accused of. Having the imperial arrogance of the British, without their capacity to exercise. We have that. I should not be saying this. But it is very difficult to get over it. When you go to a neighbouring country, you realise what people expect from you. They expect from you miracles.

I remember, in Sri Lanka, the demand from people used to come to us. We have our festival coming. Can you give 10,000 tons of sugar. Now 10,000 tons of sugar really means 100 trucks. Now giving them the answer that if you do not like us, why don't you get the sugar from England, is no answer. Because getting sugar from England would cost them in transport more than if they buy the whole sugar. Or in Nepal, the question would be, Sir, we have suddenly an outbreak of rabbies. We would like to have 3000 units of anti-rabbies injections. There was no other place from which it can come, excepting from India.

Now at this stage not to deny certain services occasionally even at the cost of your own self is important. This is a change in attitude and this attitude cannot only be brought about by way of, arrogance This has to be brought about in political light and this has to be brought about by a public awareness where greater debate on Indian issues with neighbours can take place.

I see very seldom serious writings on neighbours, not because I am studying, but because 33 years of my life I spent in dealing primarily with European countries. But we do not seem to take any issue unless it hits us in the face, whether it is comprehensive test ban treaty, whether it is world trade organisation, whether it is nuclear disarmament or whatever it is. There ought to be a consistent debate on issues of national importance and foreign policy with neighbours is not merely an exercise in foreign policy. It also has a very important domestic parameter.

I placed before you these questions. I am slightly afraid of asking you to place before me the questions for which I have no answers. But nevertheless, I shall make bold, try and answer questions if any.

SESSION VII

INDO-SOUTH AND SOUTH-EAST ASIA RELATIONS

Chairman : R D Sathe
Main Speakers : Meera Sinha Bhattacharjee
: Muchkund Dubey
: Arvind Deo

PAPER PRESENTED BY
MRS. MEERA SINHA BHATTACHARJEE

I apologize. I do not work on South East Asia and the three of us were waiting for Dr.Savita Pande who unfortunately could not arrive. So I will make some general remarks about South East Asia and then hope that my two colleagues will take them up.

First one to say that we need to take a historical perspective both on why India's relations with China, and now with the South Asian neighbours leave a lot to be desired. I think that one thing that we have to bear in mind is that colonialism had a dreadful impact on India in the sense that it alienated India from the rest of Asia. Our attention was turned Westward. Our contacts with the metropolitan countries we had absolutely nothing in the history of India unless you go back several centuries. We have no immediate past historically, or we have no historical record of interaction between India and its neighbours. Now this is a very tragic situation because that is how countries have learned to live with each other, know each other, and understand each other. The colonialism had that impact on India.

Second problem is that for some strange reason, and I have never found a satisfactory answer for this. Indians do not have a curiosity. Indians do not learn. We do not want to know about our neighbours. There is a professor at Jawaharlal Nehru University, who was doing some kind of research on what kind of travelogues Indians ever wrote or what kind of letters Indians who travelled, wrote back home and what kind of information they gave about the countries they visited to their families, their relatives and to their friends. And he has so far not found very much. This underlines the fact that for some reason, for cultural reasons Indians are not curious.

We do not need to know. We know about them the bare bones, the bare facts, to know about anything, or about history is not part of our tradition.

The third factor is that we have not been great travellers in the East, except perhaps several centuries ago. Because I mean, I discovered this when I was in Malaysia, in Thailand I would say about 15 years ago, when I was addressed as a Bengali, wherever I went. Not because of my name, but all Indians were called Bengalis. A tradition perhaps had been of interaction with Thailand through Bengal and particularly through the priest class which I know even today in Sikkim or in Thailand. We know Hindu rituals in language Sanskrit which they do not understand following Hindu rituals. We know how much your culture spread in East Asia.

But I am talking now about the immediate historical past, not the distant historical past, to say that there has been alienation and lack of knowledge and this inspite of Nehru's championship of nationalism and championship of Asia as against Latin America, despite the fact that at home he was the one who caused the first, Afro-Asian conference even before independence, in March 1946 and he talked of the Unity of Asia and about the necessity of the Asian countries coming together.

It did not lead to much more than the establishment of the School of International Studies first at Sapru House. It is supposed to do a great deal of work on South East Asia, did some, but not very much and the establishment of a Department of African Studies because Africa was also being brought into it at Delhi University, which also did not achieve very much.

Now I am giving you a reason why, in order to come back to our immediate present. Two other factors, I think we have to bear in mind as governing factors of India - South Asia relations after 1947. One is the natural arrogance of Indians. As far as South East Asia was concerned, the interest based on largely in not what was happening within the country but what was happening to South East Asia in terms of the cold war. The high point of it was knowledge of South East Asia, public knowledge of South East Asia. Probably the name Bandung, which everybody knows because of the meeting, the first Afro Asian meeting held there in 1954. But the more significant reason for the lack of our interaction with South East Asia has

been the power relations of South East Asia during the cold war. Most of the countries were part of the SEATO.

We were not part of American Alliance and it took many years before India began to discover both political and economic interest in South East Asia. In the 70s, and 60s and 70s, this political interest came because of the Vietnam war. But unfortunately with the founding of ASEAN, we were on the wrong side of the Cambodian war, with the founding of ASEAN, we were on different side of the ASEAN war, the ASEAN ally was simply China and they were supporting the regime which came to be known as the Pol Pot Regime. We were on the other side, as it were.

With the 80s, late 70s and 80s with the economic dynamism of Asia, the emergence of the three new tigers, Thailand, Malaysia, Indonesia and the promise that in the coming century, the focus of world affairs would move from Europe to Asia. Asia was now the new dynamic, the economic dynamism was greater in Asia than in Europe, with the average growth rate of perhaps 2.5 and Asia had included not only Japan which had been the first major economic power in Asia to emerge as the first giant in Asia, may be followed by China, and the poor little dragons and now three little tigers. So you have an enormous pulsating economic unit with all eyes in the world turned towards South East Asia.

But India, unfortunately, was not thinking, still was not thinking quickly enough in economic terms and by the time we got our act together, both liberalisation at home and the re-discovery of the importance of economic factor. I think 1997, you know we have this periodic crises which seemed to affect our relations in South East Asia. 1997-98 has seen a sort of financial melt down in South East Asia. The three little tigers are no longer really economic success stories. The spill over has been throughout Asia affecting Japan as well as China. We have been relatively unaffected by the melt down but it means that no longer does South East Asia provide the same focus for our interest as it was earlier.

But the second broad factor that I would mention is that the post 1992 world, that is after the collapse of the Soviet Union is a strange world now. It is a world that we have to get used to because it is the unipolar world. I mean, almost your classical pattern of the great powers, the major powers

and the lesser powers are in this world. The unipolar powers i.e. the United States being most important. Then you have major powers and today I would say that India's foreign policy when you read the statements being made on India's foreign policy by Indian leaders, the analysis being made by think tank institutions and India's focus is clearly on the major powers of the world. It is no longer on South East Asia.

Now the situation can change. But this is a shift which is important which will shift back again or will re-introduce the political element and these major powers in Asia are now Japan and China. In Europe it is Russia, Britain, France, Germany or this united Europe. But Asia which I would say in the late 80s round about late 80s, Asia which was counted as one of the important actor or emerging important actor on the international stage is no longer true. What happens in the next year to the economic situation will determine the kind of interest that India will have in South East Asia.

I have been very bold in recognising that there are certain major obstacles in the way of developing our relations with ASEAN, either economic or political. The Vietnam War has been mentioned. The Cambodian war has been mentioned. But what role will India play either in helping to bring about a resolution of those conflicts or to take any initiative that would help in ameliorating with what is happening. In other words India has been able to take no initiative in the last two to three decades. If Bandung was a high point of our potential leadership of Asia, I think the fact is that in Cambodia when this agreement was signed without India is the low water mark of our ability to contribute to political problems in Asia.

Second thing I want to say is that Pokhran II has created problems that we must acknowledge. The ASEAN countries declared themselves to be a nuclear weapon free zone. India never recognised the nuclear weapon free zone. Now that we have gone nuclear, the ASEAN countries who in the last five six years were beginning to look on India both as a economic and political friend, with a latent concern of how large a shadow China may make out in the future, India will still provide potential in terms of future counter balancer. In the long run it was thought advantageous to have an Indian presence in South East Asia because the Chinese prsence is so very large. Now on the nuclear issue, we have created almost an insurmountable obstacle in so far as our security relations with ASEAN go. We neither

recognise nor in the south these Asians have been milder in their criticism of India's nuclear policy.

The third factor, we have to bear in mind, what I just mentioned, namely a very large presence of China in South East Asia. Not only is there a very large number of ethnic Chinese in all the countries of South East Asia who play a very significant role in the economy and it is because their role in the economy for instance that they have been hounded or there have been riots against the Chinese in Indonesia. This is not the first time it has happened. It happened earlier in the Sixties as well. But the Chinese presence is very large. The Malaysian, the Thais, the Singaporeans have very large investments in China. Besides, China is a good home for investment as the trade relationship.

I do not have the figures with me but the trade relationship between these countries and China has grown above four-fold in the last decade and in this financial crisis that we have been talking about China has been able to play a role that India has not been able to play. It provided a four billion dollars loan to Malaysia to help it out of its financial problems. It gave it support under the IMF monetary package and above all, it did not devalue the UY. It did not devalue its currency and it has promised not to devalue its currency in the coming years, because it knows what the consequences of that would be for the economies of South East Asia.

The last point again concerning China the kind of security relationship which I think in this country we are not just following because we do not treat South East Asia as important enough. The kind of security relationship that are growing up between the countries of South East Asia and China, between the countries of South East Asia and America. This is the new trend which is very important in the last two years.

The third issue on which we had focus which affects security and which we do focus on which we can play a role and which may or may not become a flash point for future is the dispute between various South East Asian countries, between China and the whole lot of South East Asian countries on the Spratly Islands in the South China Sea. But that is not an area, I mean it is unfortunate that we pick up this issue and place a great deal of focus on it. But we do not examine and follow carefully enough the

kind of security arrangements that are being made between the Asian countries and these two big powers.

In the case of China for instance, the reiteration not only of the no first strike promise but an amplification of it to say that China in no circumstances, under no condition, under absolutely no condition, will use the nuclear weapon against non nuclear states. I mean that is a very new and recent amplification, recognition of the nuclear free zone, the acknowledgement, the signing of it. It is supposed to have been signed at the last ARF meeting which for some reason it was not. It is a common declaration by the ASEAN countries and China on security. It is nothing serious.

We have to recognise an uphill task in ASEAN. It is going to be very great in South East Asia because we also have to be very careful of how we deal with the multiple and complex problems that exist in the area. There are problems within each country. You see that in Indonesia, you see it in Malaysia, you see it in Thailand and you see it in Singapore. There are problems between the South East Asian countries. The kind of unity that was being enjoyed in the 60s and 70s is being strained.

There are problems for India as I said earlier in relation to China because while they would like the Indian presence, they would not like to disturb the relationship, they would not like to challenge or in any way strain their relationship with China. The other big problem is that they are worried why India is not invited to a lot of Asian forums. Now to the ARF, because they are afraid that the India Pakistan issue will become a divisive issue in ASEAN forum.

Now if I am placing stress on the obstacles, it is because I think we have to do a great deal of home work at home before we can begin to make even a little bit of advance in South East Asia. It begins by recognising both the kind of historical disadvantages that we have as well as the problems that have been created not only by our own policies but by the state of affairs as exist in South East Asia today.

Thank you.

PAPER PRESENTED BY PROF. MUCHKUND DUBEY

The recent economic crisis in South East Asia, as you know, that it all started in June 1997 and started with Thailand when their currency showed weakness and this was partly because of the currency having been pegged to the dollar and it was not devalued for quite some time. Then when there was a weakness in the currency, they tried to devalue it. But they did not know the extent of devaluation because the over valuation was going on for a long time. So the more they devalued, the more there was a need of further devaluation and it went on like that and that led to the flow of capital from the country.

So it started from the monetary field in one country and as a contagion it spread to the other countries. Then they followed the classical IMF formula of raising the rate of interest so that the currency did not go out. But the kind of investment that has taken place that was no longer amenable to rate of interest treatment, because investments were all in foreign banks for doing speculation in currency and earning quick money or prosperity.

So if you raise the rate of interest, you hope that money will not go out, but money will come in. But there should be investment opportunities and the investment opportunities had already been saturated in these areas where good profit was to be made and after that it affected the real economy, in the sense that banks started closing, the companies started going bankrupt. There was a shortage of capital because those who invested started taking out the money and there was a decline. And hundreds and hundreds, thousands of companies went bankrupt and therefore there was a decline in GNP.

So, basically the GNP decline in about a year to a year and a half, was to the tune of 10 to 15% in these countries, the currency value decline was anything between 20% to 40% depending upon which country. And then this led to social tension because when you know the economic activity declined, then the IMF prescribed the formula that you do not allow the prices to go out. You apply fiscal discipline.

So the social sector investments were cut which hurt the poor people and there was resentment in the street and social uprising, particularly in Indonesia, which led to the overthrow of the Suharto Government and a

new government came into power. There were riots in the streets. Chinese business men who were cornering the bulk of the business were singled out for attack and it acquired racial character also and to some extent it still comes up in Indonesia from time to time. It is not yet over.

I think talking about the future, different countries have started adopting different methods and let us first, before future, just summarise the reason. The reason first was the very wrong advice of the IMF at the critical point of time. First the advice of raising the rate of interest and then the advice of fiscal discipline.

Secondly that these countries have no regulatory mechanism of their own. There is no central bank properly functioning, no ability to manipulate properly the rate of exchange and therefore pegging their currency to the dollar and thinking that God will take care of everything, the dollar of United States will take care of everything. And that did not happen.

Third of course, was what has now come to be known as imbedded autonomy advanced 6 to 7 years ago by a political scientist called Peter Evans. He said that those developing countries where there is imbedded autonomy have been able to do the best in development, and imbedded autonomy he defined as a very strong and determined leadership and bureaucracy with links with business. That is Peter Evans' definition of imbedded autonomy.

And now this imbedded autonomy turned out to be a crony capitalism and in the sense that most of the people who borrowed were related to or connected with the leader including bureaucracy and they were all out to make quick profit and the foreign investors quickly obliged them. So 90% of the money that came in was invested in recent years. Earlier, of course, also there was a lot of investment in real economy but the recent investments were mostly in property, opening banks, lending money, making quick money out of interest and for speculating purposes.

So this crony capitalism that developed is regarded as one of the reasons of this decline and which was in plain terms you can also call it political corruption and the fourth thing that, as I have already mentioned that most of these countries are not having a regulatory mechanism either to regulate money, finance, monopoly operations, regulate competition, norms of

competition which are very strongly in place in most of the developed countries but they are lacking in several developing countries. India is lucky in having regulatory mechanism in many areas, but not in several areas. We do not have it for example in tele communication. We had a regulatory mechanism only recently set up.

Now the future. Going into the future I think that the economies have shrunk, people have suffered, many of the lower middle class and middle class people have been reduced to the level of poverty. The people below the line of poverty, their number has gone up, percentage and people who were lower than middle class, they are really in the state of deprivation in these countries, including Korea, which is not a subject for discussion, but it has started first in Korea and then came to these countries.

They are not going back on liberalisation except to some extent. Malaysia is going back on liberalisation in only one way and in that it has imposed restriction on the outflow of capital. That is you have to seek government's permission if certain kind of short term capital is to be repatriated and there is a hue and cry in the IMF and in the Americans saying that it is against the trade and against their obligation under WTO and under IMF and so on and so forth.

They are busy putting regulatory mechanism and I think that some economies have started to look up and little bit. Korea's last ten years growth was minus 1.5% as against 7%, 8%. This year they are supposed to record a growth of 2 to 3%. Most of the South Asian countries are not expected to record a positive rate of growth for the next 2, 3 years and some people give them about 4 to 5 years.

Now what is the lesson in it for India. One thing is that in spite of what has happened in South East Asia, one should not under-estimate their achievement. This is a general tendency you know, that it is a failure of free market approach and that liberalisation approach, but what they have achieved by whatever policies even though defective in many ways is quite remarkable. To have registered a real rate of growth of 8 to 9% in 15 to 20 years is not a mean thing.

I mean you can change the entire condition of people, you can change your economic clout in the world, you can change your relative position on

the scale of world economic power and which they have done and this 15, 16% lowering of the GDP over the last two three years is not really going to make them insignificant state and they have done it mainly by two things. Not this imbedded autonomy of Peter Evans but because of having more or less an alert society which India is yet to become one.

Thirdly by land reforms practically every country has land reforms. There has been no landed ownership in any of these countries at all. You know sort of big landed ownership. What they have done by way of human capital development which again we are singularly lacking. These days really if you are going to produce efficiently and produce what is called in export terms zero defect goods, then it basically means that each and every member in the production process should have the basic minimum literacy, literacy not only, that it gives empowerment, that it enables you to face the world, that it gives you the ability to discriminate what is right and what is wrong.

And as is said in Sanskrit "Sa Vidya Ya Vimuktaye" is that knowledge which liberates you. But it makes you a good member of production team and these days the production is increasingly acquiring the nature of knowledge based production, most of the export led production where each and every part of the team has to be knowledge, literate in its own area and this is what has helped them a lot. They have usual basis of services, health services for 80 to 90% of the people, they have given literacy to 90 to 95% to the people, in most of these countries and these are some of the lessons for India.

Now I think one or two other lessons for India is that what has happened in the East Asia or South East Asia is not condemnation of the liberalisation policy as an approach but it is in a sense an indictment of the liberalisation policy as propagated by the IMF. Liberalisation is a principle. It is a basic development strategy and which gives role to the market forces which makes for efficiency, lower cost of production, by moving factors from less efficient to more efficient areas of production and this casts no reflection on that score, but it does cast reflection on some of the policies that have been advised by IMF.

Second thing is that it should in the financial field, the financial sector liberalisation has to be very cautious. It should come the last down on the road after you have done the other liberalisation, and even if it comes last

down the road you should be very careful about liberalising the flow of short term capital and this is precisely what many of these developed countries insist.

So I think this is the position. These countries would start assuming modest rate of growth after 3 to 5 years and still they would be strong economies in the world with good economic fundamentals and the need for us to have very close relations with them as an important plank of our foreign policy would remain in tact.

I just want to make two points. One is regarding Chinese influence in South East Asia. I think one historical fact that we have to keep in mind which is Chinese navy petrolled the Indian ocean in the 15th Century and Admiral Chiang Ho exploits in the Indian ocean. Perhaps it is one of the most extra ordinary things that has happened in naval history. Why the Minh dynasty all of a sudden decided that Chinese navy should be scrapped is something that defies explanation. But it was only after the Chinese navy had withdrawn from the Indian Ocean that it was possible for the European nations to come into Asia and today I think one of the important things that we have to keep in mind is a fact that the Chinese navy is now beginning to become a very important player, a very important stage in the Chinese defence policies.

One other point I would also like to make and that is that Vietnam fought a very cruel and long devastating war with the United States. Today the Americans have virtually ruined Vietnam and this has lot of impact. Capital is flowing into Vietnam, I wanted to just, put the correct perspective on some of the recent developments.

One is that before the crisis our relations with ASEAN were looking up. The rate of growth of exports had increased quite substantially and the total exports by India claimed by the ASEAN countries had increased by 50 per cent or so. Then we had become an associate member of ASEAN. Incidentally we are a member of ARF. We are not a member of this Europe ASEAN dialogue. Even after the Pokhran, I think that we were trying to establish links with ASEAN in two other ways.

One was that ASEAN went in for a fullfledged free trade area AFTA after a long long delay and there was a response to the development in Europe

and AFTA and we were expecting to link the free trade, possible free trade area in South Asia with AFTA and discussions were going on.

The other thing is that ASEAN was mainly responsible for keeping APEC non-discriminatory because the US objective was to make APEC discriminatory exchange preferences there and extend it to other countries only if they give reciprocity. But ASEAN frustrated this effort and this open regionalism i.e. APEC is mainly the contribution of ASEAN and Japan. ASEAN countries than the US which suited us because if you had another regional discriminatory grouping consisting of very powerful nations, almost in our close neighbourhood, that would have been not in our interest.

Now what is happening after the Pokhran and the crisis, the two things. I would say one is that we could not, give them the kind of support that they needed at the time of crisis and the Chinese were able to do it and this is simply because we have not made ourselves economically powerful. Our whole ability to play a role in the world arena today, where economics plays a very important role, depends upon our economic clout and you know the Chinese won a contract against the multi nationals of Europe and America in Kazakistan for prospecting gas. They paid two billion dollars cash or down payment and then the whole investment in pipelines and royalties and they won it against the major companies. But they were talking in terms of 10 billion dollars, 8 billion dollars and there is a kind of clout that the Chinese have economically and we simply do not have. We have extended a loan of 10 million dollars to Kazakistan, out of which eight million dollars remain unutilised after 6 to 7 years because the Finance Ministry has laid down conditions that we can export only such products which do not find ready export market elsewhere in the world.

The Chinese were able to underwrite that balance of payment, amounting to 3 to 4 billion dollars not devaluing their currency at all. But there is one thing, now today they have emerged as a competitor for India's export because their devaluation has gone very far. So in the world market as a whole, we are at a disadvantageous position than they are.

Secondly that our importance to them depends very much upon to what extent we extend our own market to them. Well in the process of recovery, what they really need is market. Because their economy is exposed West and the flattening of our rate of growth and the prospects of its picking

up in the next 2-3 years being absolutely not at all certain, we do not know what kind of market we can offer to them. So we should be aware of the inherent limitations that we have.

Finally, on this nuclear weapon free zone, I must say that again as this bravado of being recognised as a nuclear weapon state in the world. Mr. Jaswant Singh in this ARF meeting announced that India is prepared to accept their nuclear weapon free zone as a nuclear weapon state and in other words our ships, our submarines, nuclear submarines would not go into those waters and our missiles would not fly over that territory. But these are still dreams and the trying to make this big gesture without becoming nuclear weapon power worth the name. I do not think that any of them would have taken it very seriously.

Thank you.

PAPER PRESENTED BY MR. ARVIND DEO

I have not really touched upon Vietnam question, the impact it has had on India's foreign policy in the 60 and 70s. Here I seek your permission to indulge in a bit of historical perspective and I must say that as Meera rightly pointed out, India has taken South East Asia either for granted or believe that it does not exist excepting in Christian stance. The only credible book written by an Indian author on South East Asia has been, "Asia and Western Dominance", by Sardar Pannikar which was brought out in 1946. I cannot think of any other book which has this vast panorama and covering now South East Asia and China and Japan, underwent the trauma impact with the West, how West dominated them and how they liberated themselves.

I say this because it is very important to realise that the process of colonisation and de-colonisation in South East Asia has had an impact on India's relations. India sided with the Indonesians when the Indonesians were fighting against Dutch. And India sided with Indo-China when they were fighting against the French who returned to these regions after the end of the Second World War, unlike the British who negotiated the independence of their possession, to begin with India, creating India and Pakistan, then Sri

Lanka, Burma, then after a long delay in Malaysia, after an insurgency which was called a communist insurgency, but it was actually resistance to the British.

The French returned to Indo-China and wanted to establish the old Asia regime. The communist party in Vietnam had resisted the aggression of the Japanese and were not willing to restore the French dominance. That is why they set up against the French. It is very easy for us after 50 years to say that it would have been communist domination. But at that time, we regarded them as nationalist forces and the Vietnamese, the North Vietnamese under Ho Chi Minh gave a tough fight. General Gidiyap made it a classical defence in 1954 in Dien Bien Fu which led to the disappearance of the French from the scene.

Now the Americans came in a little too late and raged up a war which brought in cold war into an area in which really it was not necessary. They had not made up their mind for a war. They were opposing the Vietnamese domination in the South East Asia because Vietnam is the dominant country in the region. The smaller countries of Indo-China that is Combodia, and Laos are a few million each. Vietnam is 40 million, Vietnamse are probably the most hard working people in the region bar none and they have tremendous grip. They fought against heavy odds when they liberated South Vietnam from the Americans, they expected the Combodians and the Laosians to become the part of the same pattern.

I mention this for a simple reason that we were in an isolated minority when India recognised or did not recognise the Pol Pot Regime and recognised the regime in 1979 of Heng Samarin. Now it is very easy to say that we were isolated but remember, it is now, it is the Heng Samarin Regime which is legitimately accepted. So we were not wrong. We do not have to crow about it. We were right. It was Pol Pot who had committed atrocities which could match on any given day what Hitler had done in Germany and in occupied territories in the second world war.

I have no first hand experience of working with that region excepting on a very brief visit of one week, to Indo-China countries and one of the most fearing memories I have in mind is a visit to one of these concentration camps in Combodia in Non Peng. It was simply horrifying to see the collection of skulls and bones lying on rags, like you have luggage lying in Chhatrapati

Shivaji Terminus of Bombay Central waiting room. It is horrible. It is horrifying and it was this regime which the wild West recognised. And we were being castigated even in the United Nations as having failed to recognise the reality.

What is that reality. Our understanding of South East Asia leaves a lot to be desired. But believe me, occasionally we can be right for wrong reasons. Our reason was very rational. We did believe that what Pol Pot was doing by moving massive populations from the cities to the villages and destroying them and re educating them, a kind of barbarity that modern society had not known.

Now Vietnam's or Indo-China's integration in South East Asia is what both ASEAN is attempting and Vietnam is willing to respond constructively. We did not participate in ASEAN willingly in 1967 for two or three reasons. One, this was being built up by the Americans as a possible economic political unity to confront growing influence of Vietnam in the region. This was being helped by the Japanese, but not by the Chinese in the beginning, because remember China at that time had adverse relations with United States. They had no relations of this kind.

For the Japanese, it was the re-establishment of the core personalities fear which they had achieved during the second world war by having unquestioned access to the raw material and resources of that region which is what they have secured in the rapid economic growth that you see is the Japanese and American investment in technology that has brought in the prosperity. But probably because of differential rate of growth, because of inherent inability status to manage their economies, things have had a set back.

I would not call it a collapse though it may look like, though as very rightly pointed out by Muchkund, it was growing at the rate of 10 to 15% for 20 years and then suddenly for 2 years we had a down of 15%. It is not much. It only means that instead of 10 to 15%, the rate now comes to 8.5 to 12.5%, which is still not bad. We have yet to achieve the rate of 5% be that as it may.

Now what kind of relations can we expect with South East Asia in the future. This is a question to which we must pay attention because this is where one threat of America for Indian goods and services can rise . But we

have ignored this region. Malaysia is English speaking and so is Singapore. In 1967, when the British decided to withdraw east of Suez, the Singaporians asked India whether we would be able to take over the neighbouring repair facilities in Singapore. For the reasons best known to our leaders, they turned it down. I suspect this was an error of judgement. I do not know whether we would have been able to stand it. Whether we would be able to deliver the goods. But this space was occupied by the Japanese and the Americans. We were scared. We were scared of taking an adventurist policy, forward looking policy.

Secondly, on certain areas we have offered co-operation. We do not seem to talk about it. A large number of Malaysian students are studying in Universities, particularly in Tamil Nadu, some in Andhra Pradesh. I do not know whether there are any in this part of the world. But there are in Madras and Hyderabad for the simple reason that education in India is of high quality and of low cost. You are competitive in the education market and in the long run you will have pro-Indian elements sitting in Malaysian establishments at various levels, operational levels, doctors and engineers, few lawyers. We do not pay our attention to training law students, but we have a similar British kind of system and we could profit from that.

With Indonesia, we have had good relations. Then there was a sudden down turn in the last years of Sukarno. The relations picked up again with Suharto. But they never really returned to the warmth of old Bandung days which were based more on emotion than on reason and profit motive on either side.

In a recent seminar which I attended in Delhi, on security in the 2000, international security in the 2000, one of the speakers from South East Asia mentioned that Indonesia, if it cannot bear the political and social strains that are affecting it could be a candidate for fractionation. It is a possibility not to be ruled out for a very simple reason that what is happening in East Europe seems to be a beginning. A little bell must ring in our mind whether a composite State like Indonesia which comprises of various kinds of communities would now be subjected to the strains of the kind it cannot answer.

India has shown that it is possible for different things, different cultures, different societies to live together, to co-exist and prosper. What is very important is that a new discriminatory policy is being introduced everywhere

under the title of ethnicity and countries are beginning to be broken up and this is a danger which all countries which are pluralistic will continue to face.

I am reminded of a quotation from one of the books 'Collected Quotations From Readers' Digest'. It is a very telling quotation. He says the word racism and race became unpopular in the 40s and 50s particularly with the apartheid regime being castigated all round. The social scientists wanted to find a new word. They went back to Greek and used the word Ethnos, which means people, which means nothing else and called the word like Ethnic, Ethnicity, Ethnic food etc. Then he said this in coded language really is a discrimination. But the only thing is that people who have gone to the same college or to the Ivy League University are not Ethnically different. Japanese bankers are not Ethnic. Japanese makers are. So you have ethnicity when you are dealing with poor people because you want them to vote. Slavs and Serbs become ethnic, the Kosovos, the Yugoslav and the Serbs.

Now we have a problem coming to East Europe. You may have similar problems happening in Myanmar and a break up of Myanmar could also have a de-stabilising influence on India, India's North East. When I talked about South Asia, I said we must take into account our relations with Myanmar, our relations with Afghanistan. What is happening in Afghanistan. The break up would be along the so called racial or ethnic lines. Various tribes breaking up. We cannot be an island of prosperity in a sea of misery, where there are sharks looking for blood.

You need a stable situation around you and that is why we need to evolve a well thought out co-herent policy, in our relation with South Asia, also South East Asia because we have a lot of unfinished business to conduct. The so called Hindu culture goes shading into the Chinese culture as you move on from Burma, Malaysia, Laos, Combodia, into Vietnam.

The Vietnamese are a people whom we could emulate with some profit. The Indonesians are a people who are slack, easy going. Malaysians are a people who are easy going. But Singaporeans are hard working. South East Asia is not a one solid people. It is a collection of people and they could be shaped up into an economic community with whom India and the South Asian economic community would have a great deal to exchange.

Thank you very much.

SUMMARY OF DISCUSSIONS

The Centre has held major seminars on the political, economic and military implications for India as a result of "Emergence of China", "Emerging Security Environment in South East Asia with Special Reference to Myanmar", "Regional Security Environment to the North-West of India with special reference to Afghanistan" and "Indian Ocean : The Challenges Ahead" and "Challenges to India's National Security and India's Defence Preparedness". The long delayed Pokhran II of May, 1998 was imperative for safeguarding India's national security. However it catapulted Nuclear India into international lime light for challenging the status quo, inviting much criticism and sanctions by the status quo powers. Pakistan reacted by conducting its nuclear tests a fortnight later. This Seminar on "Foreign Policy Implications for Nuclear India" was very timely. The presentations made by the distinguished speakers revealed their expertise, thoroughness in their research and analytical ability of a very high order. Searching relevant questions and comments by the seminar participants enabled a deeper probe and a very lively discussion of the subject. At the end a general consensus emerged on the following lines :-

- At the end of the cold war, the US emerged as the only Super Power, economically most powerful. With a sound infra-structure for research and development, it is the main generator of technology as well as the main source of capital to the world.
- America continues to be the biggest source of foreign capital and technology for India.
- Pokhran II shook the world nuclear order and queered the pitch in India's relations with the US and the G-7.
- Jaswant-Talbot rounds of talks were very timely and the correct diplomatic step to bring Indo-US relations back on the rails, and the best means of ending India's post Pokhran II international isolation.
- In the post-cold war period, Russia and China are members of the alliance led by America and see their interest in this alliance to retain status quo in the world.

- United States is very clear about its objectives. It may compromise on the ways and means to achieve them, but not on its objectives, while dealing with other countries.
- In negotiating with other countries, India more often than not does not appear to be clear about its objectives. It also does not have a final pull back position.
- United States has the natural penchant for displaying the arrogance of power in dealing with others. It does not accept any canon of international law, any international norm, any standard which it thinks that it is not in their interests.
- United States has now acquired a capacity to strike any country anywhere in the world and has based itself in different parts of the world. It also manipulates international institutions to serve its ends.
- Cohesion within is essential for India's strength, and once the Americans realise that we cannot be manipulated to yield ground, India will gain immunity from American pressures.
- Americans respect power. Quickest possible development of a credible minimum nuclear deterrent coupled with economic development will endow power to India, evoking their respect.
- The management of our relations with China now poses one of the biggest challenges.
- Sovereignty and national borders are weakening because of advancement in information technology.
- Political pluralism, multi party systems, "democracy" civic political rights, free speech, human rights and other such issues are now the insidious factors that subvert a country's system.
- Chinese new model of security at times, imposes harsh measures to ensure a stable society, resists all demands to move towards the multi-party system and believes that economic advancement will ease national tensions.

China is building networks of economic and cooperative relations on the developmental projects across its borders.

- China would remain India's primary long term strategic challenge with Pakistan serving as a short/medium term threat of a far lower magnitude.
- China is ruthless in vigorously pursuing and expanding its national interests.
- China's strategy towards India is one of strategic encirclement through its military and technology help to Pakistan, its inroads in Myanmar, its military supplies to Nepal, Bangla Desh, Saudi Arabia, establishment of a listening post in Coco Islands, just off the North Andaman Islands.
- Sub-nationalism poses a challenge to China's security.
- The dichotomy of economic pluralism/liberalisation and political centralisation and regional imbalanced economic development may prove to be a serious weakness in China in the long run.
- It would be advisable to explore areas of congruity of Sino-Indian strategic interests in case Sino-US relations deteriorate in the future.
- Before the collapse of the Soviet Union, Indo-Soviet relations were close and rewarding. These took a downturn initially after the Soviet collapse in December, 1991, but are now increasingly warming up.
- Both India and Russia are economically and financially weak, politically unstable and hence vulnerable to a variety of Western domineering pressures in a currently unipolar world dominated by the US.
- There is a vast scope for expanding mutually beneficial Indo-Soviet trade.
- The idea of a strategic triangle among Russia, China and India was rejected by China and sidelined by India.
- The proposal regarding Russia-India "strategic partnership" is a bit vague and needs to be clearly defined. Further, they both are too

weak and dependent on the West to be able to influence world matters. There is also a possibility that such overzealous media announced strategic partnership could for no good reason ruffle the US and the West, and might prove even harmful.

India should not rush into Indo-Russian strategic partnership, but keep Russia as a strong factor in India's foreign policy, widen, deepen and strengthen economic ties, and encourage and promote technology transfers.

The World Trade Organisation (WTO), successor to the GATT, is a treaty of treaties. It stipulates that signatories either accept all its 21 treaties without reservations or remain out of GATT of international trading system. This proviso has serious implications, particularly because WTO after the Uruguay Round brought in trade in services within its ambit.

- Trade in services makes deep inroads in the macro economic policies falling in the domestic jurisdiction. Agreement on Trade Related Investment Measures (TRIM) falls in the same category, impinging on domestic jurisdiction.
- The US and European nations had excluded agriculture altogether from GATT as their agriculture was heavily subsidised. By 1986, when the Uruguay Round came, they had emerged from net importers as net exporters of agricultural products. The US also wanted to open up protected European markets where it suffered barriers. Instead of spending heavily on agricultural subsidies, they wanted to divert these funds to R&D in the knowledge based services sector. These could be the main reasons for bringing agriculture back within GATT in the 1986 Uruguay Round, and they tailored the rules to suit them including compulsory Minimum Access Provision.
- Standardised agricultural products and micro management of exports particularly of fruits and flowers are essential for large scale exports. India needs to pay serious attention to these areas.
- GATT stipulated that temporary restriction on imports from all sources uniformly could be imposed in case domestic textile industry is

threatened. This did not satisfy developed countries. They brought in Multi Fibre Agreement (MFA) laying down quotas for import from individual countries. These have to be negotiated. The entire trade in textiles was kept outside the GATT through MFA. In the 1986 Uruguay Round, they agreed to phase out MFA, and bring it back under GATT. This could benefit India. However, the MFA phasing out is heavily backloaded, slowly and gradually going up to 51 percent as on 31 Dec.2004 and total liberalisation (additional 49 pc) by 2005. Further, there is serious doubt that by 2005 the developed countries will remove the duty on remaining 49 pc. under their domestic and trade union pressures.

Trade Related Intellectual Property Measure (TRIPM) is a movement against liberalisation and a negotiation for guaranteeing the entry of income. From 7 years for sensitive items and 14 years for others, the patent period has been made as 20 years.

Granting of product and process patent under TRIPM closes, alternative technological route to produce that product.

Under the Indian Patent Act, there was a provision for compulsory licensing in case the patent holder failed to bring out the product within three years of grant of patent. This compulsory licensing is extremely difficult under TRIPM and that too, cannot be done for commercial purposes.

GATT is the only body in the entire UN system which has the power to retaliate. That is why many developed countries want to bring in social clause, minimum labour standard, environment clause in GATT.

Poor and developing countries are not in a position to exercise their power of retaliation under GATT, and the other option left to them is to go out of GATT, which they are unable to do.

India needs to prepare a full fledged Patent bill to replace its Patent Act of 1970 soon, elicit discussion and public opinion and enact it taking full advantage of the TRIPM clauses, in good time well before 2005.

The decision to go nuclear in May, 1998 was defining moment, a turning point. Pakistan within weeks reacted with its own nuclear tests. It enabled Pakistan to talk to India with a certain measure of confidence, with a sense of parity with India.

UN Security Council veto power permanent membership, by itself does not bestow power, unless it is backed up by economic strength, political and social stability.

South Asia as a geographical unit has not been strictly defined. India's size vis a vis other member countries of SAARC colours their perception of India, as being hegemonic, even though this may be incorrect.

While keeping its powder dry India must grasp and exploit opportunities to mutual advantage of India and Pakistan. These opportunities come very rarely.

A sympathetic, helpful and cooperative attitude towards its SAARC neighbours as a plank of its foreign policy is likely to pay handsome dividends.

There is a very large presence of the Chinese in South East Asia who play a significant role in the economy. The trade between China and South East Asian countries has grown four-fold in the last decade. In the recent financial crisis in South East Asia, China has been able to play a supportive role, whereas India has not been able to do so.

The South East Asian countries would like the Indian presence, but they would not like to disturb or challenge or strain their relationship with China.

The South East Asian crisis was triggered by financial and monetary mismanagement which was further accentuated by harsh, socially insensitive corrective IMF formula, and absence of a regulatory mechanism in these countries, coupled with crony capitalism.

Notwithstanding the recent crisis the South East Asian "Tigers" had registered commendable annual growth rate of 8 to 9 percent for 15 to 20 years.

Export requires Zero defect goods, which requires excellent team work and literacy.

Liberalising import flow of short term capital warrants great care and circumspection.

India needs to have close relations with the South East Asian countries which are expected to revive from the present crisis with a modest rate of growth within a few years. So far, it has taken South East Asia for granted.

Presence of students from South East countries in Indian Uni-versities could in the long run generate pro-Indian elements in these countries. This trend needs to be encouraged.

FOREIGN POLICY IMPERATIVES FOR NUCLEAR INDIA

SEMINAR : 26th-27th February, 1999

(Venue : Auditorium, National Film Archives, India)

LIST OF PARTICIPANTS

- | | |
|----------------------------------------|--------|
| 1. Shri R.D. Sathe | - CASS |
| 2. Prof V.G. Bhide | - CASS |
| 3. Air Mshl (Retd) Y.V. Malse | - CASS |
| 4. Air Chief Mshl (Retd) H. Moolgavkar | - CASS |
| 5. Prof. Gautam Sen | - CASS |
| 6. Air Mshl (Retd) S. Kulkarni | - CASS |
| 7. Gp Capt (Retd) S.G. Chitnis | - CASS |
| 8. Prof. Pramod A. Paranjpe | - CASS |
| 9. Brig (Retd) A.A. Wagh | - CASS |
| 10. Lt Gen (Retd) B.T. Pandit | - CASS |
| 11. Brig (Retd) D.A. Paranjape | - CASS |
| 12. Lt Gen (Retd) Ashok Joshi | - CASS |
| 13. Air Mshl (Retd) Pratap Rao | - CASS |
| 14. Col (Retd) A.A.Athale | - CASS |
| 15. Wg Cdr (Retd) A.T. Thakur | - CASS |
| 16. Dr. Arvind Tilak | - CASS |
| 17. Dr. K.V. Menon | - CASS |
| 18. Shri P.C. Khole | - CASS |
| 19. Shri J.R. Kirloskar | - CASS |
| 20. Shri B.N. Deshmukh | - CASS |
| 21. Shri N.N. Sathaye | - CASS |
| 22. Shri V.L. Date | - CASS |
| 23. Shri B.G. Joshi | - CASS |
| 24. Shri M.K. Mangalmurti | - CASS |
| 25. Mr. D. Gangopadhyaya | - CASS |

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| 26. Mr. Tushar B. Ghorpade | - CASS |
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| 28. Mrs. R. Kusuma | - CASS |
| 29. Flt Lt R.M. Sarma | - CASS / NDA |
| 30. Flt Lt Mansoor | - CASS / NDA |
| 31. Sqn Ldr P. Tomar | - CASS / NDA |
| 32. Sqn Ldr S.K. Singh | - CASS / NDA |
| 33. Maj MAJ Fernandez | - CASS / NDA |
| 34. Maj P.D. Singh | - CASS / NDA |
| 35. Flt Lt N.P. Praveen | - CASS / NDA |
| 36. Capt S.K. Singh | - CASS / NDA |
| 37. Capt L. Nott | - CASS / NDA |
| 38. Lt Padhy | - CASS / NDA |
| 39. Flt Lt M.S. Jayasinha | - CASS / AF 2 Wing |
| 40. Flt Lt S. Gupta | - CASS / AF 2 Wing |
| 41. Sqn Ldr N. Chandra | - CASS / AF 2 Wing |
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| 43. Prof. Meera Sinha Bhattacharjee | - IFS (Retd), CSDS |
| 44. Shri Arvind Deo | - former Secretary, MEA |
| 45. Dr. Mohmad Mozzam Ali | - Reader, Hyd. University |
| 46. Dr. K. Jagannatha Rao | - Reader, Hyd. University |
| 47. Prof. Narasimha Rao | - former Professor,
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| 48. R Adm Kshetrapal | - Comdt., College of
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| 49. Prof. Ram Bapat | - Ex-Pune University |
| 50. Col Harish Chandra | - |
| 51. Shri B.S. Biswa | - Pune University |
| 52. Dr. Surendra Jondhale | - Pune University |
| 53. Mr. Sumit Chakraborty | - IMDR |
| 54. Syed Smirul Haque | - IMDR |
| 55. Mr. Nirupam L. Chakravorty | - IMDR - CIT |
| 56. Shri P.P. D'Souza | - Dighi |
| 57. Dr. A.S. Dalvi | - DDSS |
| 58. Dr. Haridwar Singh | - Director, HEMRL |
| 59. Shri S.S. Dhar | - |

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| 60. | Shri N.S. Shekhawat | - |
| 61. | Maj Rajesh Mahajan | - |
| 62. | Capt Sandeep Sudhera | - |
| 63. | Shri V.S. Khare | - |
| 64. | Shri Rahul H. Joshi | - |
| 65. | Shri Satish Pradhan | - |
| 66. | Shri N.M. Kartick | - |
| 67. | Dr. V. Yoga Jyotsna | - Hydb. University |
| 68. | Shri Prateek G. Sandbhor | - |
| 69. | Gp Cpat H. Kaushal | - |
| 70. | Flt Lt D. Sharma | - |
| 71. | Flt Lt Priju Sawl | - |
| 72. | Shri Gajen Kalashel | - Sakal (News Paper) |
| 73. | Ms. Seema Deshmukh | - |
| 74. | Shri R.J. Patankar | - |
| 75. | Shri Rahul Jaitly | - |
| 76. | Shri Gaurang Pradhan | - |
| 77. | Shri Sudesh A. Raghuvanshi | - |
| 78. | Shri L.P. Wagh | - |
| 79. | Shri P.P. Pradnya | - |
| 80. | Maj Gen (Retd.) A.V. Natu | - |
| 81. | Shri Vasant Kher | - |
| 82. | Mrs. Lata Chitnis | - |
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| 85. | Shri D.P. Sarphale | - |
| 86. | Maj Gen (Retd.) V.K. Madhok | - |
| 87. | Shri S.V. Panchal | - |
| 88. | Shri Kishor V. Torkhedkar | - |
| 89. | Ms. Kavita V. Zambre | - |
| 90. | Col. K.V. Singh | - |
| 91. | Gp Capt N.R. Khati | - |
| 92. | Sqn Ldr S. Mishra | - |
| 93. | Sqn Ldr P. Kulshrestha | - |
| 94. | Sqn Ldr S.K. Sharma | - |
| 95. | Lt Gen (Retd.) E.A. Vas | - |

- | | | |
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| 96. | Shri R. Nighojkar | - |
| 97. | Shri R.S. Nirmal | - |
| 98. | Shri S.G. Nimbalkar | - |
| 99. | Shri A.R. Kale | - |
| 100. | Maj Gen (Retd) S.G. Pitre | - |
| 101. | Gp Capt (Retd) S.R. Purandare | - Capt. |
| 102. | Col B.K. Sathe | - |
| 103. | Lt Col S. Sekhri | - |
| 104. | Capt S. Sud | - |
| 105. | Mr. Mandar P. Ambekar | - |
| 106. | Shri Arvind Phadke | - |
| 107. | Shri M.M. Sharma | - |
| 108. | Shri V.G. Kanetkar IPS (Retd) | - |
| 109. | Lt Col A.Y. Soman | - |