

South Asia in Transition

Lesson 6: South Asia In World Affairs Update

South Asian countries continue to be increasingly important in world affairs. Lesson 6 of *South Asia in Transition* discusses relations among South Asia's states, as well as relations between South Asian states and the outside world. This update focuses on some of the specific topics in those two areas.

RELATIONS AMONG SOUTH ASIA'S STATES

India in Regional Relations

India-Pakistan. Indo-Pakistan relations have been strained since the two countries became independent in 1947, and the volatile mixture of Kashmir and terrorism retains the potential to spark a new crisis. Nevertheless, in 2003, Indian Prime Minister Vajpayee and Pakistani President Musharraf took a series of measures to reduce tensions. After India's new prime minister, Manmohan Singh, came to office in 2004, bilateral talks resumed on all outstanding issues, including Kashmir. In 2005, the two countries initiated bus service between Srinagar in Indian Kashmir and Muzaffarabad in Pakistani Kashmir, and made plans for truck service to move across their border. Unlike in the past, India has not confined discussions of Kashmir solely to bilateral governmental talks. For example, in 2005, it permitted the All Parties Hurriyet Conference (APHC), an umbrella group of indigenous political leaders in Kashmir, to travel to Pakistan and meet with its officials, and then subsequently consult with Prime Minister Singh.

On other issues, the two countries have announced an agreement on nuclear risk reduction that involves informing each other in advance of missile tests and opening and upgrading direct communication links between key civilian and military officials. Bilateral trade between India and Pakistan has increased in the past few years, and business delegations from each country have visited the other. Musharraf visited India in 2005, and Singh hosted a dinner for him later that year when both were attending the United Nations General Assembly. They also met in September 2006 at the Non-Aligned Movement (NAM) Summit in Havana, Cuba. In addition, the Foreign Secretaries of the two countries consult regularly, and Indo-Pakistani relations are more cordial today than at most times since independence.

Other Key Indian Relationships. India's long-standing priority in South Asia has been to ensure its predominance in the region. With that role largely accepted by South Asian states other than Pakistan, its principal focus now is to try to prevent instabilities in other countries from fueling insurgencies at home and spiraling into larger conflicts that could pull in outside powers. For example, India has pressured the various groups in Nepal to work out a negotiated solution for a return to democratic government. India does not believe an autocratic king can defeat the insurgency, and worries that a Maoist victory would spur expanded terrorism by the Naxalites in central and eastern India, with whom the Maoists have ties.

India supports Norwegian mediation in Sri Lanka, and is pressing both the Sri Lankan government and the Tamil Tigers to return to the negotiating table. However, as the peace process has faltered, India has shown no inclination to become more directly involved, not willing to repeat its earlier military and political setback when its troops intervened unsuccessfully to enforce the Indo-Lankan Accord of 1987 (see *South Asia in Transition*).

India, which maintained close ties with the Northern Alliance during the Taliban rule in Afghanistan, supports Afghan President Hamid Karzai's efforts to defeat the revitalized Taliban and al Qaeda forces. It also wants to establish a strategic position in Afghanistan to facilitate its efforts to transport energy from Central Asia to India, and to increase its trade with these areas. Finally, India hopes Bangladesh will end its government crisis and hold early elections, but its influence on the key participants is constrained (see the discussion of Bangladeshi politics in the update for Lesson 2, "Politics and Government").

Pakistan-Afghanistan

Following the terrorist attack on the United States in 2001, U.S.-led coalition forces, along with Afghan troops in the Northern Alliance, drove the Taliban government in Afghanistan from power. However, remnants of Taliban fighters and their al Qaeda allies escaped into mountain redoubts along the Afghan-Pakistan border. Pakistan joined the coalition in the ongoing struggle, being named a "non-NATO ally." The Pakistanis have mounted operations against the Taliban and al Qaeda in the Federally Administered Tribal Areas in northwestern Pakistan. Nevertheless, neither the Afghan government nor the United States thinks that Pakistan has been sufficiently vigorous in these pursuits.

Pakistan and Afghanistan established diplomatic relations with each other after the fall of the Taliban government, and Presidents Musharraf and Karzai have made official visits to each other's country. Still, the two governments remain suspicious of each other. Karzai has publicly urged Musharraf to close down Taliban and al Qaeda operations in Pakistan. Musharraf has retorted that Pakistan, having taken a large number of military casualties in fighting these terrorists and having captured a number of their leaders, is doing more than its share in the "war on terrorism." The Pakistani president insists that most of the remaining terrorist leaders are hiding in Afghanistan rather than Pakistan.

South Asian Association for Regional Cooperation (SAARC)

The South Asian Association for Regional Cooperation (SAARC) has been less successful than other regional bodies because most political and security issues are banned from discussion in this forum. Even its economic accomplishments have not been impressive, with intra-regional trade of the member countries still being less than 3 percent of their total trade.¹ SAARC's most significant achievements to date are 1) providing multilateral cover for India and Pakistan to hold private talks when political conditions at home preclude bilateral talks in either capital, and 2) agreeing on a South

Asian Free Trade Area (SAFTA) in 2004. This agreement recognized that the trade concessions of individual countries would be phased in and that the benefits would accrue faster to the poorer SAARC members. At the SAARC Summit in New Delhi in 2007, Indian Prime Minister Manmohan Singh announced that his country would open its markets to its South Asian neighbors without insisting on reciprocity. Since then, India has made unilateral trade concessions and established a duty-free trading regime for all SAARC countries except Pakistan. Pakistan has also refused to abide by its SAFTA commitments vis-à-vis India.

Also at the 2007 SAARC Summit, Afghanistan became a formal member of SAARC, and, for the first time, five observers—China, South Korea, Japan, the EU, and the United States—attended.

RELATIONS OUTSIDE OF SOUTH ASIA

India as an Emerging Power

Since independence, India's foreign policy has gradually evolved from an Indian-centered "non-alignment" during the Cold War to a multi-tiered strategy consistent with its aspiration for great power status. This shift has been bolstered by India's emergence in recent years as an increasingly important participant in the global economy; by its testing of nuclear weapons (despite international opposition) and the likelihood that soon it will be granted exception from some of the requirements of the international nuclear non-proliferation regime; and by the growing influence in the United States and elsewhere of the large Indian diaspora.

Looking to the future, India's imperatives are 1) to contain regional instabilities, as discussed earlier, 2) to strengthen its capacities to prevent or counter security threats, 3) to grow its economy in order to finance its security requirements and simultaneously improve the economic and social conditions for a growing percentage of its population, and 4) to gain recognition as a major power in international affairs.

India's economic and security objectives merge in the issue of imported energy. With its seven percent annual growth rate for over a decade, India now has the world's fourth largest economy.² This growth is expected to continue, and anticipated growth closely correlates to increased energy consumption, which needs to rise at about five percent a year.³ Much of India's energy must be imported. India currently ranks sixth among countries in the world in its demand for petroleum and is expected to be fourth by 2010 (behind the United States, China, and Japan). It meets 60 percent of its current needs through crude oil imports, and it anticipates importing 90 percent of its future needs.⁴ Its strategy for ensuring adequate energy resources is to diversify supplies, increase equity ownership abroad, and avoid disruptive commercial competition with China, whose demand is also skyrocketing.

To ensure future supplies, India is establishing arrangements with various countries. For example: using its state-owned energy company, ONGC Videsh, it has obtained part-

ownership in oil fields in Kazakhstan, made a very large investment in an oil field on Russia's Sakhalin Island, and worked out collaborations with the Brazilian state-owned oil company, Petrobras, for exploration and production activities in both Brazil and India. While India has close relations with Israel, including long-term military ties, it is careful to avoid antagonizing other Middle Eastern countries because of their oil production. Its energy imperatives play a significant role in India's efforts to maintain good relations with Iran. India has an ownership interest in Iran's Yadavaran oil fields; it signed a Liquid Natural Gas (LNG) deal with Iran in 2005; and it is in negotiations about future natural gas supplies and a gas pipeline that would cross Pakistan. India is also talking with Turkmenistan about future supplies of natural gas, and with Kyrgyzstan and Tajikistan about electricity imports. However, in addition to the high cost of the relevant infrastructure, there are additional security risks associated with pipelines and electric transmission lines that would have to pass through Afghanistan and Pakistan. Indonesia, Nigeria, Libya, Angola, and the Ivory Coast are other countries where India is seeking energy arrangements.

India's traditional security argument for a large and technologically equipped military, and for a strong military presence in and around the Indian Ocean, is reinforced by the need to protect the sea lanes through which most of its energy supply travels. In fact, half of the world's oil supplies pass through this large body of water. Previously, India resented the U.S. naval presence in the Indian Ocean, but the improved bilateral relationship has reduced this tension. It has been replaced, however, by concerns about China's growing capabilities in air and its naval projection in the area, and Beijing's financing of the Pakistani port of Gwadar.

The most striking element of India's post-Cold War foreign policy is its new, close relationship with the United States. New Delhi and Washington have become strategic partners. Nothing demonstrates this relationship more clearly than the bilateral nuclear deal negotiated by the two governments. However, the agreement could still be dashed, as the Indian government is having difficulty getting it through parliament (see the discussion in the update for Lesson 2, "Politics and Government"). However, the possible collapse of this agreement should not reduce the interest of either country in future collaborations.

Despite the unprecedented Indo-U.S. relationship, the two countries do not agree on all issues. In fact, India puts considerable value on the "independence" of its foreign policy and being seen internationally as controlling its own destiny. For example, the United States wants to isolate and contain Iran; India, on the other hand, has limited military contacts with Iran and is engaged in serious negotiations with its government over building a natural gas pipeline. New Delhi also does not follow Washington's lead on the Israeli-Palestinian issue.

In Asia, the United States and India both oppose the region being dominated by a single country. They seek peaceful engagement with China, but they also view it as a possible long-term security concern. At the same time, Indian policy makers distance themselves from U.S. strategists who envision eventual confrontation with China. India has also

rejected U.S. overtures to press Myanmar's junta to move toward democracy, because it believes such pressure would undermine its efforts to reach bilateral energy agreements with Myanmar, as well as persuade Myanmar to deny sanctuary to separatist insurgent groups in northeastern India. Indeed, India and China compete for influence in Myanmar, as they both see it as strategically important.

India has not shunted aside its earlier ties with Russia, which remains New Delhi's largest supplier of imported military equipment. Despite negotiating a nuclear agreement with the United States (see Lesson 2 update), India is relying on Russia to construct two nuclear reactors in Tamil Nadu, and Moscow has promised additional ones. Russia is also looking to India to build the RD-35 engine for its MIG-29 fighter aircraft, and perhaps for the more advanced MIG-35.

South Asian Ties Across the World

South Asia's impact on world affairs will continue to increase for a number of reasons. The region's countries face critical security issues, including terrorism, that also affect other nations within and outside the region. India and Pakistan possess nuclear weapons and will have to be involved in future international decisions involving weapons of mass destruction. India's economic dynamism and relentless pursuit of energy resources will have worldwide economic and security ramifications. The large and growing populations in the region will skew demand for, and allocation of, global resources. Finally, South Asia's strategic location—between the oil-rich Middle East and commercial dynamos of Southeast Asia, on the one hand, and between China and the Indian Ocean, on the other—ensures that South Asia will play a key role in a future in which Asia's importance is expected to expand.

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¹ International Monetary Fund, *Direction of Trade Statistics*, (Washington DC: International Monetary Fund, 2006), Yearbook 2006.

² Central Intelligence Agency, *The World Factbook 2007*, <http://www.riddle.ru/mirrors/factbook2007/geos/in.html#top> (accessed January 10, 2008). Please note, this ranking uses purchasing power parity (PPP) figures.

³ "Integrated Energy Policy," *Government of India Planning Commission*, (New Delhi: August 2006), http://planningcommission.nic.in/reports/genrep/rep_intengy.pdf (accessed December 20, 2007).

⁴ "India's Energy Dilemma," *South Asia Monitor*, (Washington, D.C: Center for Strategic and International Studies), September 7, 2006, <http://www.csis.org/media/csis/pubs/sam98.pdf> (accessed December 20, 2007) and "India's Quest for Energy," *India Brand Equity Foundation*, May 2004, www.ibef.org/attachdisplay.aspx?cat_id=109&art_id=2859 (accessed December 21, 2007).