

# India-US Relationship on an Ascending Trajectory

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## Backdrop

The Indo-US nuclear agreement signed between the President of the United States and Indian Prime Minister in March 2006, has secured the backing of key committees in the House of Representatives and the Senate. This was followed by the approval of the full House of Representatives on 26 July 2006 by an overwhelming majority. It is expected that the 100 member Senate will clear it in September 2006 after it returns from vacation, clearing the way for the Conference Committee to hammer out a single legislation for the President to sign. This will lead to amendments of US Atomic Energy Act while the US government simultaneously prevails upon the Nuclear Suppliers Group (NSG) for a change in its rules to enable nuclear commerce with India. It is expected that the NSG will meet in October 2006 to discuss exemptions for India. This is good news for Indo-US relations and for energy starved India because thereafter it can commence its nuclear commerce with countries like Russia, France and Kazakhstan and pursue its energy development programmes with far greater vigour. The ultimate goal is to achieve an overall economic development which will provide for poverty alleviation and internal stability and give India a chance to develop its potential fully and occupy its rightful place among the comity of nations. For the US the advantage has been succinctly spelt out by *the Hindu* which states- "the deal with India is seen in Washington as providing the U.S. enormous strategic leverage in Asia". Unfortunately expounding a shibboleth does not help in clarifying this important issue. The facts are that the US sees many advantages in this deal. India is seen as a natural balancer to a rising China and a closer relationship with India, they hope, would also protect US interests in West and in Central Asia in respect to China. Being a secular state with a very large Muslim population who are fully

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integrated into the cohesiveness of the Indian State could be an important factor for curbing a rising militant Islam due to the follies of Israel and the Western World. A rising India would not only provide a major market but with its youthful demographical profile, it could be the reservoir for skilled manpower for the whole world. An economically powerful India would also be able to exercise a greater political influence in multilateral organisations which could be useful for the US. Finally, the large and highly professional Indian military would be vital for military cooperation inside and outside the framework of the United Nations. Thus Indo-US Nuclear Agreement is vital for both countries.

The foundation and indeed the underpinning of the nuclear agreement was the signing of a ten year New Framework for Defence Relationship (NFDR) in June 2005 as a prelude to the historic agreement of 18 July 2005. These are important milestones in the progress of Indo-US strategic matrix. With these agreements the US considered that Next Steps in Strategic Partnership (NSSP) had been concluded. *The NSSP included a trinity of steps like easing restrictions on dual-use high technology goods (those with military applications), as well as to increase civilian nuclear and space cooperation.* In January 2004, this trinity was expanded to encompass cooperation in strategic missile defence, thus, making it a quartet of issues. These agreements put together provide a scope for moving forward on all four issues.

### **US Perception of India**

The National Security Strategy (NSS) document of the US published in March 2006 observes, "India is now poised to shoulder global obligations in cooperation with the United States as befitting a major power." Compared to the previous NSS of 2002, this reveals a transformational change in our defence relationship with the US (particularly while dealing in weapon systems, equipment and spares). Earlier the US was not deemed to be reliable in India while the US had its own misgiving about India. However, NSS 2006 notes, "*We have set aside decades of mistrust and put relationship with India, the world's most populous democracy, on a new and fruitful path—India is a great democracy and our shared values are foundation of good relations*". This sentiment was also underscored by the Quadrennial Defence Review (QDR) published in February 2006 which noted that India is emerging as a great

power and key strategic partner. QDR also lays stress on transforming the Indo-US relationship into a global partnership in areas of mutual concern and interest.

The evolving Indo-US Defence relationship forms part of a broader engagement in the areas of nuclear energy, civil space, dual-use high technology items, economy and trade. American officials consider military to military cooperation among the most transformed bilateral relationship. The NFDR was built upon the Agreed Minute on Defence Relations between India and the US, signed in January 1995. William Perry, the then US Defence Secretary during President Clinton's first term, had taken the initiative to propel the relationship but the May 1998 nuclear tests by India impeded progress.

The Cold War era had prevented the two democracies in forging a military relationship and in the larger context a strategic relationship with each other. Based on the oft-cited policy of the US that 'whoever was not with them, was against them', a non-aligned India was considered an anathema by the US. Their close ties with Pakistan and their pronounced tilt in favour of Pakistan during 1971 Indo-Pak War adversely impacted the Indo-US relationship. However, with the collapse of Soviet Union, the two democracies found a natural convergence of their strategic interests. The distinct chill of Cold War era was gradually replaced by a thaw in Indo-US relationship. Kickleighter proposals of 1991 envisaged military to military cooperation and pursuit of "a common policy of gradually strengthening ties towards expanded cooperation and partnership by the end of this decade". The objectives included joint training, military to military contacts and formation of Executive Steering Groups. Between 1992 and 1997, Indian and the US Navies conducted joint exercises named Malabar I to IV. Indo-US Defence Policy Group (DPG) and Joint Technical Group were also formed.

### **Nuances of the Defence Agreement**

The dynamics of international security environment have now provided motivation for both the countries to come together in the following areas:

- (a) Maintaining security and stability.**
- (b) Defeating terrorism and violent religious extremism.**

(c) Preventing the spread of weapons of mass destruction and associated materials and technology.

(d) Protecting the free flow of commerce via land, air and sea.

The NFDR formalised some of the existing arrangements and enhanced the scope of cooperation to include fresh areas. Joint training and exercises between the militaries of both the countries has been a regular feature for quite some time. The new unique feature of the relationship was the objective of "*concluding defence transactions not solely as ends in themselves, but as means to strengthen both the countries security, reinforce strategic partnership, achieve greater interaction between armed forces and build greater understanding between both the defence establishments*". The most notable feature in the growing depth and breadth of the India-US strategic and defence relationship has been establishment of the Defence Procurement and Production Group (DPPG) and institution of a Joint Working Group for mid-year review of work overseen by the DPPG. The new group i.e. the DPPG, is expected to oversee defence trade as well as prospects for co- production and technology collaboration and, therefore, it has a broadened scope compared to its predecessor "the Security Cooperation Group".

While some analysts in the US consider the NFDR a kind of Defence pact (it is mentioned so in the Congressional Research Report on Indo-US Relations of April 2006), the same view is not shared by many in India including the Ministry of Defence (MOD). As the title of document indicates it is a framework which describes the parameters within which the Indo-US defence relationship can evolve. India's Defence Minister Parnab Mukherjee has said that "*it was only an expression of intention—the Framework contains only enabling provisions. It is an enabling document that provides a framework within which specific cooperation can take place...the presumption that shared interests involving the US must necessarily mean primacy of the US interests, reflects a lack of self confidence in ourselves... we will be able to recognise and resist anything that is not in our national interest, not confuse US interests with ours, or subordinate our interests to US interests.*" This interpretation is perhaps due to pressures of domestic politics and resistance of some conservative nationalists. However, the future

pace and direction of implementation of the historic NFDR would depend upon a number of factors and most important would be the political will and vision of the reigning political leadership.

### **Joint Training and Exercises**

While the joint naval exercises between the two navies had taken place in mid nineties and were interrupted due to Pokhran explosions of 1998, joint exercises involving all the branches of military took off in early 2002 as an after effect of 11 September 2001 attacks on the US. The Indian Air Force (IAF) got an opportunity to pitch themselves against the US Air Force which is considered to be highly sophisticated. During November 2005, in a mock air combat, the Indian pilots flying SU-30Ks and other aircraft acquitted themselves creditably against the US pilots in F-16s. The US ground troops have also had training in Counter Insurgency and Jungle Warfare School in Mizoram. Special Forces from both the countries have trained together for special operations in various types of terrain. Joint air and naval exercises have become a regular annual feature. The United States has invited the IAF to participate in the Red Flag exercise, either as an observer next year or as a participant in 2008. Since 1975, Red Flag Exercises have offered an environment for the American and allied air forces to train together as they would fight in actual combat.

In addition, the US and Indian Navies conducted impromptu training exercises when aircraft carrier *USS John F Kennedy* recently passed through the region. Indian Navy has provided escort to the US ships transiting through to Malacca Straits as part of the security relationship. Interoperability and understanding each others' operational methods are the objectives sought to be achieved through these activities. However, this relationship is impacted upon negatively by the US-Pakistan relationship and divergent perceptions on regional security issues and the soft US approach to counter terrorism especially in relation to Pakistan.

### **The RMA**

The US is a leading proponent and practitioner of ongoing *revolution in military affairs* (RMA). RMA is not only important to the military but is also a political and strategic tool for global and regional security policies of the future. It has technological and economic implications besides impacting the nature of war in future.

Would the Indo-US defence and security cooperation spur the RMA in India, which is progressing at a rather slow pace? It is evident that India's RMA would never be able to technologically match the US and nor is there a desire on part of India to do so. But India cannot afford to ignore its immediate or extended neighbourhood. It must achieve parity with China and remain well ahead of all others. Our cooperation with the US must achieve this goal. It is in this context that military-to-military cooperation; sale of military equipment and transfer of technology assume greater importance. It is quite certain that India would not blindly follow the strategic architecture of the American military or fully emulate the concepts of their RMA because India needs to develop its own RMA characteristics to enhance its capabilities to deal with regional and extra-regional problems in consonance with its political, strategic and economic compulsions.

### **Divergence and Convergence in Procurement and Trade**

The US had provided some military equipment during Sino-Indian War of 1962. Indo-US cooperation in providing the GE engine for Light Combat Aircraft was suspended in the wake of Pokhran blasts. Even the Sea King helicopters of the Indian Navy, a British product with some components of American origin, were denied spare parts. Thus, the perception grew of the Americans being unreliable for defence supplies. However, the sale of military equipment to India appeared to gain momentum in 2002 when the US approved the sale of a dozen ANTPQ 36/37 gun locating radars (worth about \$ 190 million) which was decidedly a force multiplier for the artillery. Indian Special Forces have since received sophisticated electronic sensors and counter terrorism equipment (worth \$ 29 million) to fight terrorism and insurgencies. In July 2004, approval for selling *self-protection* systems for the aircraft carrying the Indian head of state was also given. Selling of expensive and strategic systems such as the jointly developed *US-Israeli Phalcon* airborne early warning radar [AEW] was authorised by the US State Department. This development, according to the Americans, would tilt the strategic balance in favour of India. It is a different matter that Pakistan has already contracted for one billion dollars worth of *Saab 2000*, AEW aircraft fitted with Swedish Ericson *Erieye* EW radars with a detection range of 300 to 450 km in the immediate aftermath of the earthquake

in October 2005. Many US leaders continue to profess that they want to preserve a balance in South Asia, a view that does not find acceptance in India.

There is also a divergence in the approach between the State Department and the Pentagon on the issue of sale of Israeli *Arrow* ballistic missile defence system to India. The US has exercised its veto on the sale because of the joint development of this system. While the State Department is sensitive to the cascading effects of introduction of missile defence system in the region and the perceived strategic imbalance that may be caused in the subcontinent; Pentagon supports the sale of the system since it is a part of President Bush's policy of cooperating with friendly countries on missile defence. At one time Indian analysts recommended that the approval of sale of *Arrow* weapon system be made as an acid test for the evolving Indo-US relationship. However, India also has the option to develop its own system, or import the Russian S-300 PMU or even obtain PAC 3 system of the US. There have been discussions between the US and India as part of the NSSP but the outcome of these discussions is not very clear as yet.

As part of the continuing efforts to enhance the defence relationship, a large delegation representing 22 leading manufacturers in the US visited and participated in the *Third India Defence Industry Summit and Defence Expo 2006*. While India is looking for upgradation of its military, the US firms are looking for business opportunities and believe that they can offer the best technology. The Indian Air Force is in the market for 126 new jet fighters to replace an aging MiG aircraft fleet and the entire deal may be worth between US \$6 to \$8.5 billion. Similarly media has reported the likely purchase of approximately six C-130 J class of transport aircraft for use by Special Forces. But the US has to compete with the comparable products being offered by the aerospace industry of Russia, France, the European Union and Sweden. India has the opportunity to diversify its sources of procurement and increase its leverages without compromising on quality or maintainability. The co-production, co-development, transfer of technology, and useful "off sets" could be basis for the mega defence deals which are in the offing. The introduction of 30 per cent off set clause in the new Defence Procurement Policy of 2005 for deals worth over \$ 66 million [Rs 300 crores] has been

done with a view to ensure that the off sets enable the Indian defence industry to compete in the world market with advanced technology and state of the art products. The aim is to invite joint defence ventures especially in the areas of high technology equipment including weapon platforms. Israel also has an off set clause for similar purposes.

Both Boeing and Lockheed are now in the running among a host of other aerospace companies for the IAF jets and it is believed that they have already committed an amount of about \$ 100 million investment in India and are exploring Indian industry for joint ventures. Meanwhile the Indian Army has floated a \$ 133 million global tender of mobile electronic warfare (EW) systems even though India is developing indigenous *Samyukta* EW system for the Army. The request for proposal has been sent to the US, France, Germany and some Indian companies. It may be recollected that in March 2005, the US while offering F-16s to Pakistan had offered India the same aircraft and also the F-18s. It had also indicated that it was ready to discuss '*the sale of transformative systems in areas such as command and control, early warning and missile defence*'. Powerful EW systems have been termed as "Assassin's Mace" weapons by China and they are an important part of the RMA capabilities required by India. However, the costs, the political sensitivities and the security aspects would require careful handling.

Indian Navy's plan to lease two P3C Orion maritime reconnaissance aircraft from the US could not take off because they were considered expensive and required 18 to 24 months for retrofitting the aircraft to Indian specifications. The lease would have paved the way for purchase of eight P3C Orions. However, talks with Boeing Corporation for possible involvement in P-8A MMA (multi mission maritime aircraft) are going on. This aircraft is likely to match the combined operational profile of Indian IL-38 and Tu-142 fleet. These talks are being considered as a test of US long term commitment to India.

### **Deals and Their Impact**

The non-proliferation lobby has been overtly critical of the Indo-US nuclear deal on the grounds that while giving away too many concessions to India, the US has demanded less from India and that it unsettles the non-proliferation regime. Some analysts

and the US law makers have even sought a quid pro quo in the shape of seeking preferential treatment from India for the US defence industry, and for India to identify with the US foreign policy goals especially regarding China. Another section of opinion makers in the US are of the view that a strong and stable India in its own right will be a counter to China and that itself is in the interest of the US. Philip Zelikov, Senior Policy Adviser to Condoleezza Rice has stated "The US industry competes well on a level playing field in defense or other areas. We are not asking the Indians for any preferential treatment for American defense equipment... we think if competition is fair our products will do just fine". The lure of India's likely defence purchases (defence budget may be raised to three per cent of the GDP if the Indian economy continues to grow at eight per cent as indicated by the Prime Minister in his address to the Army Commanders last year) is a very powerful influencing factor for the US defence-industrial complex to lobby for India in the Congress. The importance of the nuclear deal also lies in the strategic signals it will send to the international community. It would also amount to a *practical demonstration of the US commitment in accepting and promoting India as a great power – a stated aim of the US.*

Perhaps one of the clearest articulations of India's national interest in this context is from one of India's foremost strategic thinkers, K Subramanyam who, in an article in the *Strategic Analysis of October-December 2005* states : "So what is in our national interest today? Getting out of the imposed nuclear isolationism is in our national interest. Increasing cooperation with the US in R&D, high-technology, agriculture, energy and environment, space, defence and increasing the Indian community in the US are all in our interest. If we can expand our trade with the US by hundreds of billions of dollars as China has done that will be in our national interest... Those who have reservations speak of hidden costs but do not bother to define them specifically. Most of the hidden cost arguments are based on certain unspoken assumptions derived from historical extrapolations from the past or ideological fundamentalism".

## Conclusion

Essentially the NFDR and the Indo-US Nuclear Agreement convey India's recognition as a major power, a strategic partner

and a friend of the US. Since the US is dictating the dominant discourse of the agreements, it is also sending a signal to other powers of the arrival of India as a player on the strategic scene. Softening of China's attitude towards India is also indicative of this recognition. Premier Wen Jiabao, during his visit to India in 2005, reacted promptly to the US intention to help India build itself as a world class power and referred to India's global role. Indirectly, these agreements recognise India as a nuclear power with the right to pursue its nuclear deterrent even when it is not under the terms of the Nuclear Non Proliferation Treaty. Moreover, they expand the strategic space for India to pursue its national interests by exploring and exploiting leverages with other powers in the international system. The unsaid aspect is that the US recognises that a democratic, economically resurgent, militarily powerful and vibrant India is in the interest of the free world.

## ANNUAL ESSAY COMPETITION

The Association of Indian Diplomats announces its Annual Essay Competition. The topic for this year's competition is **India's Neighbourhood Policy**. The competition is open to all Indian Nationals **below 35 years as on 1<sup>st</sup> September 2006** and holding at least a Master's degree from a recognised university. For submission the following rules are to be adhered to:-

- (a) The Essay should be in English, typed in double space on one side of A4 size paper.
- (b) The minimum number of words permitted is 2500 and the maximum 3500.
- (c) Notes and references should be numbered serially and given at the end of the Essay.
- (d) The essay should not have been published or given for publication earlier.
- (e) A certificate to the effect that the essay is an original effort of the competitor should be attached with the essay.

A cash prize of Rs.10, 000/= will be awarded to the best entry.

Entries with full name, address, telephone, email, etc may please be sent to the Association address (given below), latest by **31 December 2006**.

Results are expected to be announced by February 2007. No correspondence will be entertained except with the recipient of the award.

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