

Indo-US Strategic Relationship: China as a Factor*

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The international security environment is witnessing a power shift from the hegemonic power, the United States, towards the rising powers, China and India. This power shift will have a significant impact on global geopolitics. Power shifts have rarely been peaceful throughout history. The challenge before the USA, China and India, therefore, is to steer their triangular relationship in a direction that would avoid heightened security competition, which could potentially lead to conflict and instead seek ways to maintain peace and stability in Asia through constructive engagement. The US-China-India triangle is not sui generis since there are other major powers like Russia, Japan and the EU, which also play a part in the global strategic landscape. However, as the Brazil-Russia-India-China (BRIC) report by Goldman Sachs points out, China and India will join the USA as the three largest economies in the world, in the first half of the 21st Century, which would collectively give them greater clout than any other geometric configuration.

The origins of the Indo-US strategic partnership lay in the fall of the Soviet Union and the collapse of Indian economy in the beginning of 1990s, which forced India to reposition itself strategically. The sudden withdrawal of the Soviet security net meant that India had to reassess its security policy and especially, its relationship with the USA, the sole remaining superpower. At the same time, India also had to reassess its economic policy in the wake of near bankruptcy of economy resulting from the failed socialist policies of the past. As C Raja Mohan notes, “fundamental changes in foreign policy take place only when there is a revolutionary change, either at home or in the world.”¹ According to Raja Mohan, there were five changes in India’s foreign policy that followed. India made a transition from the collective national consensus on building a socialist society to a consensus on building a modern capitalist one. It also moved from the past emphasis on politics to a new stress on economics in the making of foreign policy. It shifted from Third Worldism to promotion of its own self-interest. It rejected the anti-Western mode of thinking. Finally, India made a transition from idealism to pragmatism.²

These changes would largely guide India’s relationship with the major powers in the 21st Century. The economic reforms initiated by the Narasimha Rao - Manmohan Singh duo in 1991 were crucial in lifting India into a higher trajectory of growth and advancing its claims as a major power. India’s decision to test nuclear weapons in 1998 was a product of the changing strategic environment in its neighbourhood and the close strategic cooperation between its two nuclear neighbours ie, Pakistan and China. This gave rise to UN Security Council Resolution 1172, backed by all the five permanent members, which demanded that India and Pakistan roll back their nuclear programmes. When President Clinton visited China soon after, a joint statement was issued condemning India and Pakistan, raising concerns of the USA colluding with China against India. It was a significant challenge for Indian diplomacy to overcome the sanctions imposed on the country by the international community, especially the USA, in the aftermath of the tests. The USA’s role in bringing the Kargil conflict to an end was a significant step in the process of bridging the trust deficit. The insistence of the Clinton Government, on India meeting the so-called nuclear benchmarks, including the signing of the CTBT and the adoption of strategic restraint, however, meant that the relationship could not progress to the next level.³

It was left to the Bush administration to enable the Indo-US bilateral relationship achieve its full potential. As early as 2000, Condoleezza Rice wrote in a Foreign Affairs article that: “There is a strong tendency conceptually to connect India with Pakistan and to think only of Kashmir or the nuclear competition between the two states. But India is an element in China’s calculation, and it should be in America’s, too. India is not a great power yet, but it has the potential to emerge as one.”⁴ George W Bush was also impressed with India’s democratic credentials, even before he took office as President. India’s support to the new US government on key strategic objectives like missile defence, which had little support even among US allies, helped create a new climate in bilateral relations, which received a further boost after 9/11 when India reached out to the USA with its offer of military bases. While the US decision to rebuild ties with Pakistan in the wake of 9/11 created a feeling of déjà vu in India, it did not significantly affect the progress of Indo-US relations, nor did India’s refusal to send troops to Iraq.

While the US National Security Strategy of 2002 acknowledged India as a “growing world power with which we have common strategic interests”, it was not until the second Bush term that the USA made a conscious decision in March 2005 to raise the stakes and decide to “help India become a major world power in the 21st Century.”⁵ The first step in this direction was the New Framework for the USA-India Defence Relationship signed in June 2005, which stated that “the USA-India defence relationship derives from a common belief in freedom, democracy and the rule of law, and seeks to advance shared security interests”, including “defeating terrorism and violent religious extremism”, “preventing the spread of WMD” and “protecting the free flow of commerce”. It also agreed to conduct “joint and combined exercises”, “collaborate in multi-national operations when it is in their common interest” and “expand two-way defence trade” among other things.⁶ The Indian Navy had even earlier provided support for US shipping through the Malacca Straits in 2002-2003 as protection against terrorist attacks.

This was followed in July 2005 by a joint statement on full civil nuclear energy cooperation, which cemented the growing strategic convergence between the two countries. It called for the separation of India’s nuclear facilities into civilian and military, and bringing India’s civilian facilities under international safeguards in exchange for nuclear energy cooperation. The deal opened the doors for India to participate in civilian nuclear commerce with members of the Nuclear Suppliers Group (NSG) while allowing it to retain its nuclear weapons programme, despite being outside the Non Proliferation Treaty (NPT). The inability of Pakistan to gain a similar agreement symbolised the de-hyphenation of the two countries, which President Bush confirmed with his remark in Islamabad that “Pakistan and India are different countries with different needs and different histories. So, as we proceed forward, our strategy will take in effect those well-known differences.”⁷ In her testimony before the Senate Foreign Relations Committee, Secretary of State Rice noted that “This strategic achievement will advance energy security, further environmental protection, foster economic and technological development in both of our countries, bolster international security, and strengthen the global non-proliferation regime. All of these benefits, however, must be viewed in a still larger and greater context: What this initiative does to elevate this relationship to a new, strategic height.” In December 2006, the US Congress approved the deal by passing the Hyde Act and in July 2007, both sides agreed on the text of the bilateral pact known as the 123 agreement. However, the agreement has run into domestic political opposition in India, although the government is still hopeful of seeing it through.

Apart from democracy as a shared value, economic complementarities, terrorism, and counterproliferation, another factor behind the emerging Indo-US strategic partnership is the maintenance of a stable balance of power in Asia. It does not suit the USA to have a major regional crisis but its strategy is to retain the ability for intervention, if such a crisis occurs. But considering that the USA has many other challenges, it also looks to encourage regional partners in security responsibilities. India fits in as a partner in ensuring stability. Rice elaborated on the role of the USA-India relationship vis-a-vis China in a speech in Japan in 2005: “I really do believe that the USA-Japan relationship, the USA-South Korea relationship, the USA-India relationship, all are important in creating an environment in which China is more likely to play a positive role than a negative role. These alliances are not against China: they are alliances that are devoted to a stable security, political and economic, and indeed, values-based relationships that put China in the context of those relationships, and on a different path to development than if China were simply untethered, simply operating without that strategic context.”⁸

In 2003, the then Secretary of State Colin Powell described the USA-China relations as the best since President Nixon’s visit to China in 1972. Jonathan Pollack of the US Naval War College has suggested that “Sino-American relations in the early 21st century constitute a strategic surprise.”⁹ The primary reason was 9/11 which has given the USA and China a window of opportunity to deal with their own pre-occupations, the war against terror and economic development respectively, and avoid confrontation in the short to medium term. However, official US documents view China’s growing military expenditure with concern. The Quadrennial Defence Review (QDR) released by the US Department of Defence in 2006 identifies China as having “the greatest potential to compete militarily with the United States” and states that “shaping the choices of major and emerging powers requires a balanced approach, one that seeks cooperation but also creates prudent hedges against the possibility that cooperative approaches by themselves may fail to preclude future conflict.”¹⁰ According to the US National Security Strategy (NSS) of 2006, “as China becomes a global player, it must act as a responsible stakeholder that fulfills its obligations and works with the USA and others, to advance the international system that has enabled its success: enforcing the international rules that have helped China lift itself out of a century of economic deprivation, embracing the economic and political standards that go along with that system of rules, and contributing to international stability and security by working with the United States and other major powers.” The NSS adds that “our strategy seeks to encourage China to make the right strategic choices for its people, while we hedge against other possibilities.”¹¹ The Pentagon’s 2007 report to Congress on China’s military power acknowledges that its goal of modernising national defence is proceeding on course.

The USA’s concerns were articulated by the then Defence Secretary Donald Rumsfeld in a speech in Singapore in 2005 in which he asked: “Since no nation threatens China, one must wonder: Why this growing investment? Why these continuing large and expanding arms purchases? Why these continuing robust deployments?”¹² The USA remains dissatisfied with China’s stand on contentious issues like Iran and North Korea on which it expects a more cooperative response. The issue of the USA’s trade deficit with China, which crossed \$ 200 billion in 2005, and its associated job losses in the USA, also looms large. The Bush administration has resisted taking action against Chinese products, although there is pressure from Congress to do so, if China does not further adjust its currency and protect intellectual property rights.

If China is unable to make concessions on issues of interest to the USA, the trend of the USA hedging its bets by strengthening ties with other Asian powers is likely to continue. Dan Blumenthal makes a case that China’s military buildup is not a ‘peculiarly American obsession’ and that “Asia-Pacific countries are responding to strategic uncertainty characterised in large part by China’s rise through the traditional way of modernising their militaries and embracing America as the off-shore balancer.”¹³ The India-USA strategic partnership is at one level a reflection of the desire of both countries to maintain a stable balance of power in Asia. As Fareed Zakaria has written, criticising demands that India be made to cap its nuclear arsenal as part of the deal, “It has been American policy for decades to oppose the rise of a single hegemonic power in either Europe or Asia. If India were forced to halt its plutonium production, the result would be that China would become the dominant nuclear power in Asia. Why is this in American interests? Should we not prefer a circumstance where there is some balance between the major powers on that vast continent?”¹⁴

Although relations between India and China had a setback following the nuclear tests of 1998 and the subsequent suggestion by Prime Minister Vajpayee in a letter to President Clinton and other heads of state mentioning China’s role in India’s deteriorating security environment, both countries have moved on since then. Prime Minister Vajpayee himself made a trip to China in 2003, which went a long way towards the rebuilding of trust. As Jing-dong Yuan has pointed out, the visit was significant for marking the “growing consensus and converging interests between Beijing and New Delhi, covering a wide range of bilateral, regional and global issues,” especially “in developing a fair, equitable, international political and economic order.”¹⁵ Vajpayee’s recognition of Tibet as part of China was looked upon favourably by the Chinese government as a symbol of India’s desire to reach out to its neighbour. Both countries also decided to upgrade their negotiations to resolve the boundary dispute to the level of Special Representatives and eleven rounds of meetings have been held so far. The two countries went ahead and signed a Strategic and Cooperative Partnership for Peace and Prosperity during the visit of China’s Premier Wen Jiabao to India in 2005. China reciprocated India’s gesture on Tibet by finally recognising Sikkim as a part of India. China also indicated that it was open to the possibility of India becoming a permanent member of the UN Security Council, although it did not give any firm assurance of support.

Economic engagement has also played a significant role in bringing both countries together. The complementarity of Chinese hardware and Indian software is a symbol of the vast possibilities that this process of economic engagement holds out. According to Premier Zhu Rongji in 2002, “India is No. 1 in software and we are No. 1 in hardware. If we put the software and hardware together, we together can be No. 1 in the future.”¹⁶ It has been said that “in view of the role that China-India bilateral trade and commerce have played in reviving and strengthening their rapprochement following India’s nuclear tests of May 1998, their bilateral economic engagement has finally established its credentials as the most agreeable, as also the single most reliable pillar amongst China-India confidence building measures (CBMs).”¹⁷ Bilateral trade has increased from US \$ 5 billion in 2002 to cross US \$ 25 billion in 2006 and China could overtake the USA to become India’s largest trading partner by the end of 2007. However, India’s trade surplus turned into a deficit in 2006 and the current composition of trade is asymmetrical with Indian exports consisting mainly of raw materials whereas, Chinese exports are mainly value added products.

India’s concerns over China relate to its relationship with Pakistan as well as other countries in the subcontinent. The transfer of nuclear and missile technology from China to Pakistan enabled the latter to carry out a proxy war against India in Kashmir over the last two decades. China’s so-called string of pearls strategy involving the construction of naval facilities in Pakistan, Myanmar and Sri Lanka has led to concerns in India about strategic encirclement and of China seeking a larger footprint in the region. China is also assisting Pakistan in conventional weaponry including co-production of the JF-17 fighter aircraft. China’s application to join the South Asian Association for Regional Cooperation (SAARC) as an observer suggests that it is open to playing a greater role in South Asia. China is further developing its ties with Nepal, Bangladesh and Myanmar, although it is unlikely that any of these will approach the scale of the China-Pakistan relationship.

On the border issue, China has not budged on its claim to Tawang and also refuses to provide visas to Indian nationals from Arunachal Pradesh. China has a sophisticated approach of sending mixed messages at different forums. This pattern is part of a historical Chinese world view of how they should operate. At a strategic level the image is of a mature, rational player. There are reassuring statements made by the Prime Ministers of both the countries. But at the tactical level, there are-what appear to be irrational actions to keep the surface tension going. On the border issue, Chinese officers send periodic messages to their Indian counterparts to remove bunkers from territory in which Indian forces have always been present. Those who have interacted with China in war and in peace know of this double edged or two-track approach. China’s view of history and the future creates a dynamic strategy in which tactical aggression is combined with strategic stability which is seen in their pattern of behaviour. It works by creating fear, so much so that the Indian government has for the first time asked its ministers not to attend any reception for the Dalai Lama. However, China has to remain careful since the entire edifice that it has created as a rational, responsible player will come crashing down by creating a major conflict in its relationship with India.

The first quadrilateral US-Japan-Australia-India dialogue took place in Manila this year. This was an initiative of the then Japanese Prime Minister Shinzo Abe. It was followed by joint naval exercises between the four countries and Singapore in September 2007. This led to some voices in China expressing anxiety about the possible emergence of an Asian NATO. Mohan Malik cites a commentary in the Chinese publication Huanqiu Shibao, which noted, “The fact is that Japan, Australia and India are respectively located at China’s northeast, southeast, and southwest, and all are Asian powers, while the USA’s power in the Pacific is still unchallengeable. Hence, should the “alliance of values” concentrating military and ideological flavors in one body take shape, it will have a very great impact on China’s security environment.”¹⁸

China’s concerns over the emerging Indo-US relationship are apparent from its opposition to the nuclear agreement. China has held that the USA-India nuclear cooperation must conform to the rules of the global non-proliferation regime, which should not be weakened by exceptions. If the deal goes through, China is holding out the possibility of striking a deal of its own with Pakistan. As an article in the official People’s Daily in 2005 stated: “Now that the United States buys another country in with nuclear technologies in defiance of an international treaty, other nuclear suppliers also have their own partners of interest as well as good reasons to copy what the United States did...A domino effect of nuclear proliferation, once turned into reality, will definitely lead to global nuclear proliferation and competition.”¹⁹ At the same time China also agreed to cooperate with India in civilian nuclear field during President Hu Jintao’s visit to India.

The nuclear isolation of India that had held its relations with the USA hostage for decades had to be ended.²⁰ This realisation in Washington and New Delhi was a major strategic turning point in the history of Indo-US relations. It was in fact the culmination of the process of re-positioning India, that had started after the collapse of the Soviet Union and India’s own near economic collapse. This repositioning with its strategic and economic shifts had been started by Narasimha Rao and Manmohan Singh. Atal Bihari Vajpayee and Jaswant Singh stayed on that course. It is in a way apt that Manmohan Singh brought that process of repositioning India in the new international order to its present advantageous juncture. Today, India is in the enviable position of having stable relations with all major military and economic powers. It is a condition that had been five decades in coming and one that is to be valued and sustained.

If, as Manmohan Singh reminds Indians frequently, the future lies in sustained economic and technological growth, India can ill afford to be without a solid relationship with the USA. The USA leads the world, and despite occasional spells of delusion about its military ability to set the world right, would continue to lead the world. Its real power, its capacity to do good, is an asset to Indian strategic needs. India on the other hand believes, to use Raja Mohan’s phrase, ‘in marching to its own drummer’.²¹ The two great nations will need to work on each other’s strengths. That is the strategic need of the future. The nuclear deal is one part of that larger strategic mosaic. India’s nuclear capability is in fact a reality, as shown by the underpinnings of the nuclear deal. It is evidence of India coming of age. There is confidence within India that it can play a role commensurate with its potential as an emerging power and that its nuclear capability will remain a source of stability in both the regional and the global contexts.

As a swing state being courted by all other major powers, India has to perform a balancing act. The Indo-US strategic partnership cannot be entirely free from the context of the Sino-US relationship, which will act as a cloud on India’s relationship with the USA because India has no control over US policies and China’s responses to those policies. This will in turn be influenced by the flux in the global strategic calculus, which is shifting rapidly, both due to changing power equations as well as leadership changes. The challenge before India lies in managing these two bilateral equations under this state of uncertainty and being able to build favorable relationships with both the USA and China. India will be cautious in playing the US card against China since it does not view its relations vis-à-vis both countries as a zero-sum game. This would also be in US interests according to Robert Sutter who suggests that “US Government leaders should seek to advance US interests in Asia without overt competition with China that would try to force Asian governments to choose between Washington and Beijing.”²² Indeed India is also participating in a trilateral dialogue with China and Russia, which has held two meetings in 2007. As Pranab Mukherjee has said, “We are no longer bound by the Cold War paradigm where good relations with one power automatically entailed negative consequences with its rivals.”²³ In this context, the view of Raja Mohan that India must offer reasonable assurance that its partnership with the USA is not directed against China in order to ensure that it joins the Asian balance of power without causing unnecessary turbulence is pertinent. An Indo-US strategic partnership that is built on the premise of confrontation with Beijing would deliver a serious blow to India’s hopes of emerging as a major power centre in Asia that is seen as a force for stability by the region as a whole.

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