

'Indian Foreign Policy: Challenges and Prospects'
Presentation at the Geneva Forum by
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1. I am delighted to be here amongst you today to share what my perceptions are about the challenges and prospects for India's foreign policy in the months and years ahead. The challenges are manifold. Peace and security in our neighbourhood and in our region as a whole are uppermost in our mind. The combat against international terrorism presents an immense challenge. Energy security, creating favourable conditions for our economic development, coping with the consequences of instability or military conflict in the middle east, the reform of the Security Council, promoting multi-polarity, finding an adequate response to doctrines diluting the principles of sovereignty and seeking to establish the right to intervene, promoting a more equitable equation between the developed and the developing world in the political, economic and technological domains are some of the challenges facing Indian foreign policy. The prospects by definition are a function of our success in meeting the challenges. On the whole, given India's geographical and demographic size, a huge and growing market, our human resources, the advances we are making in the knowledge economy, our steady economic growth, our desire to integrate ourselves more fully into the global market, our democracy which gives us enormous resilience, our prospects, I would like to believe, are bright.

2. India has to give priority to safeguarding its security interests in its neighbourhood. Nepal is currently being wracked by the Maoist insurgency and its political system is under strain. In Sri Lanka the Peace Process with the LTTE is showing some hopeful signs but its ultimate success will depend on Sinhala unity and the real transformation of the LTTE from a terrorist organization to a peace partner. Our largest border is with Bangladesh. This porous border creates problems of insurgency and illegal migration which can be dealt with effectively only in conditions of acceptance of each others' legitimate concerns. The problem of Indian insurgent groups misusing Bhutan's territory for launching terrorists operations against India has to be resolved within the framework of India's excellent relations with Bhutan.

3. With Myanmar, with which India shares its borders in the troubled eastern region infested with violent insurgency, a cooperative relationship is being steadily built around a commitment to stabilize the area, cooperate in economic projects and create multi-modal transport links extending to Thailand and prospectively beyond. Myanmar is keen to balance its external relationships and India has vital long term interest in increasing Myanmar's strategic options.

4. The rapid growth in understanding between India and Iran will be symbolized by President Khatami's presence in Delhi on January 26 as Chief Guest at India's Republic Day celebrations. Both countries are interested in forging a long term strategic relationship built around energy security and transit arrangements. Iran is ready to work with India to provide viable and rapid access to Afghanistan, Central Asia and Russia and some projects have already been agreed upon. India and Iran have shared geo-political interests in the pursuit of which this part of Asia can be knit into networks of economic cooperation with increased stability as a consequence.

5. The biggest challenge and a prospect worthy of realization would be the emergence of Pakistan as a moderate Islamic State in the true sense, with "moderation" being evaluated not merely in terms of the pro and anti-West orientation of Islamic regimes. Pakistan was born on the basis of extremist muslim demands and the roots of its identity lie in ideologically confrontational Islam. Indeed, Pakistan's emergence was a "clash of civilizations" in action long before the West discovered this frightening concept. Political Islam, as opposed to pious Islam, which the West began to fear after the Khomeini Revolution in Iran because of its perceived anti-West orientation has long been used against India, first to break it up and now to continue wounding it through recourse to terrorism. The military, which has ruled Pakistan for large periods of its existence, has become the custodian of Pakistan's Islamic hostility towards India, not the least because under that cover it can continue to preserve its enormous privileges within the system. Pakistan was fully involved in the creation and unleashing of the Taliban on the hapless Afghans. The Al Qaeda networks were built under its nose. Together with Afghanistan, Pakistan became the epicenter of international concern. So long as this activity promoted Pakistan's strategic interests and was directed against India, it was ignored by the West. Now we know at what cost. Big tragedies have big lessons to offer and for the sake of the victims all of us should learn them. Today the forces behind the Taliban and Al Qaeda, displaced from Afghanistan have re-emerged in the North West Frontier Province and Baluchistan in Pakistan. What was removed by force in Afghanistan has re-emerged legally in adjoining areas waiting for patience and time to run out before the politics of fundamentalism and destabilization is resumed. The nerve-centre of all this remains in Pakistan.

6. International terrorism is our common challenge today and how we deal with it holds out common prospects for all of us. Political expediency, short term gains, considerations of geo-politics, the difficulties in making a choice between one's own immediate priorities and the global good, nurturing of old constituencies, faulty analysis, double standards, all these and other reasons unfortunately blur the moral clarity and political focus on how this terrorism should be dealt with. Pakistan is today being rewarded for its cooperation with the West against terrorism with political and financial oxygen. The military leader of Pakistan has been allowed to manipulate the political system by weakening mainstream political parties and creating space for

fundamentalists. From the margins these fundamentalists have moved into the mainstream. While deep concerns are mounting about the nexus between fundamentalism, terrorism and weapons of mass destruction, the spotlight is not on Pakistan which has all the three ingredients of concern, plus the additional one of fears of it becoming a “failed State”. We have seen how there is a remarkable lack of curiosity about Pakistan’s nuclear connection with North Korea in exchange for missile technology, which poses grave challenges to our security.

7. One of the major challenges facing India today is the one posed by terrorism from across its borders. In fact, it is not a challenge that appeared in the context of today; the country has been seeing its innocent citizens victimized for the last two decades. It has evolved from being a mere law and order problem because of Pakistan’s deliberate policy of relying on terrorism as a form of proxy war and an instrument of foreign policy. This has made terrorism a major security threat and countering it a predominant foreign policy challenge for us. India has successfully met this challenge earlier in Punjab. Cross-border terrorism in Jammu & Kashmir has assumed greater dimensions partly because the success that Pakistan had in foisting the Taliban in Afghanistan provided it with extensive experience of using terrorism as policy. According to conservative estimates, the extensive cultivation of opium in Afghanistan provided the Pakistani establishment with between US \$ 90 million to US \$ 136 million of money per annum for at least seven years. This money has been used to finance its proxy war in J&K, equip, train and arm terrorists and infiltrate them into India with weapons and modern communication equipment.

8. The evolution of the situation in Afghanistan presents a complex and enormous security and political challenge to India’s foreign policy. Afghanistan is more peaceful but not stable yet. The political vacuum in the Pashtun areas, the absence of any anti-Taliban cohesive Pashtun force, the failure to curb Pakistan’s ambitions in south and eastern Afghanistan and the likelihood that the situation in the middle east may further divert attention from the danger of pro-Taliban Pashtuns being backed by Pakistan filling this vacuum is real and present. There are reports that Taliban and Al Qaeda elements are regrouping along its southern and eastern borders and continue to receive support, both moral and material from Pakistan. Early economic reconstruction of Afghanistan is one of the most important requirements for the return of peace and stability to that country. India has provided extensive humanitarian, financial and project assistance to Afghanistan. The governing philosophy of India’s assistance to Afghan reconstruction has been to respond to Afghan felt and priority needs. India regards this as crucial for regional peace and stability and views her relationship with Afghanistan as direct and bilateral.

9. Our close historical links with Central Asia provide an asset for building important relationships with the Republics that emerged in the region following the collapse of the Soviet Union. Today we are exploring new avenues of cooperation, new routes – land, air and sea routes. Statistics suggest that 30% of the medicines consumed in Central Asia are of Indian

origin. Indian information technology is becoming a part of their system. There is a cultural revival of traditional warmth. The essence of this new emerging relationship is the new way in which we address each other and the absence of any “game”, great or otherwise. The conceptual definition of our relations recognizes that Central Asia has always been the land bridge between India and Europe. India’s view of its neighbourhood has always had a trans-Himalayan dimension. That vision carried trade and culture across the Pamirs, through the silk route. More recently, we have participated in the CICA (Conference on Interaction and Confidence Building Measures in Asia) process from the beginning. It had an impressive Summit meeting in June 2002 in Almaty. We also hold equal interest in the Shanghai Cooperation Organisation. The menace of Islamic fundamentalism facing these countries is internationally recognized as a problem that needs to be collectively dealt with, to enable them to fully benefit from their new-found independence and to allow them full use of their resources for development. We were amongst the first to establish diplomatic missions in all the Central Asian Republics and the area would continue to receive significant focus in the coming years as we seek to forge multi-faceted ties to this important region.

10. Moving eastwards, East Asia has been a natural component of India’s foreign policy priorities. India is an Asian country, the second largest both demographically and geographically. Developments in Asia impinge directly on our security and strategic interests. China is a direct neighbour as are ASEAN countries such as Myanmar and Indonesia. The Indian Ocean straddles the most important sea routes that connect the oil producing region of the Gulf with the consumer countries of East Asia. Increase in maritime trade is another reality today. Cooperation between India and these countries is a necessary prerequisite for the 21st century to become the century of Asia. India’s look east policy starts from North East Asia and not simply the ASEAN region. Yet, India is excluded from APEC as also ASEM. We have, however, a sound framework for meeting the challenges ahead – India has become a member of the ASEAN Regional Forum and a summit partner with the ASEAN. The ASEAN countries themselves have realized the value of engaging India for greater political, security and economic balance in the region. India has engaged in an effort to craft special trade and investment arrangements through an India-ASEAN Free Trade Area to be brought about in 10 years, a BIMST-EC FTA as also bilateral arrangements such as the India-Thailand FTA and India-Singapore Comprehensive Economic Cooperation Agreement. BIMST-EC and Mekong-Ganga Cooperation are other structural frameworks for India’s “Look-East” policy. We are working on a trilateral highway project between India, Myanmar and Thailand. Connectivity, canalizing resources and policy coordination among India and the countries in the region are the tasks ahead.

11. Our relations with the United States have entered a phase of unprecedented improvement. India and the United States are, respectively, the world’s most populous and the most powerful democracies, having clear commonalities in shaping a new democratic and

pluralistic world order. The US with its belief that it is right to be good and India with its belief that it is good to be right can together promote what is both good and right, in the one case bringing power to the enterprise and in the other case numbers. Our Prime Minister has described India and the US as natural partners. Our relationship with the US is being transformed. There is an intensive dialogue covering a broad agenda, seeking new possibilities for cooperation. Besides regular political dialogue, India and the United States have established over 15 institutional forums that meet regularly. Notwithstanding the chill of May 1998, dramatic progress has been seen in security and defence cooperation, and trade and investment – the US is our largest trading partner(US \$ 23 billion in goods and services last year), the predominant destination of our IT services exports(US \$ 5.7 billion last year) and the major source of foreign investments. Areas for dialogue include energy and environment, science and technology, biotechnology and health, information technology and cyber security, combating terrorism and missile defence. Yet, the challenges remain for better management of relations, given the different geo-strategic and economic contexts, and occasional differences in perspectives. Our approach seeks to deal with these differences in a transparent, positive manner, according to enduring principles of our foreign policy that sought never to define relations with any one country through the prism of any other country or regional equations or alliance systems. The investment that both sides have made in the relationship is predicated as much on mutual benefit as on its global significance.

12. India's foreign policy has conserved its very close strategic relationship with Russia. Our challenge, as of others, has been to manage the consequences for us of the collapse of the Soviet Union. The close political contacts that have existed at the highest levels, the regular dialogue through the years, the recent coming together of both countries against the global menace of international terrorism are elements of strength in the relationship. The challenge lies in the field of bilateral trade which has failed to keep pace with the political relationship. India and Russia have identified high value and hi-tech items for cooperation like information technology, diamonds, energy etc. The Oil and Natural Gas Corporation of India is investing nearly US \$ 1.7 billion in the Sakhalin-I project. This is the highest ever overseas investment by an Indian company. Under the framework of energy security, India and Russia are also cooperating in nuclear energy. The ongoing construction of the Kudankulum Nuclear Plant with Russian participation is an example. The historical perspective to defence relations between our countries is being taken further by the successful development of the Brahmos cruise missile. These activities will be expanded further in the future. We also seek to bring about greater synergy between the scientific capabilities and potentialities of both countries.

13. Our relations with China are following a positive course and a steady effort to overcome past differences and build a growing convergence of interests is being made. The challenge that we face vis-à-vis China is to sustain the steady expansion and strengthening of the relationship in diverse fields even as we attempt to together resolve the border issue. India and China are

amongst the fastest growing economies in the world, the two largest developing countries and two major Asian powers with a recognized capacity to play major roles in shaping the future of the continent. The challenge is to balance legitimate interests of all the other players – Japan, the ASEAN bloc and the US - in a cooperative framework. Bilateral trade between India and China this year will equal four and half billion US dollars. Compared to the three and a half billion dollars trade with Japan, this illustrates the progress in efforts to normalize relations. But the unresolved border issue as also elements of China's own internal and external policies, the impact of its growing strength on the region and beyond, the extent of its sensitivity to concerns about proliferation of nuclear and missile technology in the region and the degree to which its economic success would translate into a more democratic, transparent system, would be a subject of intense interest to India as also to the international community as a whole.

14. Our foreign policy towards Japan is based on economic complementarities and developing strategic convergences. In August 2002, both countries agreed on a Global Partnership in the 21st century, at a time when economic sanctions imposed by Japan on India following our nuclear tests of May 1998 were still in force. During her recent visit, Japanese Foreign Minister Kawaguchi spoke of Japan's strategic partnership with India and India's pivotal role in the vision to create a pan Asian economic area extending from East to South Asia. In the second quarter of 2002, Japan, Korea, China and India were among the second, fourth, sixth and eighth largest importers of oil in the world. Cooperation amongst our countries to ensure the security of sea lanes has become another priority. India's achievements in the software sector and those of the East Asian countries in the hardware sector offer natural synergies that are currently in the process of being jointly exploited to mutual benefit. India and Japan are also candidates for permanent membership of the UN Security Council.

15. Europe is a key trading partner of India and a very important investor of capital. It is important, however, that the levels bilateral trade between India and Europe be improved. At Euro 25 billion today, it is far below its potential. Ambitious but realistic targets were set at the third India-EU Business Summit in October 2002 at Copenhagen for raising the current level to Euro 35 billion by 2005 and Euro 50 billion by 2008. Further transformation of the India-EU relationship would require a two-pronged strategy of sustaining traditional links and also exploring new linkages, for instance, in knowledge industries i.e. information technology, biotechnology, pharmaceutical etc. In political terms, the relationship has already seen steady institutionalization, with Summit-level interaction between India and the EU. The strategic partnership between India and the EU is based on shared values such as democracy, pluralism and liberalism – all values of open, inclusive societies.

16. A few words on a country which today is under great international focus. Iraq was once the source of 30 per cent of India's oil needs and home to 90,000 Indians working in that country

until the Gulf War. We support Iraq's compliance with the UN Resolutions and elimination of weapons of mass destruction there. We also maintain that if Iraq complies with UN Resolutions, then sanctions should be lifted in tandem for humanitarian considerations. With 3 million Indian expatriates in the Gulf region and a population of over 140 million Muslims in India, we are concerned about military action in Iraq sparking turmoil and creating more bitterness and violence, aggravating an already unstable and volatile situation. In Iraq, the international community is caught in the middle between wish and expectation. No one wishes a military conflict but most expect it.

17. Arms limitation and Disarmament through proper multilateral negotiation has been central to India's world view. India continues to stress for a cooperative thrust to reduce the salience of nuclear weapons, by subscribing to political measures such as no-first-use, non-use against non-nuclear weapon states and a move away from deployment in hair trigger alert. India, as the only country to commit to no-first-use, believes that restraint on use of nuclear weapons will reduce their salience in strategic calculus and over time pave the way for their reduction and elimination.

18. For us it is also a conviction that the idea of comprehensive security requires not just security from war or threat of war, but also food security, energy security and a sustainable environment. This necessitates sustained economic development which, in turn, is today increasingly dependent on the technological prowess of a country. Technology - nuclear, space, hi-technology - are critical tools for development and comprehensive security. Ironically, regimes of technology denial, created in the name of nonproliferation, but which have outlived their relevance, are still being maintained even in the face of mounting evidence of their failure to prevent proliferation. The case of North Korea's nuclear development programme and Pakistan's involvement is the most recent illustration; Pakistan's own clandestine acquisitions of nuclear technology and missiles and related technology were earlier instances. These denial regimes that have proved ineffective in preventing proliferation to irresponsible regimes are inimical to our interests when used to deny developmental tools to states such as India with impeccable nonproliferation credentials. There is a pressing demand for energy to fire the engine of rapid economic growth. Given the limitations of fossil fuels, the global concerns about climate change and ecological degradation, nuclear power generation provides a clean, viable alternative. International cooperation in the civilian nuclear power generation remains hostage to denial regimes insisting on "club" rules rather than genuine nonproliferation. India, with its indigenous nuclear technology capability demonstrated, its huge market and nonproliferation credentials views nuclear power generation as the need and task of the immediate future. In a sense, it is comparable to our quest for space technology, driven by socio-economic needs, demands of weather forecasting, communications and disaster management. It is a travesty of truth to perceive this quest in narrow terms of missile proliferation in India's case. That is why India rejects controls on transfer of technology related to peaceful uses of outer space.

19. Let me say a few words on India's nuclear doctrine and share with you information that our Cabinet Committee on Security has also made available to the Indian public regarding operational arrangements governing India's nuclear assets. The basic principles of India's nuclear doctrine can be summarized as follows:

- Building and maintaining a credible nuclear deterrent;
- A Posture of ' No-First Use': This implies that nuclear weapons will only be used in retaliation against nuclear attack on Indian territory;
- Deterrence strengthened by maintaining capacity for retaliation;
- Nuclear retaliatory attacks can only be authorized by the civilian political leadership through the Nuclear Command Authority;
- Non- use of nuclear weapons against non-nuclear weapon States;
- A continued observance of the moratorium on nuclear tests, participation in the FMCT negotiations and continuance of strict controls on export of nuclear and missile related materials and technologies;
- Continued commitment to the goal of a nuclear weapon free world, through global, verifiable and nondiscriminatory nuclear disarmament.

20. This doctrine that has been spelt out forms part of a responsible and restrained approach to the security challenges of the future. It provides for transparency and predictability and should, therefore, serve the purpose of deterrence and stability.

21. In the days ahead, we will continue to place emphasis on multilateral efforts to establish instruments and norms that will enhance respect for international law rather than perpetuate the concept of unilateral advantage, whether in the field of security or trade or other areas of international interaction. Whenever the United Nations is ready to expand the permanent membership of the Security Council to reflect the global realities of the new century, it is evident that India will stake a rightful claim for a place in it.

22. Cooperation among the countries of the Indian Ocean Rim is another concept that India would pursue with greater momentum, with the active participation of African states. India has a creditable record of supporting liberation movements in Africa and the anti-apartheid struggle.

There has been, and still is, significant movement in terms of people between India and that continent. A large number of students from Africa have studied in Indian technical and other institutions. There is considerable potential for economic and commercial cooperation, for promoting small-scale industries in the continent with technological support from India.

23. There are 20 million persons of Indian origin living beyond the shores of India, making creditable contributions to the countries that they live in. India has only recently begun to give serious consideration to the resources, entrepreneur skills and goodwill that they could contribute to India in a variety of ways. Early this month, representatives of the Indian diaspora gathered in New Delhi for the first Pravasi Bharatiya Diwas to explore such possibilities. The decision to offer dual citizenship to Persons of Indian Origin in seven countries to begin with will have far reaching impact on the future development of India.

24. I'll end here. This has been a long statement, covering a broad-range of issues. I will be happy to respond to questions, if any.

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