

Update

SERIES 15

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“US-India Strategic Relationship”:

Making of a Client State



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November 2007

India under the Thumbs of US Imperialism*

As soon as Mr. Manmohan Singh, the Prime Minister of India “acknowledged” to the US President George Bush by telephone on 15th October 2007 that “the Indian government is unlikely to push through the nuclear deal with the United States any time soon”, whole of the US administration including the top brasses began to exert their full bodyweight to “salvage” the deal. Heavyweights like former US Secretary of State Henry Kissinger, US Treasury Secretary Henry Paulson etc rushed to India to push through the deal with warnings as the following:

The US will be ‘disappointed’ if its nuclear deal with India were to be shelved at this stage and it would also *affect* New Delhi’s chances of getting a permanent seat in the UN Security Council, former US Secretary of State Henry Kissinger has said.

Asked if there would be voices in the US questioning *India’s reliability as a strategic partner* in that eventuality, Kissinger said: ...‘it would *certainly*, in an intangible way, affect calculations because *when an American leader goes down a certain road he stakes his prestige on the ability to get it executed, so in that sense it would be a setback.*’ (28.10.07; <http://www.earthtimes.org/articles/show/132076.html>)

Another US expert ‘Teresita Schaffer, who heads the South Asia programme of the Centre for Strategic and International Studies, also warned that if the deal is not approved this year, ...the economic *fallout* of failure to follow through on the pact will be “*significant*” for India in the long term.’ (27.10.07; <http://timesofindia.indiatimes.com/>) Moreover, Mr. Paulson hurled a veiled threat such that “I believe it would be perceived positively by the global business community if it goes through,”... (30.10.07; <http://in.reuters.com/article/business/News/idINIndia-30231620071030?sp=true>)

Thus the ‘masters of the globe’ unequivocally expressed their displeasure (read: anguish) at the arrogance of the Indian decision-makers who dared to defy the wishes of an “American leader” who “stakes his prestige on the ability to get it executed”. They also reminded them about their (i.e., the ruling classes’) strong desire “of getting a permanent seat in the UN Security Council” which was dangled as a carrot ever since the talks of the

Nuclear deal (N-deal) was initiated. Moreover, it was also warned about the “economic fallout” of the failure to pass the N-deal. At the present moment the representatives of the US administration are trying their best to “court” BJP leaders “to bring about a *Musharraf-Benazir kind of rapprochement between Congress and BJP* in an effort to get the civilian nuclear deal past the hurdle...’! (*Times of India, 30.10.07*) Along with this open-to-all pressure tactics “a group of Indian American lobbyists” named as “US-India Political Action Committee (USINPAC)... met *Left and BJP leaders* in a bid to understand their opposition to the Indo-US civilian nuclear deal” and “will go back to the US and explain the political situation to the US Congress members and powerful American Indian community”. (*Economic Times, 25.10.07*) In fact during the visit to India, US Treasury Secretary Henry Paulson *first* met the *CM of West Bengal, Buddhadeb Bhattacharjee* on 28th October 2007 “in a closed-door meeting” keeping outside even the US Consul General Mr Jardine! The website of a television media reports about the hectic lobbying:

“It’s *intense, hectic international lobbying* reaching levels not usually witnessed in New Delhi. While the United States mounts pressure to push the nuclear deal through, the flurry of *top Bush administration officials holding one-on-one talks with Indian political parties*, seems to have forced *even the Left* to rethink its stand on the Nuclear deal.” (*30.10.07; www.timesnow.tv/NewsDtls.aspx?NewsID=3945*)

But “why is the US, at all levels of Government, showing such inordinate interest, and exercising such intense pressure on India in respect of the nuclear deal?” asked a commentator. He analysed it as the following:

[I]t is clear that the nuclear deal will mean a business of \$80 billion for the lucky ones who win the contract. Allowing for the price escalation in later years, the figure may even *exceed \$100 billion...*

Remember, this does not take account of the requirements of components and spares, financing of service and maintenance and royalties on technologies — all of which may assure a steady flow of *\$10-20 billion more* for the supplier firms during the life-time of the reactors... As regards the intangible benefits to the US, ...Mr R. Nicholas Burns, US Under-Secretary of State for Political Affairs ...gives an authentic exposition.

First and foremost, the deal is calculated to serve the national security interests of the US by bringing India into the international nuclear non-proliferation mainstream;

second, it “will not assist the country’s nuclear weapons program in any way”; *third*, it gives the US control over the newly-to-be-built facility to reprocess spent fuel as it can operate only as per the specific arrangements and procedures laid down by the US; *fourth*, “should India decide to conduct a nuclear test in the future, then the US would have the right under US law to seek the return of all nuclear fuel and technology shipped by US firms”; and, *finally*, “an increasingly powerful India represents a singularly positive opportunity to advance (the US) global interests”. (B. S. Raghavan, 26.10.07; www.thehindubusinessline.com/2007/10/26/stories/2007102652100800.htm)

The “*inordinate interest*” of the US administration, who are “*exercising intense pressure on India*” and losing “no opportunity to coax and nudge the Indian Government” to pass the nuclear deal is explained to a certain extent by the above comments. Moreover, it is pointed out that there are *billions of dollars of businesses* behind this N-deal which is certainly “disappointed” at this delay. This aspect will be dealt with due importance in later part of this issue.

But the US administration has some *larger aims* and/or *interests* in establishing a “*landmark Strategic Partnership*” with India which must be understood in its true perspective. In fact, these *broader perspective* is utterly *missed* in the oppositions/criticisms of the parliamentary parties (including the ‘lefts’ who are projecting themselves as a “fighter” against the US imperialism!) & the ‘concerned citizens, scientists’ etc. The larger agenda and/or interests of the USA behind the “*Partnership*” with India are to establish a number of “*ties*” or “*agreements*” which are presented to the Indian government in a form of PACKAGE covering almost *every aspects* of the life of the Indian people. (“*Our growing partnership touches almost every field of human endeavor*”.) Hence, trying to search sinister motives behind the N-Deal *only* will not help us to comprehend the *grand designs* of US imperialism in respect of India. These designs will be found within the nature of the series of deals/partnership made during the last 6/7 years between the two countries. Most important of these are: 1. “US-INDIA STRATEGIC ECONOMIC PARTNERSHIP”; 2. “NEW FRAMEWORK FOR THE U.S.-INDIA DEFENSE RELATIONS” signed on 28th June 2005; 3. “NUCLEAR DEAL” declared in the “Joint Statement between President George W. Bush and Prime Minister Manmohan Singh” on 18th July 2005 in Washington; 4. “U.S.-INDIA KNOWLEDGE

INITIATIVE ON AGRICULTURAL Education, Teaching, Research, Service and Commercial Linkages” (in short: Agricultural Initiative); etc etc.

Interestingly, in all of these ties/agreements, the US business interests are intricately linked with an ever-overt manner. It may have been said (and actually have been analysed by some experts) that the interests of the US (and other imperialist) capital (ranging from the weapons, aircraft industries..., nuclear fuel & reactor industries..., GM seeds & retail industries... etc.) are the main actors behind these crucial deals. Though this analysis seems to be an over-simplification to comprehend the real motives behind the current US-India strategic partnership, it deserves proper attention.

Well before the finalisation of the nuclear deal, the establishment of the foundations of the above mentioned “agreements” was initiated. Nicholas Burns, the US Under Secretary of State for Political Affairs, stated recently in an article written for the US ‘Election Campaign 2008’:

Over the past 15 years, *three significant developments* have helped bring about the recent dramatic strengthening of U.S.-India ties. *First*, the *end of the Cold War* removed the U.S.-Soviet rivalry as the principal focus of U.S. foreign relations and the rationale for India’s nonalignment policy. *Second*, India’s historic *economic reforms* of the early 1990s, led by Manmohan Singh, then finance minister and now prime minister, opened India to the global economy for the first time and catalyzed the extraordinary boom in private-sector trade and investment between the United States and India that continues today. *Finally*, as the twenty-first century began, the global order started to undergo a tectonic shift, and *India’s emergence as a global force* was obvious for all to see. (*America’s Strategic Opportunity With India, 22.10.07; www.realclearpolitics.com/articles/2007/10/americas_strategic_opportunity.html*)

Therefore, “*three significant developments*”— according to Mr. Burns — i.e., the “end of the Cold War”, “historic economic reforms” of India initiated in early 1990s and “twenty-first century... global order” created under the leadership of US imperialism ushered in a new ‘era’ in which India emerged as a “global force” paving the way for a “dramatic strengthening of U.S.-India ties”. Number of messages are veiled within these

remarks of Mr. Burns which must be understood & studied to comprehend the real state of affairs going behind the “ties” forged between the USA & India.

Of course, the current hobnobbing (on a variety of issues) between the two countries has a connection with the demise of the Soviet Union as a superpower. Since the early 1960s the ruling classes of India had been following well-known “non-aligned” stance which is nothing but a strategy to bargain with two powerblocks — one led by the imperialist forces like USA-Britain — and another led by the USSR. Though referred as a “non-aligned”, in real life the Indian ruling classes *depended heavily on the monopoly finance capital* since 1947. In this process of economic dependence, they were tied by hundreds of threads with the imperialist forces on varied aspects. (This is a general phenomenon in an *era of imperialism* and the fact is whitewashed by some self-proclaimed ‘Marxists-Leninists’ who are showing their maximum vocal power in the parliamentary arena against the N--deal *only*). In fact, under the umbrella of the “Cold War” the Indian ruling classes could only manage some *concessions* from the superpowers. But this strategy to manage some spaces and/or concessions taking opportunity of the “rivalry” of two superpowers cannot wipe out the *heavy dependence* of the ruling classes of the third world countries like India on the imperialist capital. Hence, the categorisation as a “*non-aligned*” country will only lead us to *obscure the real status of India* within the *system of an imperialist era*. India was neither “*independent*” & “*sovereign*” in the true sense of the terms nor was able to follow an “independent foreign policy” in the true sense of the term. This is possible *only* after a successful anti-imperialist democratic revolution led by the working classes of the country which can uproot the imperialist powers from the soil of that country. This revolution was betrayed (by the so called Left/Communist Parties). The working classes also, were so unprepared that they were able neither to counter this betrayal nor to wrest the flags of the revolution from the hands of these betrayers.

Let us come back to the point. The demise of the USSR in the early 1990s created a situation (“*New Global Order*” as defined by the US imperialists) in which the countries like India were compelled to emerge out of the veil of “non-alignment” and initiated some “*strategic*” and/or “*defence*” *understandings* with the US imperialists well in the mid-1990s. Interestingly, these ‘understandings’ were maintained during the 1990s very much

openly by several Indian governments led by different parties *including a coalition govt supported by the 'Left' parties without any noise!* Even the *military-to-military exercises* of the recent times which drew much flak were *actually initiated* in the mid-1990s! Though US sanctions were imposed on India following the Nuclear explosion by the BJP-led Indian government in 1998, these sanctions made little effect (on the 'understandings') because the *US-India strategic relations* in a "new global order" were very much 'under construction' at that time. In fact, after the sanctions were imposed on India, US bosses met in "*14 rounds of talks*" with Jaswant Singh acting as defence, foreign, & finance minister (in different times) of the NDA govt to spearhead their strategic agenda. Within days of the 'September 11' incidents in 2001 in New York, this '*strategic understanding*' between the USA & India turned "dramatically" into "*Strategic Partnership*" and gained new momentum. In the "newly built partnerships", *on the one hand, regional ambitions* of the Indian ruling classes were accommodated; and *on the other hand, the grand strategic designs* of the US imperialism in Asia had been redrawn. In fact, in this grand design, India had been visualised as a '*junior partner*' serving the imperialist interests of the USA in Asia. Thus the grip of the US imperialism is going to be *tightened further* on the people of India in the name of these 'Strategic Partnerships'.

In 1991, languishing under the debt-crisis incurred to the imperialist funds/banks like IMF, World bank, etc. the Indian ruling classes were prescribed to initiate the "New Economic Policy" under the "structural adjustment" formula by these agencies. In fact, this "historic economic reforms" initiated a process of economic liberalisation aimed to serve the foreign and/or imperialist capital as well as the Indian big bourgeoisie. Hence, the economic foundations of "dramatic strengthening of U.S.-India ties" had been originating since the early 1990s. A Policy Report of the US govt on the "US-India Relations" published on 26th June 2007 states:

A major U.S. concern with regard to India is the scope and pace of reforms in what has been that country's quasi-socialist economy. Reforms begun in 1991, under the Congress-led government of Prime Minister Rao and his finance minister, current Prime Minister Manmohan Singh, boosted growth and led to major new inbound foreign investment in the mid-1990s... Following the 1999 parliamentary elections, the BJP-led government launched second-generation economic reforms, including major deregulation,

privatization, and tariff-reducing measures. Once seen as favoring domestic business and diffident about foreign involvement, New Delhi *appears to gradually be embracing globalization and has sought to reassure foreign investors with promises of transparent and nondiscriminatory policies....*

But, there are

...major risks to growth [in India] as political developments, including a rise in protectionism; supply-side restraints, including business climate, education, and labor market reforms; and environmental degradation...

So, under the circumstances, “*US-India Strategic Economic Partnership*” was inked.

The *goals* of this “Partnership” are as follows:

...New Delhi must insure that new regulations or old red tape don't impeded growth, and that foreign companies have a clear path to settling commercial disputes when they arise. The Indian government should also continue economic reforms and liberalizations that have been the basis of India's economic boom so far.... In order to achieve higher growth rates as well as broad rural development, India requires world-class airports, irrigation, and communications networks. It needs modern power grids, ports, and highways, and many other infrastructural improvements that could be vastly accelerated by greater investment, both public and private.... Our focus is on facilitating and promoting foreign direct investment, enhancing bilateral consultations on reducing tariff and non-tariff barriers to trade in industrial goods, services, and agriculture, preventing the Barriers to Trade and Investment.... (by K. Alan Kronstadt, Foreign Affairs, Defense, and Trade Division, Congressional Research Service, The Library of Congress; <http://fpc.state.gov/documents/organization/>)

According to David C. Mulford, the US Ambassador in India: “we have also constructed a new economic architecture to transform our strategic partnership into the comprehensive relationship” (24.04.06; <http://newdelhi.usembassy.gov/ambapr252006.html>) One of the aims of this “comprehensive relationship” is to inject rapid acceleration in the economic reforms of India along the USA's chartered path.

But probably the most *dangerous* aspect of the ‘US-India Relationship’ is the agricultural agreement better known as “*Agricultural Knowledge Initiative*” almost

forgotten and/or suppressed by the mainstream media and the parliamentary parties. This initiative was taken during the NDA regime in 2004 and finalised at the joint statement between Mr. Bush and Manmohan Singh in July 2005. Signing this “Agricultural Knowledge Initiative”, our PM lectured proudly:

Our *first Green Revolution* benefitted in substantial measure from assistance provided by the US. We are hopeful that the Knowledge Initiative on Agriculture will become the *harbinger of a second green revolution* in our country. (http://www.financialexpress.com/fe_full_story.ph?content_id=120267)

What does this ‘second green revolution’ imply? It’s nothing but to introduce the ‘controversial’ and sometimes notorious ‘*genetically modified (GM) seeds*’ into the Indian agriculture more vigorously and a well-designed programme to rob, loot and expropriate the vast masses of the Indian peasants already impoverished under the dual exploitation of feudalism & imperialism. It is in fact:

...development of *transgenic crops and animals, and commercialisation* of agriculture with the direct participation of *corporates and multinationals*. The agreement in the name of research will facilitate the US companies to get *free access* to our country’s *genetic resources*.... It would spell doom if our *bioresources* are *patented* by *US companies*. American companies have attempted to patent our Basmati rice, turmeric and neem.... There may be pressure from the US in future *to revise* our regulatory system and make it *flexible* enough to accept transgenic products developed by US companies. ...On the whole the agreement intends to promote US-based companies and their products. (*Farm deal: US trap, MNCs to benefit, 13.03.06; ibid*)

The US administrations are, in fact, upbeat about the lucrative business opportunities in ‘Green Revolution’ businesses.

Thus the much-hyped *US-India Partnership* (delivered as a ‘package’ to the Indian government) is nothing but another naked subjugation of the Indian government making way for a combination of some newer and old forms of slavery, bondage and dependence on the US Imperialism.

But why are the “leftists” led by CPI(M) spending so much vocal power against the N-deal, joint military exercises and this and that steps (only)? Are their oppositions really ‘anti-imperialist’? The CPI(M)-led “leftists” are “concerned”, on the one hand, about losing “self-reliance”, “sovereignty”, “independent foreign policy”, “strategic autonomy” etc. But on the other hand, CPI(M)-led state governments are immeasurably busy to woo foreign investors including the US TNCs. Though bourgeois parliamentary parties and intelligentsia are very much critical about this “double-standards” of CPI(M)s, UPDATE cannot take this matter so casually. It will be an over-simplification also to consider those “protests” as some eye-wash exercises in hiding their crimes against the people of Nandigram, Singur, etc. The fundamental point is the politics of CPI(M)s which is nothing but tailism of the ruling and rich classes of India under the garb of Marxism-Leninism.

‘UPDATE’ knows it has neither the ability or authority of chalking out basics of anti-imperialist struggles. ‘UPDATE’ will just like to remind readers a well known tenet of Leninist teachings about imperialism. We all know that in the imperialist stage the thing that dominates the world in economic sense is the Finance Capital, which grew through merger of banking and industrial capital and monopolisation of capital. The US corporate capitalists, investors are persons or groups representing the monopoly finance capital, be the capital come in the form of FDI or in the form of FII, or through other difficult-to-comprehend things like hedge funds, P-notes, etc etc. Now to protect the interest of this monopoly finance capital, to seize/defend/recapture parts or whole of the globe, there arose the huge military machinery, there happened two disastrous world wars, innumerable regionally confined wars/conflicts by the imperialist war-machine and also wars of national liberation against the imperialist war-machine. You cannot segregate or separate Texaco/Shell etc oil-multinationals from the military invasion of Iraq. You cannot separate giant US food, oil-gas multinationals from the US efforts of military domination of Latin America. You cannot separate Coke/Pepsi from imperialism—word like coco-colonialism that was coined decades earlier. It is just that much plain and simple. Now CPI(M) government of WB invites Pepsi’s daughter concern to practice contract farming and potato chips manufacturing in WB; it is inviting the Vietnam destroying Napalm manufacturing US chemical giants to make a chemical hub in WB; for e-governance it is collaborating with Microsoft giving a damn to ‘free-software

movement'... and CPI(M) is still boasting anti-imperialism at the same time just by its parliamentary opposition to Nuke-deal! It is worse than a bad joke, it is worse than hoax; it is crime, to say the least. CPI(M) government is making those very giant multinationals richer who will in turn pay more to their US government and other imperialist governments to renew, enlarge and make deadlier their war-machines! We could write more amplifying heinous crime committed by the CPI(M) against the people of this country and the world too, but we refrain from that considering that readers can very well enlarge the "charge-sheet" against CPI(M) and hope to see worthier qualifier(s) in tribute to CPI(M).

– UPDATE

Economic “Partnership” or Slavery?

“We negotiated a few short months ago, in a relatively brief period of time, a comprehensive open skies agreement — I’m told it’s the most liberal and open agreement in the world — that has jump-started the aviation sector. Since then Boeing has sold, as I said before, almost \$15 million in new Boeing aircraft to India. Two U.S. airlines have opened direct-route service to India. Airport privatization is underway. The air transport market in India has grown by close to 40 percent in the last 12 months.”

*(by Ambassador David C. Mulford, 24.04.06;
<http://newdelhi.usembassy.gov/ambapr252006.html>)*

“We expect India’s growing confidence on the world stage as a result of its sustained high rates of economic growth will make New Delhi a more effective partner of the United States but also a more formidable interlocutor in areas of disagreement, particularly in the WTO.”

*(by Director of National Intelligence (USA) Mike McConnell,
<http://fpc.state.gov/documents/organization/>)*

[The Indian Prime Minister, Mr. Manmohan Singh went to USA (with several ministers & a ‘powerful’ team of bureaucrats) in July 2005. The “*Joint Statement by President George W. Bush and Prime Minister Manmohan Singh*” on 18th July 2005 at Washington was declared during this visit. Interestingly, this ‘historic’ visit of India’s PM was accompanied by a jumbo team of Indian big capitalists consisting of some “who’s who”, namely *Ratan Tata, Mukesh Ambani, Dipak Parekh, Baba Kalyani, Y.C. Deveshwar* etc etc. Why did these industrialists accompany the PM & officials in a truly government-to-government initiative? Were they invited by the US government? If so, why were they given so special treatment along with the PM of India?

In fact, these ‘five-star’ industrialists met the business tycoons of the USA — discussed the future course of action — and facilitated the way for present relationship between the two countries. The *CEO Forum* comprising the topmost CEOs of both countries was formed under the aegis of *US-India Business Council* (USIBC) making *Ratan Tata* (the beloved & trusted captain of the industrialists to each of the parliamentary parties, including the ‘lefts’) as “*chair* of the Indian side of the Forum. In this summit meeting of

the Forum a WISHLIST outlined by the *US CEOs*' was placed. Some of the wishes of the US CEOs are as follows. – Update]

What US business wants from India

(...) [Dipak] Parekh explained that while government-to-government communication on matters economic was vital, the CEOs' Forum would supplement that by opening up a new line, 'an alternate channel' of communication between the private sectors of both nations.

"The goal of both sides is the same," Parekh pointed out, "which is to increase investment, ramp up FDI (foreign direct investment), spot the roadblocks in the way of rapid economic growth and make informed suggestions on how they could be overcome – in short, to come up with a WISHLIST *beneficial to both sides.*"

(...) [O]n the eve of the prime minister's arrival, the American CEOs who comprise a forum signed a letter, under the aegis of the US-India Business Council, outlining their concerns. The letter (...) listed a preliminary WISHLIST as outlined by the American CEOs, as under:

- Raise ownership caps for foreign investors in insurance, banking, and the print media;
- Open up closed sectors such as retail and pension fund management;
- Smooth roadblocks erected by VSNL (Videsh Sanchar Nigam Ltd), which the CEOs felt was 'preventing and delaying access to available bandwidth capacity between India and the United States, thus artificially inflating bandwidth prices;
- Modernise India's cyber security through legislation to focus liability and impose stronger penalties for the perpetration of cyber crime;
- Address 'nagging legacy issues' such as Dabhol, AES and such, that in the words of the letter 'continue to discourage investment;' (...)
- Effective implementation of the Electricity Act of 2003;
- Bring 'anachronistic' labour laws in India in line with international standards, and

- Establish a mechanism to review those Indian taxation policies that are seen as an impediment to US investment and trade. (...) (*Source: 20.07.06, www.rediff.com/money/2005/jul/20us.htm; accessed 20.07.06*)

[Note the statement made by Mr. Parekh that this wishlist placed by US CEOs are “beneficial to both sides”! Moreover, this was a “*preliminary WISHLIST*”! In fact, the *final WISHLIST* of the US MNCs and/or imperialist capital was placed as a *Report of the CEO Forum* titled “*US-India Strategic Economic Partnership*” and delivered during the Bush visit to India in March 2006. Surprisingly, this report was later placed in the website (<http://planningcommission.nic.in/reports/genrep/USIndia.pdf>) of the *Planning Commission of India* endorsing this “private” (read: MNCs’) views of the US-India CEO Forum as an “public” or official policy statement! We are presenting here excerpts of this 40-page Report. The excerpt will vividly narrate the wishes (read: dictats) of the US imperialist capital to the GoI. – Update]

US-India: A New Vision for Economic Partnership

II. Major Areas for Cooperation

Physical Infrastructure Development:

India’s infrastructure needs exceed its domestic (public and private) funding curricula continuously made relevant and current. *US companies* could work with Indian companies to promote this skill building for industry and could also partner in the setting up of new institutes. (...)

Technology Exchange:

Across all sectors Technology and R&D are key determinants of business prosperity and national competitiveness. India and the US are already cooperating in Technology and R&D. (...)

In addition, India is a *major buyer* of high technology equipment from defense to avionics to engineering components/systems. It needs however, reliable, long-term sources of supply and simple and rational export licensing measures that carry a

guarantee of stability and continuity. These will *ensure* that the *US companies* are not competitively disadvantaged in the Indian marketplace. Regulations permitting the export of technology sensitive items will mean that *US companies* can *export* to India or partner Indian companies to significantly accelerate various science and technology programs.

India, on its part, needs to create the appropriate policy and regulatory climate to encourage adoption of technology in sectors of national importance such as “green environment”, “safety and security” and “energy efficiency”. *Specific incentives (lower taxes and/or import tariffs)* could be geared toward fostering increased use of such technologies. (...)

Trade and Industry Promotion:

With the objective of doubling trade every 3 years, promotion of trade and industry by *removal of barriers* needs to be a *priority*. (...)

Specific initiatives proposed in this area are:

(i) *Reduce restrictions on foreign investment*, especially:

- Expedite the decision to *allow FDI* in the *Indian Retail Sector* beyond the limited opening up of the sector provided currently (as an immediate first step, GoI could permit FDI in Retail in all SEZs and/or permit joint ventures in retail with minority foreign investment).
- Accelerate the timetable to raise FDI caps in the Indian Insurance sector and allow foreign FDI in Indian *private sector banks* as well as an accelerated approval of foreign bank applications for branches in India.
- Remove restrictions on expansion/new branches by Indian banks in the US.
(...)

(ii) *Facilitate Movement of Business and Professional Personnel*.

- US should liberalize the visa regime for service providers in fields ranging from IT (H1B/L1) to Nursing staff (EB3) where the *US* is facing a *shortage* of trained

personnel. As in goods, progressively ease quantitative restrictions/yearly quotas of such visas. (...)

(v) Set Up a *Dispute Settlement Mechanism* — A dispute settlement mechanism that has the power and jurisdiction to resolve commercial and contractual disputes *quickly* could be set up by India. (...) Specific focus on resolving legacy issues such as those impacting *Dow/Bhopal* tragedy of 1984 and the *Tamil Nadu IPPs* would send a strong positive signal to *US investors*.

In addition, India could undertake to strengthen and *reform the judicial system* to address the large backlog of cases and the time taken to complete legal proceedings. (...)

(vi) Greater *defense industry* cooperation and a liberal offset regime.

(vii) Set up an Indian Institute for Regulation — An independent institute which develops into a think-tank with a strong research base will provide an excellent platform for *development of regulatory practices*. (...)

Intellectual Property Protection:

Intellectual Property Rights (IPR) protection has separated and divided US and Indian businesses in the past but there is an *increasing convergence* in the approach to IPR and supporting legislation. There is now a mutual, agreed agenda to frame laws, rules and processes to sustain the highest standards of protection to the inventor or the organization, which invests in IP.

The next ten years can witness a *new surge* in partnership in IPR between the U.S. and India which includes mutual cooperation in IPR implementation and enforcement as well as building a *“patents” culture*.

Specific initiatives proposed in this area are:

(i) *National coordination of IPR enforcement* efforts in India must be stepped up. Today, enforcement is handled on the state level, and the results vary dramatically. Many of the specialized police units set up by the states are barely active and lack training, manpower and resources. (...)

The goal should be a national unit dedicated to IPR enforcement and with powers to enforce across state borders. As a first step, a single centralized body should be designated to coordinate IPR enforcement efforts, identify and publicize *best enforcement practices* at the *state level*, and direct national resources to IPR enforcement. (...)

(ii) *Specialized intellectual property courts* should be established to handle both civil and criminal matters. (...) To handle the piracy docket efficiently, judges, prosecutors, and other court personnel need *specialized training*. (...)

(iii) A national initiative to crack down on piracy in the educational and research sectors should be initiated. (...)

(iv) Agreement should be reached between India and the US on cyber security to include data privacy, IPR etc. Create universal standards in data privacy to build confidence in Indian IT providers. (...)

Appendix

I. Business Sectors for Cooperation:

1. Trade and Investment:

(...) An annual growth rate in trade of over 20 per cent per annum is achievable given the right impetus from both sides, including *greater market access, IP protection, acceptance of WTO rulings, tariff cuts, removal of non-tariff barriers (NTBs)* and eased licensing by the US Government on export of high technology items.

There is clarity on issues to be addressed and measured steps are being taken by GoI to *promote foreign investment*. The principal challenge is to overcome the deficit of confidence that foreign companies harbor about the processes and regulations of doing business in India. (...)

Regarding *FDI policy*, the Forum recognizes the recent limited opening of the *Retail sector* in India and seeks *early and further policy liberalization*. Similarly, the *Real Estate Sector* needs to be *fully open* and *FDI caps on print media, broadcasting, cable and satellite systems and e-commerce* need to be *removed*. Finally, the *Indian*

Companies Act provisions relating to privately-held companies (as many *US companies* are) need *review*.

2. Infrastructure Development:

(...) *US industry*, given the right policies, could participate in highways/bridges, rail/mass transit, townships, SEZs, airports, seaports, energy/power, environment, water, etc, all of which are key to India's development and growth.

As part of the initiatives aimed at airport modernization and expansion, the government should explore options to implement state of the art electronic safety aids, (...) should also participate in international programs such as the US government-led Next Generation Air Transportation System (NGATS), to optimize utilization and safety of the Indian airspace.

3. Financial Services: There are a number of issues which need to be addressed:
(...)

Insurance and Pension/Asset Fund Management:

- It is a matter of urgency to *raise foreign ownership cap in insurance to 49%*.
- *Pension reform* should include an open and transparent licensing system, and an integrated model with the insurance sector rather than creating a separate regulator, which will burden the industry. Tax concessions comparable with other financial investment instruments available in the market need to be considered.
- *Foreign investment in insurance and pension* should be allowed to *own* their businesses and distribute products to all potential customers in a free market.
(...)

4. Pharmaceuticals and Healthcare:

This sector could be a *major area* of US-India cooperation recognizing US' rising costs, India's talent pool of doctors, nurses and paramedics; the *scope for FDI by the US* in India (Healthcare could be given "*Infrastructure*" status for the *tax incentives* and

access to *funding*), collaboration in capacity building and upgrading hospital standards; provision of a variety of services by India to the US, e.g. *clinical trials, other R&D services and outsourcing*. (...)

With regard to Pharma, further action is required in India *to ensure IP protection* and enforcement, *review* of the pharma *price controls policy*, faster clearances at customs for finished products and cold storage facilities to handle sensitive products.

- The report just issued by the task force under the *Chairmanship of Dr. Pronab Sen* has recommended that *price controls* be expanded to *every medicine* on India's "Essential Drug List". This should be *reviewed* since there is absolutely no evidence to suggest that extending price controls will increase access to these medicines.
- In addition, the task force recommendation that patented medicines be subject to a price monitoring system with mandatory price negotiations and to the potential threat of compulsory licensing if agreement on the price cannot be reached is of significant concern. Also, the task force has suggested that if a medicine reaches a certain volume, as yet undefined, it should be genericized. Although the industry is confident that this particular recommendation will most likely not be adopted, it is *troubling* as it could portend future *anti-industry actions* by the government. (...)

6. Defense:

With the *opening of defense supplies from the US to India*, there are new opportunities emerging for private sector defense cooperation, including co-production and co-development, in due course. (...)

8. Food and Agriculture:

The key recommendations include:

- *Open the food-processing sector* in India to participants of all sizes to encourage economies of scale and to allow for significant investment in an important sector with excellent growth potential.

- Consider *fiscal incentives* for domestic and international investors to accelerate the development of the food processing sector and to establish a secure “cold storage chain” for fresh produce.
- Provide for unlimited movement of domestic and imported agricultural products across district and state boundaries.
- *Review* the Agricultural Produce Market Committee Act, which prevents buyers and processors of agricultural produce from participating meaningfully and disintermediating non value added costs.
- *Replace* any remaining agricultural sector *subsidies* with *direct* payments that are in the line of sight to the farmer. *Indirect subsidies* should be avoided as they distort and obfuscate sectoral investment and do not reach the intended beneficiaries.
- *Liberalize import policies and tariffs* around oilseeds, feed grains, and vegetable oils, which serve as inputs into further processed products.
- *Review* the range of technical barriers (TBT) and phytosanitary (SPS) measures imposed by India, which pose *significant obstacles for U.S. agricultural exports*. (...)
- Eliminate policies that *discriminate* against foreign investors in the food and agricultural sector such as the discriminatory special excise duty on carbonated drinks and deflect unreasonable allegations made against the beverage industry by establishing internationally accepted, science-based safety standards for the entire food and beverage sector.
- Reduction in Agricultural subsidies in the US so as to give India a chance to develop export markets for agricultural produce.
- Encourage collaborative research, leveraging the capability of U.S. agriculture universities.
- Set up an Indo-U.S. R&D center for Agricultural R&D and *encourage collaborations* in agricultural research as part of the “US-India Knowledge Initiative on Agricultural Education, Teaching, Research, Service and Commercial Linkages”. (...)

On biotechnology, United States and India should jointly develop regulatory pathway to ensure regulations surrounding the sector are based on sound science, transparent, and supportive of policies that *encourage* investment in and commercialization of biotechnology, and promote trade in biotech goods and services. (...)

9. Manufacturing:

Manufacturing is the traditional area of US-India industrial cooperation and, in the current and future context of globalisation, global supply chains and competitive pressures, offers new potential for partnership.

Some specific suggestions:

- The government could encourage states to set up “*Investment Regions*” with the *primary focus of attracting FDI* and local investment designed to serve both domestic and export markets (i.e. not just SEZs). The Investment Regions would also be a model for world-class infrastructure.

Regions would offer:

- *Flexible, internationally-competitive labor laws.*
- Coordinated infrastructure investments of related real estate, power, connectivity, ports and airports developed in conjunction with the site.
- *Single-window clearance* – one stop approval and administrative process.
- *Dedicated courts* located within the Region, to ensure rapid local access to legal recourse.
- Align vocational and educational training in sectors.
- Fewer sites, but of a *size (>2500 acres)* sufficient to achieve critical mass.
- Transparency, clarity and e-governance.
- Benchmarks for competitive positioning.

In addition, nationwide implementation of *VAT*, a *flexible labour policy*, *simpler* termination process for joint ventures and resolution of the legacy issues, continuing review and *reduction* in the scope of the *reservation policies* for the *small scale sector*

and the process of *tariff reductions* would enhance India's attractiveness. Some concerns in regard to US policies and processes which need to be addressed:

- *Reduction of Import duties* on certain products, such as *Steel* (where duties can be as high as 30% on some items) and *Textiles* (over 20% on some items).
- *Remove* Anti-dumping and safeguard legislation/anti-dumping duties on items such as steel.
- *Lower/remove* non-tariff barriers and technical barriers — Sanitary & phyto-sanitary standards legislation to be unbiased and equal on both sides. (...)

10. Telecom:

This is a sector which has attracted significant FDI and technology and has resulted in huge benefits to the Indian development process. (...)

- *Duties* on imported telecommunications and related equipment must be reduced to *zero* in order to promote competition in International Private Leased Circuits (IPLC) in India. (...)

13. Real Estate:

(...) *US industry* strongly encourages a change in policy that will allow foreign companies to purchase and own existing (versus only development) real estate assets. The benefits of such a policy change are manifold and include:

- The sale of existing assets would allow India to directly monetize its existing assets for full, fair market value, creating a deep and liquid sale-leaseback market, such as the ones *that exist in the US and Europe*.
- Providing *exit* strategies (capital) to existing *developers* who, in turn, can re-deploy such funds into new commercial, residential and infrastructure projects, and
- Creating a *competitive, liquid real estate market* which would effectively lower the cost of capital for developers who should pass along a portion of such savings to Indian corporations and MNCs. (...) (*Source:*

<http://planningcommission.nic.in/reports/genrep/USIndia.pdf>; accessed 22.04.06)

[The recommendations made in the Report of the US-India CEO Forum are sometimes so outrageous that it even demanded judicial & legislative reforms to expedite their (read: US TNCs') WISHLISTS! A commentator writes about their designs as follows. – Update]

Big business at work

(...) Just before U.S. President George W. Bush and Prime Minister Manmohan Singh addressed a media conference on March 2 where they announced the nuclear deal, they were presented with a wish list by the *crème de la crème* of Indian and American businessmen. The presentation of such lists is not uncommon; after all, on the eve of the budget-making exercise it is common for industrialists to present their demands to the Finance Minister.

But the demands made on this occasion were truly extraordinary; they covered virtually *every possible activity related to the Indian economy*. Every sector — agriculture, industry and services — was covered. A demand was made even for judicial reforms, ostensibly to provide a more secure environment for the protection of intellectual property rights.

Another demand was for the dismantling of legislation that provides a semblance of protection to the industrial workforce. In short, it is a stunning document, a reformer's delight.

The response of the Indian policy-crafting establishment was even more stunning. On March 3, Montek Singh Ahluwalia, Deputy Chairman of the Planning Commission, announced that 24 committees would take the proposals of the businessmen forward. He said that a "framework" would be in place within the next few months, indicating that big business' agenda was now on the fast track.

The enthusiastic acceptance of the agenda is in sharp contrast to the United Progressive Alliance (UPA) government's extreme reticence in implementing or living up to the promises contained in the *National Common Minimum Programme* (NCMP). (...)

The 20-member Forum is co-chaired by William B. Harrison, chairman of JP Morgan Chase, a leading provider of global financial services (assets of \$1.2 trillion) and Ratan Tata, chairman of Tata Sons, the holding company of the Tata empire (revenue of about \$18 billion in 2004-05). Envisaged as a "brains trust" of business leaders from the two countries, the Forum was expected to recommend ways to "raise the levels of economic interaction between India and the U.S." In December 2005, after a meeting of the Forum in New York, Ratan Tata and Harrison said in a joint statement that the business communities in the two countries had "developed a heightened *mutual interest* in forging closer ties" and that the private sector in the U.S. and India "increasingly *agree* on many of the key policy issues". (...)

Businessmen on both sides were aware of the new opportunities that lay in store in the wake of a nuclear deal. On the eve of the Bush visit, Tarun Das, former head of the Confederation of Indian Industry (CII), told the Associated Press: "*Once we have a nuclear deal, everything else will fall in place.*" Referring to the recent order placed by Air India for *68 aircraft from Boeing*, Ahluwalia assured American businessmen that "the Air India deal is only one example. *There will be many others.*" "There is no doubt President Bush has given a big push to this engagement," he said.

The Forum's report is a truly remarkable document. In terms of breadth and scope, even Indian industry has not produced anything quite like this in the last decade and a half since the liberalisation process commenced. What is particularly striking is the asymmetry on the two sides. It is evident that American business would stand to *gain far more* than the Indian side if the proposals are implemented. While most of the openings would allow American businessmen greater play in the Indian economy, the gains to Indian businessmen are likely to be transient and far smaller in comparison.

The document starts by identifying *six priority initiatives*. Three of these go beyond the specifics and impinge seriously on existing government policy. The *first* initiative, relating to promotion of trade and industry, calls for "greater freedom to invest in services

sectors”, “removal or reduction of tariff and non-tariff barriers” and the “elimination of subsidies on agricultural and manufactured goods”. It suggests that the two countries can be *partners* in the Doha Round at the World Trade Organisation (WTO). The suggestion that the two countries “support ambitious outcome and make strong offers in all key areas of negotiations” obviously undercuts the Indian negotiating position at the WTO, which has, at least in nominal terms, depended on an alliance with other developing countries.

Another initiative seeks to create an *infrastructure* development fund, which could act as a “vehicle for U.S. investment into Indian infrastructure.” A corpus of \$5 billion (about Rs 2,250 crores) has been proposed, with minority participation by the Indian government. The “expertise” of international multilateral institutions such as the World Bank will be “leveraged” in the “selection and monitoring of investments”. While infrastructure development would appear to be non-controversial and laudable in itself, the *terms* on which foreign capital is offered concessions for bringing in these investments remain to be seen.

The *third* initiative that could set off ripple effects in policy terms is the demand that the Indian government establish a *dispute resolution mechanism* that would settle contractual disputes quickly. The Forum calls for the Central and State governments to “resolve legacy issues”.

The document highlights *six* areas for cooperation, not only among businessmen from the two sides but also between the two governments. It notes that “Indian infrastructure needs exceed its funding capacity”, which can be met by *American assistance and funding*. While public-private partnerships must be encouraged, this needs to be backed by making bidding processes *more transparent*. The Forum sees new possibilities in building *Special Economic Zones (SEZ)* to cater to overseas as well as domestic markets. “World-class infrastructure” and “flexible, internationally competitive labour laws” would provide incentives for investment.

Unsaid in all this is the obvious implication of *cheap labour*, and the host of concessions that would be available to businessmen investing in such zones. It would appear that even if a wholesale annulment of existing labour legislation is not politically feasible, the idea is to set up a gradually expanding network of such enclaves. This could

then exert enough pressure for the annulment of such legislation. The Forum moots the formation of a *task force* comprising business interests to work with the Central and State governments to “expedite execution of plans to set up such SEZs”.

The fact that the document is posted on the Planning Commission’s website gives some indication of the status it has accorded to the Forum. (...) On several issues the *Forum’s proposals* are *diametrically opposed* to the promises enshrined in the *NCMP*. (...)

[O]n several major issues, the approach of the Forum *contradicts* the *approach* adopted by the *Commission’s own experts*.

Just one example will make this clear. In September 2005, a task force headed by Dr. Pronab Sen, Principal Advisor (Perspective Planning) in the Planning Commission, submitted a report to the government on what the government ought to do in order to make life-saving drugs available to people at reasonable prices. The panel endorsed the widely held view in the medical fraternity that what is an “essential drug” ought to be determined independent of what the market deemed, in terms of prices, for instance. In substantial terms it has been the first official report since the historic Hathi Committee Report (1975) to recognise that high drug prices are fundamentally anti-poor. The Pronab Sen panel recommended that an “essential drugs list” be maintained with the objective of enforcing controls on these drugs. (...)

The US-India CEO Forum’s report has demanded that the Pronab Sen panel’s report be “*reviewed*”. Referring to the recommendation relating to the production of generics, it observed: “Although the industry is confident that this particular recommendation will most likely not be adopted, it is troubling as it could portend *future anti-industry actions* by the government.” (...) (*Source: By V. Sridhar, March. 25-April 07, 2006, Frontline*)

[The author of the above excerpt has pointed out that the *Planning Commission* not only published the Report of the CEO Forum in their website, but also became so proactive that *within 24 hours they formed 24 committees* to implement it! Moreover, it is also noted by the author that the recommendations of the CEOs bear “*sharp contrast...* to the promises contained in the *National Common Minimum Programme (NCMP)*” of

the UPA alliance supported by the 'left' parties. Interestingly, *no one heard any form of 'strong warning' of pulling out support on the UPA government by these 'leftists' at that time, and even now.* In every aspect, "the Forum's report is a truly remarkable document". And though "in terms of breadth and scope, even Indian industry has not produced anything quite like this in the last decade and a half since the liberalisation process commenced", *the leftists kept mum to attract US capital in the 'left'-ruled states* see BOX 1.

Follow the next excerpt in which a commentator describes the ecstasy of winning bucks expressed by the present US Ambassador. – Update]

BOX 1: US business team keen on deep port, chemical hub in state

A 15-member *high profile US business delegation* which is in West Bengal to explore investment opportunities has evinced an interest in several projects in the state. Projects identified include the proposed deep-sea port and the *chemical-cum-petrochemical hub* in Haldia.

This apart, the *US investors* are also keen to set up an airplane maintenance, repair and overhaul (MRO) facility near Kolkata and food-processing units in the state.

Ron Somers, president, *US India Business Council* (USIBC), who's leading the American delegation, met chief minister *Buddhadeb Bhattacharjee* and state commerce and industry minister *Nirupam Sen...* to discuss about the investment scenario *in the state*.

Addressing newsmen after his meeting with the chief minister, Mr Somers said: "We are highly satisfied and want to come back again. West Bengal has the *right* climate of investment."...

Mr Somers said within next six weeks, he would bring a clutch of *petrochem and chemical companies* to the state for exploiting investment opportunities in the proposed petroleum, chemical and petrochemical investment region (PCPIR) at Haldia... "Our experience with Frito Lays has been encouraging. We feel the state has immense potential in the food processing sector," Mr Somers added. (*Source: 09.03.07, Economic Times*)

**BOX 2: Chemical Hub..., Dow Chemicals..., Ratan Tata..., Nandigram...,
& “Govt-Dow deal on cards?”**

The government is making a concerted effort for an out-of-court settlement with *Dow Chemicals* – which took over Union Carbide in 2001 – in a bid to clear the US giant to civil liabilities in the Bhopal gas tragedy, said to be the worst industrial disaster in the world.

The victims of the tragedy may find this hard to believe, but document with *Times of India* show that the Prime Minister’s Office – backed by the finance and industry ministers and the Planning Commission vice-chairman – is trying to find ways to *clear* Dow Chemicals of *any legal liability, so that the company agrees to invest in India.* (...)

Dow bought Union carbide while the case was heard by... Madhya Pradesh High Court... It is named as one of the respondents and the chemical and fertiliser ministry has raised a demand of Rs 100 crore from Dow to clean up the contaminated factory site in Bhopal. (...) Dow first offered (in 2005) to invest in a *giant petrochemicals hub*, covering 250 sq km, and then showed its reluctance to do so, citing the potential risk to its investment should it be held liable in the Bhopal case.

The government machinery has got whirring to allay Dow Chemical’s fears by seeking to reach an out-of-court settlement and thus the pave that way for the huge investment in the petrochemicals hub. (...)

The documents also show that an offer by Ratan Tata, who is head of the Indo-US business council [and chairman of the CEO Forum – *Update*], to take up ‘remediation’ – in plain words, cleaning up – of the site has been picked up by the PMO [Prime Minister’s Office – *Update*] and top ministers *to find a way out* for Dow. (...)

Commerce and industry minister Kamal Nath wrote to the PMO in February 2007, “(...) [W]ith a view to sending an *appropriate signal* to Dow Chemicals, which is exploring investing opportunity in India, I would urge that a group under the chairmanship of the Cabinet Secretary be formed to look into the matter in a holistic manner.” He added: “In a *similar manner* as was done with respect to the *Enron Corporation* with respect to *Dabhol Power Corporation.*”

[Interestingly this Dow Chemicals is invited to invest in the *Chemical Hub* (in *Nandigram* where a carnage was perpetrated by the party goons along with the Bengal govt police forces on 14th March 2007 and which is still going on in November!). Moreover, the industrialist who lobbied to ‘clear’ Dow Chemicals is Singur-famed RATAN TATA, the beloved comrade-in-arms of CPI(M) led govt. Hence, it is not surprising at all that the LF shut up about the wishlist of CEO Forum backed by the US capital. – *Update*]

A Case of a Carrot and A Rod

(...) Few Days after seeing the beaming George Bush in and out of India, the international investment banker turned diplomat, Ambassador David Mulford, came for a home visit. It was like a victorious warrior coming home. He gave a speech on April 24, “The Promise of India”, at the American Enterprise Institute in Washington DC. (...) The many gains achieved in the past one year (precisely, since the initial signing of the deal in July 2005), as mentioned by the Ambassador in his speech, are:

- “The long-festering *Dabhol* project has been *resolved*.” (This is the famous Enron power-project-rip-off case in Maharashtra, later acquired by *General Electrics*, which has been lying in a limbo for a while. The Indian government has not only met every demand of the General Electrics but has also seemingly assured that all foreign direct investments in India will remain safe.)
- Under the same safeguards, “several troubled independent power projects in Tamil Nadu have been *sorted out*.”
- “A comprehensive open skies agreement negotiated in a few months has jump-started the aviation sector. Since then, *Boeing* has sold almost \$15 billion in new aircraft to India. Two US airlines have opened direct routes to India.”
- “*Airport privatization* is underway.”
- “India *amended* its Patent Act to recognize product patents and bring its IPR regime into conformity with TRIPS, and we are working to build new IPR programs and to assure enforcement of standards.” (Recall all those drawn-out struggles around basmati rice, tumeric, neem tree, etc.)

- “A new umbrella agreement has been signed that is supporting India’s emerging natural gas, air transport, infrastructure, and pharmaceutical *markets*.”
- After *resolving* the past differences, “we have also constructed a new economic architecture to transform our strategic partnership into a comprehensive relationship. This new architecture includes a US-India Energy Dialogue, an Information Communications Technology (ICT) Working Group, a Trade Policy Forum (TPF), a Standards Dialogue, and a restructured US-India Economic Dialogue/High Technology Working Group (HTCG).”
- “A *key driver* has been a very innovative CEO Forum which has brought to table 20 top Indian US CEOs representing over a trillion dollars of capital, that has clearly enunciated the policy and reform actions necessary to dramatically increase our bilateral trade and investment flows.”
- “The *Knowledge Initiative on Agriculture* has been launched with a three-year financial commitment to link our universities, technical institutions, and businesses to support agriculture innovation.” (It is interesting to note that Wal-Mart and Monsanto are among those representing the US side on the Board.) [This is discussed later — *Update*]
- “In the areas of Innovation and the Knowledge Economy, we have established a Bi-National Science and Technology Commission to assure fast tract diffusion of commercial technologies.”
- “The new Information and Communications Technology Working Group has established an institutional channel to *resolve* market access and regulatory issues.”
- “Under the High Technology Cooperation Group, India has put in place new export control legislation, to streamline our high technology and defense linkages.”
- “Under the New Framework for the US-India Defense Relationship signed on June 28, 2005 we have built a compelling case for defense co-production and industrial participation projects in India and have established a new defense

procurement and production group. The *US* is now a *contender* for an eight billion dollar combat aircraft tender and other military platforms.”

Very well done, Mr. Ambassador! It is indeed quite an achievement in less than one year. As an Investment Banker you had identified, in the same speech, one principle of investment banking that you said applies importantly to international relations: the principle of “know your client”. “This means”, you said, “master your client’s current situation, know his past and above all understand his future.” Corporate America and the imperialist system must be very grateful to you for delivering to them the “*client*” state of *India*. (...) (Source: By Hari P. Sharma, 15.07.06, <http://www.countercurrents.org/sharma150706.htm>; accessed 18.07.06)

[In the recommendations of the CEO Forum there are some *conditionality* imposed upon *India* veiled under the clauses. One of the demands of the US bosses that *India* must act as an “*US partner*” in *WTO* to push through the *US wishes*! US Director of National Intelligence Mike McConnell said, “We expect *India*’s growing confidence on the world stage as a result of its sustained high rates of economic growth will make New Delhi a *more effective partner* of the United States but also a more formidable INTERLOCUTOR in areas of disagreement, particularly in the *WTO*.” (<http://fpc.state.govdocuments/organization/>) The Indian policy-makers are now preparing itself to fulfill the wishes of the masters (to act as an “*interlocutor*”!). On 25th October, an US representative said:

The US has said that Prime Minister *Manmohan Singh* has “*indicated*” that *India* will *commit itself* to the market access and flexibilities as proposed by the World Trade Organisation to revive the stalled Doha Round of global trade talks.

In her remarks at the US-China Relations Conference in Washington on Tuesday, US Trade Representative Susan Schwab said: “I urge China to pull back from the brink and unambiguously commit to the market access and flexibilities put on the table by the chairs — *just as Indian Prime Minister Singh* has indicated his country will.” (www.southasianmedia.net/cnn.cfm?id=437265&category=foreignrelations&Country=INDIA)

A closer scrutiny of the recommendations of the CEO Forum (now endorsed as a US-India strategic economic policy) reveals that the GoI is exactly moving along the dotted line preparing the Indian economy more open before the US imperialist capital. --
Update]

“US-India Strategic Relationship”: Making of a ‘Client State’?

“The United States has undertaken a transformation in its bilateral relationship with India based on the conviction that U.S. interests require a strong relationship with India. We are the two largest democracies, committed to political freedom protected by representative government. India is moving towards greater economic freedom as well. We have a common interest in the free flow of commerce, including through the vital sea lanes of the Indian Ocean. Finally, we share an interest in fighting terrorism and in creating a strategically stable Asia.”

*(National Security Strategy Paper, USA, September 2002;
www.whitehouse.gov/nsc/nss.pdf)*

“[T]he geopolitical objectives of India, which they are pursuing in a very hardheaded way, [and] which are quite parallel to ours.”

*(By Henry Kissinger, quoted in
<http://www.usindiafriendship.net/viewpoints1/blackwill5.htm>)*

[After the ‘terrorist’ attacks at New York on 11th September 2001, the US-India strategic relationships took a “dramatic” momentum and number of agreements/deals/understandings had been established between the two governments during 2001-03. In January 2004, the NDA government led by AB Vajpayee settled the “*Next Steps in Strategic Partnership*” (NSSP) with the US government “to expand cooperation in *three* specific areas: civilian nuclear activities, civilian space programmes, and high technology trade” (13.01.04; http://www.indianembassy.ru/docs-htm/en/en_hp_win_official_direct_t045.htm). This settlement was concretised in *September 2004 by the UPA government sworn in June 2004. Interestingly, no partners & allies (including the ‘lefts’) did not express any murmur of protest against this “capitulation” of the UPA government to the US imperialism at that moment!* In 28th June of 2005 the NSSP was transformed into “*New Framework for the U.S.-India Defense Relations*” with multiple goals & agenda. *Still no “warning” of “pulling out*

support” on the UPA government had been heard from the ‘left’ parties! In fact, this “New Framework for the U.S.-India Defense Relations” is a “landmark” deal bearing wider significance. Three important points may be summed up from this “New Framework” US-India defence relations. *Firstly*, it makes India a “*natural ally*” of the USA in implementing US strategic interests in Asia (*from “middle east to South China sea”*). *Secondly*, it satisfies the “*regional aspiration*” of the Indian ruling classes to emerge as ‘*big brother*’ in Asian stage. And *thirdly*, it is focussed to inflate the *arms-purchasing* drives of India stimulating the “*industrial-military complex*” of the USA. To comprehend the real agenda/interests behind this deal we are starting our discussion with a short history of US-India Strategic/Defence Relations developing since early 1990s. – *Update]*

1. US-India Strategic Relations (early 1990s to 2000)

Speaking at the US Institute of Peace on 9 March 2000, Karl Inderfurth said that US-India relations would not be hostage to US relations with any other country and that India was viewed as a ‘key player in global affairs in the 21st century, and as a vital contributor to overall Asian regional peace and stability’.

(<http://wopared.parl.net/library/Pubs/RP/2001-02/02rp20.htm>)

[It is noted earlier that US-India strategic/defence relations are growing from the early 1990s (after the end of the “cold war” as Mr. Nicholas Burns told us):

- In 1991, General Claude Kicklighter visited India and it was followed by agreement about developing closer defense ties. Discussion about more wide ranging cooperation on defense, strategic and security issues started with 1995 visit of Defense Secretary William Perry to India. *In 1995, Agreed Minute on Defense Cooperation* became the *foundation* of U.S.-India defense relations. The three major components of this cooperation would be based on closer ties between *civilian defense leadership, working relationship between uniformed leadership and cooperation in the field of defense production and research.* (*U.S India Defense Relations – An Overview, August 2006, <http://www.viewsonnews.net/articles/South%20East%20Asia/Pakistan/US-India-Relations.html>*)

- Defence cooperation was also facilitated by the establishment of separate groups to deal with different issues. The establishment of an army and navy Executive Steering Group in 1992, and the air force in 1993, *led to the first ever military exercises on a regular basis*. By 1997, the two had sponsored *five* joint exercises between the army, air force and navy. In January 1995, the two countries signed the Agreed Minutes on Defence Relations between the United States and India, covering service-to-service and civilian-to-civilian cooperation, as well as cooperation in defence production and research. In this regard three separate groups were established to foster more interaction and facilitate discussion:
 - *Defence Policy Group (DPG)*, for tackling issues of defence cooperation. The group also tackles sensitive issues like CTBT and Kashmir.
 - *Joint Technical Group (JTG)*, for discussing issues related to defence research.
 - *Joint Steering Committee (JSC)*, for discussing personnel and information exchange, as well as joint exercises. (The New US Security Doctrine: Implications For The South Asian Region, www.fpif.org)

In fact, after the end of the “cold war” the ‘global strategic vision’ of the US imperialists had been changed considerably on which the foundations of the US-India defense relations were constructed. *New York Times* reported on 7th March 1992:

In a broad new policy statement that is in its final drafting phase, the Defense Department asserts that America’s political and military mission in the post-cold-war era will be *to ensure that no rival superpower is allowed to emerge in Western Europe, Asia or the territories of the former Soviet Union.* (<http://work.colum.edu/~amiller/wolfowitz1992.htm>)

Interestingly this document better known as ‘Wolfowitz Papers’ was prepared by *Paul D. Wolfowitz*, the *former* President of the World Bank. In this ‘infamous’ document many of the present US global strategies were drawn with precision. Follow the next excerpt. – *Update*]

Excerpts from Pentagon's Plan: 'Prevent the Re-Emergence of a New Rival'

Following are excerpts from the *Pentagon's Feb. 18 draft of the Defense Planning Guidance* for the Fiscal Years 1994-1999:

(...) Our *first objective* is to prevent the re-emergence of a new rival, either on the territory of the former Soviet Union or elsewhere, that poses a threat on the order of that posed formerly by the Soviet Union. This is a dominant consideration underlying the new regional defense strategy and requires that we endeavor to *prevent* any hostile power from *dominating a region* whose resources would, under consolidated control, be sufficient to generate global power. *These regions include Western Europe, East Asia, the territory of the former Soviet Union, and Southwest Asia.*

There are *three* additional aspects to this objective: *First*, the U.S. must show the leadership necessary to establish and *protect a new order* that holds the promise of convincing potential competitors that they *need not aspire* to a greater role or pursue a more aggressive posture to protect their legitimate interests. *Second*, in the non-defense areas, we must account sufficiently for the interests of the advanced industrial nations to *discourage* them from challenging our leadership or seeking to overturn the established political and economic order. *Finally*, we must *maintain* the mechanisms for *detering potential competitors* from even aspiring to a larger regional or global role. An effective reconstitution capability is important here, since it implies that a potential rival could not hope to quickly or easily gain a predominant military position in the world.

The *second* objective is to address sources of regional conflict and instability in such a way as to promote increasing respect for international law, limit international violence, and *encourage* the spread of *democratic forms* of government and *open economic systems*. These objectives are especially important in deterring conflicts or threats in regions of security importance to the United States because of their proximity (such as Latin America), or where we have treaty obligations or security commitments to other nations. While the U.S. cannot become the world's "policeman," *by assuming responsibility for righting every wrong, we will retain the pre-eminent responsibility*

for addressing selectively those wrongs which threaten not only our interests, but those of our allies or friends, or which could seriously unsettle international relations. Various types of U.S. interests may be involved in such instances: access to vital raw materials, primarily Persian Gulf oil; proliferation of weapons of mass destruction and ballistic missiles, threats to U.S. citizens from terrorism or regional or local conflict, and threats to U.S. society from narcotics trafficking. (...)

Asia is home to the world's greatest concentration of traditional Communist states, with fundamental values, governance, and policies decidedly at variance with our own and those of our friends and allies.

To buttress the vital political and economic relationships we have along the Pacific rim, we *must maintain* our status as a military power of the first magnitude in the area. This will enable the U.S. to continue to contribute to regional security and stability by acting as a balancing force and *prevent emergence* of a vacuum or a regional hegemon. (...)

In the *Middle East* and *Southwest Asia*, our overall objective is to remain the *predominant outside power* in the region and *preserve U.S. and Western access to the region's oil*. We also seek to deter further aggression in the region, foster regional stability, protect U.S. nationals and property, and safeguard *our access to international air and seaways*. (...)

We will seek to prevent the further development of a nuclear arms race on the Indian subcontinent. In this regard, we should work to have both countries, India and Pakistan, adhere to the Nuclear Non-Proliferation Treaty and to place their nuclear energy facilities under International Atomic Energy Agency safeguards. We should *discourage Indian hegemonic aspirations* over the other states *in South Asia* and *on the Indian Ocean*. With regard to Pakistan, a constructive U.S.-Pakistani military relationship will be an important element in our strategy to promote stable security conditions in Southwest Asia and Central Asia. We should therefore endeavor to *rebuild* our military relationship given acceptable resolution of our nuclear concerns. (...)

(Source: <http://query.nytimes.com/gst/fullpage.html?res=9E0CE1D7173AF93BA35750COA964958260>; accessed 29.09.07)

[Note the last para of the above excerpt: “discouraging... *Indian hegemonic aspirations over the other states in South Asia and on the Indian Ocean*”. But this US perception of India had changed substantially since the late 1990s (given in above “*Excerpts*”). It is mentioned earlier that the sanctions imposed on India by the USA after the nuclear detonations in 1998 had little effect on the growing relations of the two countries. In fact, US President *Bill Clinton* visited India in *March 2000* and declared a Joint US-India Statement named as “INDIA-US RELATIONS: A VISION FOR THE 21ST CENTURY” on *21st March 2000* along with *AB Vajpayee*, the Indian PM. In this ‘grand’ relation-making endeavour two leaders declared the following:

In the new century, India and the United States will be *partners* in peace, with a common interest in and complementary responsibility for ensuring regional and international security. We will engage in regular consultations on, and work together for, *strategic stability in Asia and beyond*. We will bolster joint efforts to counter terrorism and meet other challenges to regional peace. We will strengthen the international security system, including in the United Nations, and support the United Nations in its *peacekeeping* efforts. We acknowledge that tensions in South Asia can only be resolved by the nations of South Asia. India is committed to enhancing cooperation, peace and stability in the region.

Moreover,

We will *share* our experience in nurturing and strengthening *democratic institutions* the world over and fighting the challenge to democratic order from forces such as terrorism.

And,

Henceforth, the President of the United States and the Prime Minister of India should meet regularly to *institutionalize* our dialogue. We have also agreed on and separately outlined an architecture of additional high-level consultations, and of joint working groups, across the broad spectrum of areas in which we are determined to institutionalize our *enhanced* *cooperation*.

http://www.indianembassy.org/indusrel/clinton_india/joint_india_us_statement_mar_21_2000.htm

Thus well before the incidents of 11th September in 2001, the US-India became “partners” with a “common interest” to “work together for, strategic stability in Asia and beyond”, and will strengthen “democratic institutions world over... from forces such as terrorism”! Thus a new design of US strategic interest involving India had been emerging.
– Update]

2. US-India Strategic Relations (post-September 11, 2001)

India is a rising global power that we believe can be a pillar of stability in a rapidly changing Asia. In other words, in short, India is a natural partner for the United States.

(05.04.06; <http://in.rediff.com/news/2006/apr/05ndead7.htm>)

[In a speech delivered in New Delhi on 2nd September of 2001 (i.e., just before the ‘terrorist’ attack in New York), the newly appointed US Ambassador to India *Robert Blackwill* (famous for his “pro-India” stance!) announced that “President Bush has a global approach to US-India relations, *consistent* with the rise of India as a *world power*” adding that this was “because no nation can promote its values and advance *its interests* without the help of *allies and friends*” (quoted in ‘India-US Relations in a Changing Strategic Environment’, Ravi Tomar, Foreign Affairs, Defence & Trade Group, 25.06.02; <http://wopared.parl.net/library/Pubs/RP/2001-02/02rp20.htm>). Thus the Indian ruling classes’ ambition of “*rise of India as a world power*” had been recognised by none other than the imperialist country like USA. Moreover, the policy-makers took India as one of their “*allies and friends*” to “*advance*” the USA’s “*interests*”. Hence, the ‘bosses of the globe’ designed to make India an *ever-dependent* and/or *client state* and this design received glad welcome from the Indian ruling classes!

This fostering (client-master) relationship had deepened after 11th September in 2001 taking some steps significant in nature. Within *3 days* of the ‘terrorist’ attack in New York, the Vajpayee government extended hands to the US government for “support” (19.11.01, Times of India, 19.11.01). On 21st September 2001, the remaining sanctions imposed on India (& Pakistan) due to their N-tests were withdrawn (some of which were

withdrawn earlier). In November 2001, Vajpayee met G. Bush in Washington and delivered another *Joint Statement* affirming the new US-India relationship:

- *Since September 11*, the people of the United States and India have been united as never before in the fight against terrorism. In so doing, they have together *reaffirmed the enduring ties* between both nations, and the importance of *further* transforming the U.S.-India relationship...
- They *agreed* that terrorism threatens not only the security of the United States and India, but also our efforts to build freedom, democracy and international security and stability around the world...
- They affirmed the *current campaign* against the Al-Qaida network and the Taliban in *Afghanistan* is an important step in a global war against terrorism and its sponsors everywhere in the world...
- The two leaders agreed to consult regularly on the future of *Afghanistan*...
- (They) affirmed their commitment to complete the process of qualitatively transforming U.S.-India relations in pursuit of their many *common goals in Asia and beyond*...
- They noted that India's interest in *purchasing arms from the United States* would be discussed at the Defense Policy Group meetings in December 2001... (<http://www.whitehouse.gov/news/releases/2001/11/20011109-10.html>)

Thus the *foundation* of the present US-India 'Strategic Relationship' had been concretised. Since this meeting between Bush and Vajpayee, the above-mentioned "Defence Policy Group (DPG)" along with other strategic groups formed during the 1990s (mentioned earlier) held regular meetings & dialogues and several number of deals/agreements had been signed between the government officials and/or ministers of the two countries. In fact, the 2nd meeting of the DPG since the Bush-Vajpayee Summit held on 23rd May 2002 "agreed" to perform: "

- *combined naval patrols in the Strait of Malacca,*
- resumption of *defense trade*, beginning with the 'Firefinder' radar sale,

- combined special forces *airborne exercises* in Agra, India,
- U.S.-India Ballistic Missile Defense workshop in Colorado Springs, Colo”; etc. etc.

In fact,

- “Indian naval ships... mounted escort patrols for U.S. ships through the Malacca Straits in support of Operation Enduring Freedom.” (i.e., US war on Afghanistan) (02.06.03; <http://www.usindiafriendship.net/archives/viewpoints/carbaugh-062003-1.htm>)

- “American warships now routinely refuel in Chennai and Mumbai.” (*ibid*)

And,

- “Even though no military plans have been firmed up by the US for retaliatory strikes (on Afghanistan), India has identified three air base in addition to unspecified port facilities on the western seaboard as part of its operational support to the US. The air bases are Avantipur in Jammu & Kashmir (next to Srinagar to be more precise), Adampur in Punjab and Jamnagar to the US. A senior security (defence) official told TNN that the offer was conveyed to the US after it was approved by the Cabinet Committee on Security last Thursday (i.e., around 14th September 2001, three days after 9/11, a record of sorts), after consultation with the three service chiefs who unanimously agreed on the need to support US action.” (*Times of India, 19.11.01; quoted in www.countercurrents.org; 26.04.05*)

Hence, much of the current (debated/protested) elements of the US-India strategic alliances were being actually performed in a regular manner during the last 5 years! –

Update]

3. US Interests behind the Present Relationship with India

[After the 11th September incident in 2001, many of the notable (read: notorious) think-tanks of the USA (Heritage Foundation, Carnegie Endowment, etc) were beginning to release volumes of 'research' materials in shaping the 'New US Global Strategy' to 'fight' against global terrorism & other 'rogue states' and 'found' a suitable & checkered space for India as a *'junior partner'* (read: *'client state'*) in this strategy. Two important documents from the US administrations were published taking prescriptions of these think-tanks (which is a general norm in the USA) — one in September 2002 titled "NATIONAL SECURITY STRATEGY-2002" (NSS) — and another titled "INDO-US MILITARY RELATIONS: EXPECTATIONS & PERCEPTIONS" (a "secret" *Pentagon Paper*) outlining the future design of the US Global Strategy *engaging India*. Some of the strategies outlined in the NSS-2000 are given below. – *Update*]

National Security Strategy of the USA, 2002

(...) We will continue to encourage our *regional partners* to take up a coordinated effort that isolates the terrorists. Once the regional campaign localizes the threat to a particular state, we will help ensure the state has the military, law enforcement, political, and financial tools necessary to finish the task. (...)

We will disrupt and destroy terrorist organizations by: (...)

- defending the United States, the American people, and our interests at home and abroad by identifying and destroying the threat *before it reaches our borders*. While the United States will constantly strive to enlist the support of the international community, we will not hesitate to *act alone*, if necessary, to exercise our *right of selfdefense by acting preemptively* against such terrorists, to prevent them from doing harm against our people and our country; (...).

We will also wage a war of ideas to win the battle against international terrorism. This includes: (...) supporting moderate and modern government, especially in the *Muslim*

world, to ensure that the conditions and ideologies that promote *terrorism* do not find fertile ground in any nation (...). While our focus is protecting America, we know that to defeat terrorism in today's globalized world we *need support* from our *allies* and *friends*. Wherever possible, the United States will rely on regional organizations and state powers to meet their obligations to fight terrorism. Where governments find the fight against terrorism beyond their capacities, we will match their willpower and their resources *with whatever help* we and our allies can provide. (...)

No doctrine can anticipate every circumstance in which U.S. action—direct or indirect—is warranted. We have finite political, economic, and military resources to meet our global priorities. The United States will approach each case with these strategic principles in mind:

- The United States should invest time and resources into building international relationships and institutions that can help manage *local crises* when they emerge. (...)

In *South Asia*, the United States has also emphasized the *need for India and Pakistan to resolve their disputes*. This Administration invested time and resources building strong bilateral relations with India and Pakistan. These strong relations then gave us leverage to play a constructive role when tensions in the region became acute. With Pakistan, our bilateral relations have been bolstered by Pakistan's choice to join the war against terror and move toward building a more open and tolerant society.

(...) The nature of the Cold War threat required the United States—with our allies and friends—to emphasize deterrence of the enemy's use of force, producing a grim strategy of mutual assured destruction. With the collapse of the Soviet Union and the end of the Cold War, our security environment has undergone *profound transformation*. (...)

In the 1990s we witnessed the emergence of a small number of *rogue states* that, while different in important ways, share a number of attributes. These states:

- brutalize their own people and squander their national resources for the personal gain of the rulers;

- display no regard for international law, threaten their neighbors, and callously violate international treaties to which they are party;
- are determined to acquire weapons of mass destruction, along with other advanced military technology, to be used as threats or offensively to achieve the aggressive designs of these regimes;
- sponsor terrorism around the globe; and
- reject basic human values and hate the United States and everything for which it stands. (...)

Given the goals of rogue states and terrorists, the United States can no longer solely rely on a *reactive posture* as we have in the past. The inability to deter a potential attacker, the immediacy of today's threats, and the magnitude of potential harm that could be caused by our adversaries' choice of weapons, do not permit that option. *We cannot let our enemies strike first.* (...)

The United States has long maintained the *option of preemptive actions* to counter a sufficient threat to our national security. The greater the threat, the greater is the risk of inaction—and the more compelling the case for taking anticipatory action to defend ourselves, even if uncertainty remains as to the time and place of the enemy's attack. (...)

We are attentive to the possible renewal of old patterns of great power competition. *Several potential great powers are now in the midst of internal transition—most importantly Russia, India, and China.* (...)

The United States has undertaken a transformation in its bilateral relationship with India based on a conviction that *U.S. interests require a strong relationship with India.* We are the two largest democracies, committed to political freedom protected by representative government. India is moving toward greater economic freedom as well. *We have a common interest in the free flow of commerce, including through the vital sea lanes of the Indian Ocean. Finally, we share an interest in fighting terrorism and in creating a strategically stable Asia.* (...) [T]oday we start with a view of *India as a growing world power* with which we have *common strategic interests.* (...)

The United State's relationship with *China* is an important part of our strategy to promote a stable, peaceful, and prosperous Asia-Pacific region. We welcome the emergence of a strong, peaceful, and prosperous China. The democratic development of China is crucial to that future. Yet, a quarter century after beginning the process of shedding the worst features of the Communist legacy, China's leaders have not yet made the next series of fundamental choices about the character of their state. *In pursuing advanced military capabilities that can threaten its neighbors in the Asia-Pacific region, China is following an outdated path (...)*. There are, however, other areas in which we have profound disagreements. Our commitment to the self-defense of *Taiwan* under the Taiwan Relations Act is one. Human rights is another. We expect China to adhere to its nonproliferation commitments. (...)

The presence of American forces overseas is one of the most profound symbols of the U.S. commitments to allies and friends. Through our willingness to use force in our own defense and in defense of others, the United States demonstrates its resolve *to maintain a balance of power* that favors freedom. To contend with uncertainty and to meet the many security challenges we face, the United States will *require bases and stations* within and beyond Western Europe and Northeast Asia, as well as temporary access arrangements for the long-distance deployment of U.S. forces. (...) (Source: <http://www.whitehouse.gov/nsc/nss.html>; accessed 12.10.07)

[The place of India in the US strategy was outlined more precisely in the second ("secret") report: "Indo-US Military Relations: Expectations & Perceptions". This report had quite unequivocally mentioned *China as a possible "threat"* along with "global terrorism" to both US & Indian "common interests". It also visualises the *role of India as future US military-naval-air base*. Follow the next excerpts. – Update]

Target Next: Indian Military Bases

(...) A classified report commissioned by the United States Department of Defence, a copy of which is available with *rediff.com*, states that the country wants access to Indian bases and military infrastructure with the United States Air Force specifically desiring the *establishment of airbases in India*. (...)

“American military officers are candid in their plans to eventually seek access to Indian bases and military infrastructure. *India’s strategic location in the centre of Asia, astride the frequently traveled Sea Lanes of Communication (SLOC) linking the Middle East and East Asia*, makes India particularly attractive to the US military,” the report says.

(...) It has quoted US lieutenant generals as saying that the *access* to India bases would *enable* the US military ‘to be able *to touch the rest of the world*’ and to ‘respond rapidly to regional crises’. (...)

The report points out that many American military planners are thinking about ‘different sets of allies and friends for addressing a future strategic environment in Asia that may be dramatically different from today’.

“For many, India is the most attractive alternative. For this reason, several Americans underscored that eventual access to Indian military infrastructure represents a *critical ‘strategic hedge’* against dramatic changes in traditional US relationships in Asia,” the report says.

A South Asia Foreign Area Officer of the US state department has been quoted as saying that India’s strategic importance increases if existing US relationships and arrangements in Asia fails.

He cites three key possibilities for that: If US relations with other traditional allies (e.g., Japan, South Korea and Saudi Arabia) becomes more acrimonious or politically uncomfortable for both parties; or if access rights that the United States takes for granted become more restrictive; or if our traditional relationships collapse resulting in a US military withdrawal. (...) “*The United States needs to develop alternatives in Asia. India is the optimal choice* if we can overcome the obstacles in building the relationship.”

An American Colonel says, “The US Navy wants a *relatively neutral territory* on the opposite side of the world *that can provide ports and support for operations in the Middle East*. India not only has a good infrastructure, the Indian Navy has *proved that it can fix and fuel US ships*. Over time, port visits must become a natural event. India is a *viable player* in supporting all naval missions, including escorting and responding to

regional crises. In the same vein, the US Air Force would like the Indians to be able to grant them *access to bases and landing rights during operations*, such as counter-terrorism and heavy airlift support.”

It is significant that during the 1991 Gulf War-I, India provided refuelling facility to US warplanes. And during Operation Enduring Freedom, several US warships *used Indian facilities* for rest and recuperation. As part of Operation Enduring Freedom, Indian naval ships *provided escorts* to merchant vessels from North Arabian Sea till *Strait of Malacca* in the most active cooperation with US navy in history. In fact, it is in naval cooperation that America sees the immediate future of Indo-US military relations. It is not just access to bases and ports that the US military hopes to get in India, but *also training facilities in India*.

A common theme among high-ranking American officers is that the US military would benefit from training with Indians, particularly if the training could occur on Indian territory. *“India has a variety of landscapes, from ice-clad mountains to deserts, and it would help the Americans because military training ranges shrinking and becoming increasingly controversial in the United States,”* the report says. And for the US navy training with Indian navy is the *best way to become ‘proficient in the Indian Ocean region’*, the report adds.

The American decision-makers ‘believe that the military relationship should result in shared technology and capabilities, and ultimately they would like to be able to respond *jointly* to regional crises’. (...)

In real terms it would indicate how *India*, thrust strategically into the Indian Ocean, *could emerge as America’s key ally in Asia* as the continent goes through a historic political churning.

If the Americans were to enjoy access to Indian military bases, what will India expect in return? (...)

“The necessity of the US’ adopting a *more liberal, less restrictive technology transfer regimen toward India* — and for the United States *not to impede* the transfer to India of *critical military equipment* and militarily-relevant *technologies* from *third parties*, Israel

for example — emerged from the interviews with Indians in virtually every context,” the report says. (...) (Source: By Josy Joseph, 21.04.03; <http://www.rediff.com/news/2003/apr/21josy.htm>; accessed on 10.08.06)

US-India defense cooperation continues to overcome obstacles

(...) Concerns Over China Boost Ties: Although the Pentagon is rethinking its strategies to deal with modern threats such as terrorism, U.S. officials are still concerned over the more traditional geopolitical problems in the region, notably a *rising China*.

Indeed, shared concern over China is viewed as an essential ingredient in the growth of deeper ties between Washington and New Delhi. This Pentagon report actually concludes that the U.S. and India should forge a long-term security alliance partly aimed at *containing China*.

“China represents the most significant threat to both countries’ security in the future as an economic and military competitor,” said the Pentagon report. *U.S. and Indian views of China are “strikingly similar,”* it added.

The last decade has seen growing concerns in U.S. policy circles over the threat from China, fueled by China’s rapid military modernization. Similarly, *China’s military improvement* and its more expansive diplomatic outlook have increased concerns over the *danger to India from “encirclement.”*

U.S. foreign policy players — both inside and outside the Bush Administration — see *India as a counterweight to China’s* growing regional power. A more productive relationship with India is a *“hedge” against future Chinese ambitions,* the Pentagon report argued. (...)

“Strategic engagement” with India could become a “future investment” of growing value if Asia becomes a more hostile environment, according to Pentagon thinking. *India “should emerge as a vital component of U.S. strategy,”* the report continued.

“If China emerges as a major power, the USA needs to have *friends* — preferably friends who share the same values,” the Pentagon report said. “As the U.S. military

engages India, as much as we say we do, we cannot separate our thinking on India from our thinking on China.” Added one U.S. officer: *“We want a friend in 2020 that will be capable of assisting the U.S. militarily to deal with a Chinese threat.”*

Indeed, the Pentagon report acknowledged that recent naval cooperation between the U.S. and India has been *partly aimed at containing China*.

India’s Chief of Naval Staff Admiral Madhavendra Singh also recently expressed concern over the Chinese navy’s “close interaction” with other Indian Ocean countries. *India fears that China’s modernization of Burmese naval bases in the Bay of Bengal and its development of Pakistan’s port of Gwadar represent a potential threat to India’s vital sea communications.* (Source: by John E. Carbaugh, Jr., June 2, 2003, <http://www.usindiafriendship.net/archives/viewpoints/carbaugh-062003-1.htm>; accessed 08.09.07)

[Though the above excerpts are self-explanatory, few points must be noted with due importance. *Firstly*: India is a suitable strategic *base* to operate anywhere in Asia (from “middle east to east Asia”); *Secondly*, India has tremendous potential to be a “natural partner” not only to strike against “terrorism” (it is crystal-clear that this “terrorism” is made synonymous to “radical Islam” and aimed to make India as a “natural ally”), but also “hedge” as a recognisable “world power” to “contain” *China* emerging as a potential “threat” to the US domination over “east & Pacific Asia”.... Moreover, India is also concerned about expansion of Chinese influence at her doorsteps (in Burma, Pakistan)... hence, India will act to “counterweight China”, etc.

The US vision of India as a “global power” assisting US strategic interests in Asia was splendidly depicted by former US Ambassador Robert Blackwill in an article written in summer 2005. Note the next excerpts. – *Update*]

Article in “The National Interest”

What are the origins of the transformation of U.S.-Indian relations?

No bilateral relationship in George W. Bush’s first term improved as much as that between the United States and India. (...) Some attribute the expansion in relations to the

impact of 9/11. But this is not the case. *Five days* before the terrorist attacks against the Pentagon and the World Trade Center, I delivered in Mumbai my first major address on the bilateral relationship in my capacity as the American ambassador to India. I told my audience:

“President Bush does not intend only to accelerate cooperation with India on purely bilateral matters, although that will be important. He does not want his administration to engage more actively with the Indian government and people here solely in the context of the challenges of Asia, although that too will be consequential. Rather, he is seeking *to intensify collaboration* with India *on the whole range of issues* that currently confront the international community writ large. In short, President Bush has a *global approach* to U.S.-Indian relations, *consistent with the rise of India as a world power.*”

These radical propositions represented a striking departure in American foreign policy. From the beginning, the president saw India as an answer to some of our major geopolitical problems, rather than, as did his immediate predecessor, as a persistent non-proliferation problem that required an American-imposed solution. Thus, the president and his then-national security advisor, Condoleezza Rice, *perceived India as a strategic opportunity* for the United States and *not a constantly irritating recalcitrant*. Right from the start, beginning with the transition, the White House developed a strategy to invigorate U.S.-Indian ties and *decided to stop hectoring India about its nuclear weapons*. We began to speak about transforming the U.S.-India relationship. (...)

What has now changed?

The visit of Secretary of State Rice to New Delhi in March demonstrated that the U.S.-Indian relationship is now being rapidly accelerated.

(...) *First*, the United States is now prepared to assist India in generating *civil nuclear power*. This is a major breakthrough because the nonproliferation fraternity had been dead-set against this throughout the first term. In my view, the *United States should now integrate India into the evolving global nonproliferation regime as a friendly nuclear weapons state*. We should end constraints on assistance to and cooperation with India’s civil nuclear industry and high-tech trade, changing laws and policy when necessary. We

should *sell civil nuclear reactors* to India, both to reduce its demand for Persian Gulf energy and to ease the environmental impact of India's vibrant economic growth.

We should also enter into a vigorous, long-term program of *space cooperation* with India. Such a joint effort would capture the imagination of ordinary citizens in both countries. It is now anachronistic or worse for Washington to limit its interaction with India's civil space efforts because of concern that U.S. technology and know-how will seep into India's military missile program. *Why should the United States want to check India's missile capability in ways that could lead to China's permanent nuclear dominance over democratic India?*

Second, the United States is now willing to sell F-16 and F-18 fighter aircraft to India, as well as to consider co-production and licensing agreements for those aircraft and other advanced U.S. weapons systems. This is an explicit repudiation by the administration of the long-standing paradigm in which India's military power was evaluated by the United States only within the India-Pakistan context. It is a recognition that the administration understands the profound military implications of *viewing India as a rising and friendly great power*, a point a State Department policy-maker recently stressed in a background briefing. Thus, the entire notion of a South Asian regional military balance has lost its *raison d'être*. (...)

Of course *we should sell advanced weaponry to India*. The million-man Indian army actually fights, unlike the postmodern militaries of many of our European allies. Given the strategic challenges ahead, *the United States should want the Indian armed forces to be equipped with the best weapons systems*, and that often *means buying American*. To make this happen, the United States must become a reliable long-term supplier through co-production and licensed-manufacture arrangements and end its previous inclination to interrupt defense supplies to India in a crisis.

This ties into the *third* breakthrough in the New Delhi talks: Secretary Rice's statement that more space needs to be found for India in international institutions. As she explained:

“There are countries like India that have emerged in recent years as major factors in the international economy, in international politics, taking on more and more global responsibilities... [T]here have been great changes in the world, and international institutions are going to have to start to accommodate them in some way.”

We should announce that in the framework of basic reform of the United Nations, the United States will *support India as a permanent member of the Security Council*. Although this would not happen anytime soon, nothing else would so convince the people of India that Washington had truly transformed its approach to their country. At the same time, we should *promote the early entry of India into the G-8*. India’s economic punch, its increasing geopolitical reach and its vibrant democratic institutions all demand that it be at the head table. (...)

Why is India America’s natural ally?

(...) Think first of the *vital national interests of the United States*: prosecuting the global War on Terror and reducing the staying power and effectiveness of the jihadi killers; preventing the spread of weapons of mass destruction, including to terrorist groups; dealing with the rise of Chinese power; ensuring the reliable supply of energy from the Persian Gulf; and keeping the global economy on track.

Now consider the key countries of the world. Which *share* with us these vital national interests and the willingness to do something about threats to these interests—in an unambiguous way, over the long term—for their own reasons? *India may lead the list*. *Henry Kissinger* argues that a cooperative U.S.-Indian relationship is in the cards because of *“the geopolitical objectives of India, which they are pursuing in a very hardheaded way, [and] which are quite parallel to ours.”* (...)

Like some in Washington, *India is enormously attentive to the rise of Chinese power*. Let me make clear, however, that this will *not lead* to joint U.S.-Indian containment of the PRC. Worrying that this could be self-fulfilling, no Indian politician of any consequence supports such a policy. But it does mean this: Behind the elevated rhetoric that emits from New Delhi regarding relations between India and China, the Indians

understand better than most that Asia is being *fundamentally changed* by the *weight of PRC* economic power and diplomatic skill.

In the short term, the Indian military is not alarmed with China's military buildup because it is primarily focused on the Taiwan Strait. However, the Indians have noticed that China is also constructing *airfields in Tibet*, which is not especially near the Taiwan Strait. China is also assisting in the *construction of a major port in Pakistan and is deeply involved in Myanmar*. So India's military leadership has to be concerned about what might happen if China were to move in a hostile direction. (...)

All the same, as the Indian military thinks strategically, its contingency planning *concentrates on China*. It is partially in this context (as well as energy security) that India plans a blue-water navy with as many as four aircraft carriers. India will also eventually have longer-range combat aircraft and is working on extending the range of its missile forces. (...)

With Respect to *energy security*, both the United States and India are hugely dependent on foreign sources for our energy needs. About a quarter of the crude oil imported by the United States is from the Middle East. India, meanwhile, *imports nearly 75 percent of its crude oil*, much of which also comes from that region. (...)

Not only do *our vital national interests coincide*, but we *share common values* as well. The policies of the United States and India are built on the same solid moral foundation. India is a democracy of more than one billion people—and there are not many of those in that part of the world. Indian democracy has sustained a heterogeneous, multilingual and secular society. (...) This has now become an even more *central element* of American *foreign policy*, given the *march of freedom across the Greater Middle East* and the president's emphasis on the growth of pluralism, democracy and democratic institutions in that region. At 130 million people, India's Muslim population is the second-largest of any nation in the world, behind only Indonesia. Yet, it is remarkable for the near absence of Islamic extremism in Indian society. For instance, there is no record of a single Indian joining Al-Qaeda, no Indian citizens were captured in Afghanistan and there are no Indian Muslims at the Guantanamo Bay military detention center. This all says

something important about democratic processes and how *they are a safety valve for extremist currents within societies.*

So on these major issues connected to vital national interests and the values of liberty, India and the United States will find themselves together over the long term. They are *natural allies* not because of any current or future organizational connection; there will be no formal alliance between the two countries. *But I cannot think of another nation with which the United States shares in such a comprehensive way, and with the same intensity, these vital national interests and democratic values, and which must face threats to them in the decades ahead.*

Let me hasten to add that *this does not mean* that Washington and New Delhi will always agree on specific policies or tactics. That will not happen. The Indian bureaucracy can be as maddeningly slow and recalcitrant as that in the United States. India's colonial history makes it particularly sensitive to what it perceives as overbearing policies from abroad. Some remnants of the Cold War-era "nonalignment" movement still exist within the Indian government. India has its own strategic perspective based importantly on its geographic location. And Indian domestic politics will sometimes constrain the actions of governments in New Delhi. But in spite of this, the United States and India will always eventually be pulled back together again by these common fundamentals.

How do you see India's role in the Greater Middle East?

If we think of *vital U.S. national interests in geographic terms*, they are especially concentrated in the region *stretching from the Persian Gulf to Pakistan*. This region is the nexus for energy, weapons of mass destruction and Islamic extremism. At the time of the Soviet invasion of Afghanistan, it was called the "arc of crisis." But today it is also an arc of opportunity, and one in which *India* will play an increasingly *influential* part.

We sometimes use the term "*Greater Middle East*" to describe this area, *but where to draw the line on the eastern side?* Given Pakistan's relationship with Afghanistan, *I suggest that it ends in the Punjab—or to stretch a bit, perhaps even at the Bay of Bengal.* Many Americans—including senior analysts—have the impression that India is far from the Persian Gulf. When asked for the flight time from Dubai to New Delhi, most say six or

seven hours. In fact, it is a little over three hours, much closer than western Europe. *The strategic perspective certainly changes if you put India in the middle of your mental map: On one side it borders China, on another the Greater Middle East and on another Southeast Asia.*

(...) *[F]ew understand India's stakes in and connections to the Greater Middle East. As noted above, this region touches many of India's vital interests—energy supply, Islamic terrorism and weapons of mass destruction. Jaswant Singh, the “George Shultz of India” (he has served as foreign minister, defense minister and finance minister), once said to me, “Well, Bob, I think it’s interesting that you Americans are now preoccupied with Iraq. We Indians have been involved with that part of the world for some time. Indeed, when we first went there, it was called Mesopotamia.”* In addition to these ancient links between India and that region, some three million Indians live and work in the Persian Gulf. Add to that a growing Indian *energy dependence* on the *Gulf* in the decades ahead. And then there are *India's civilizational ties to Iran and Afghanistan*. India has the world's second-largest Shi'a population after Iran. Too often we do not know our history. For instance, at a recent event at Harvard, a well-known policy pundit opined, “It is absolutely inconceivable to me that Indian troops would ever find themselves in and around the Persian Gulf.” *The British units active there during the First World War were largely from India, with minor supplements of British troops.*

India has not sent troops to Iraq, in part because it was politically just too difficult. But Indian businesses have a centuries-old involvement with Iraq, and there are long-standing Indian commercial connections throughout the Gulf. In the short term, India can help to train Iraqi police and to build a civil society within Iraq. *Over time, India will do more.* Even when the Indians have disagreed with the United States over policy—most did not support the U.S.-led coalition's military intervention in Iraq and do not agree with it to this day—they most certainly do not want us to fail. *Indians understand the consequences for them of an American defeat in Iraq.* They realize it would give an intense and long-lasting boost to Islamic terrorism everywhere, particularly against India. And it would introduce another acutely destabilizing element in an already wobbly *Middle East region where India's vital national interests are profoundly engaged.*

Iran is a tougher issue for the Indian government and, as Indian Foreign Minister Natwar Singh has made clear, India has a different perception of Iran than does the United States. (...) When the United States tells India that it opposes a pipeline between Iran and India, the Indians politely respond that we are free to have our own opinion, but given their energy needs, this project makes strategic sense to them. We are not going to come to a meeting of minds with India on this subject.

Regarding Iran's nuclear program, many Indians ask why they should believe grim U.S. assessments, given Washington's momentous mistake concerning Iraq's WMD capability. Put simply, the Indians are not convinced that Iran is seeking a nuclear weapon, and Washington is nowhere close to persuading them.

Nevertheless, India does not want a nuclear-armed Iran, so it should be possible for the administration to enlist India quietly to try to convince the Iranians to give up the nuclear fuel cycle. But New Delhi understands that it has a certain liability in that regard. As one Indian policymaker recently said to me, "We are not the best country in the world to convince Iran not to have a full fuel cycle and nuclear weapons. After all, we acquired both in the face of deep and strident American opposition." In any case, it would be a serious U.S. mistake to attempt to force New Delhi to choose between its burgeoning strategic relationship with the United States and its cordial ties with Iran. India will not do so. (...) (Source: <http://www.usindiafriendship.net/viewpoints1/blackwill5.htm>; accessed on 29.09.07)

[We need not comment on this beautifully narrated *US Strategy revolving around India!* It is precisely self-explanatory also. Now come to the main theme of the "*New Framework for the U.S.-India Defense Relations*" which outlined the basic structure of the relations and serving, of course, the multifaceted US interests. – *Update*]

New Framework for the US-India Defense Relationship

1. (...) As the world's two largest democracies, the United States and India agree on the vital importance of political and economic freedom, democratic institutions, the rule of law, security, and opportunity around the world. The leaders of our two countries are building a U.S.-India strategic partnership in pursuit of these principles and interests.

2. (...) Today, we agree on a new Framework that builds on past successes, seizes new opportunities, and *charts a course for the U.S.-India defense relationship for the next ten years*. This defense relationship will support, and will be an element of, the *broader U.S.-India strategic partnership*.

3. [Our] interests include:

- maintaining *security and stability*;
- defeating terrorism and violent *religious* extremism;
- preventing the spread of weapons of mass destruction and associated materials, data, and technologies; and
- *protecting the free flow of commerce via land, air and sea lanes*.

4. In pursuit of this shared vision of an expanded and deeper U.S.-India strategic relationship, our defense establishments shall:

A. *Conduct joint and combined exercises and exchanges*;

B. Collaborate in *multinational operations* when it is in their common interest;

C. *Strengthen the capabilities of our militaries* to promote security and defeat terrorism;

D. *Expand* interaction with other nations in ways that promote regional and global peace and stability;

E. *Enhance* capabilities to combat the proliferation of weapons of mass destruction;

F. in the context of our strategic relationship, expand *two-way defense trade* between our countries. The United States and India will work to conclude defense transactions, not solely as ends in and of themselves, but as a means to strengthen our countries' security, reinforce our strategic partnership, achieve greater interaction between our armed forces, and build greater understanding between our defense establishments;

G. In the context of defense trade and a framework of technology security safeguards, increase opportunities for *technology transfer, collaboration, co-production*, and research and development;

H. Expand collaboration relating to *missile defense*;

I. Strengthen the abilities of our militaries to respond quickly to disaster situations, including in combined operations;

J. assist in building *worldwide capacity* to conduct successful *peacekeeping operations*, with a focus on enabling other countries to field trained, capable forces for these operations;

K. Conduct exchanges on defense strategy and defense transformation;

L. Increase exchanges of intelligence; and

M. Continue strategic-level discussions by senior leadership from the U.S. Department of Defense and India's Ministry of Defence, in which the two sides exchange perspectives *on international security issues of common interest*, with the aim of increasing mutual understanding, promoting shared objectives, and developing common approaches. (...)

6. In recognition of the growing breadth and depth of the U.S.-India strategic defense relationship, we hereby establish the Defense Procurement and Production Group (...).

- The Defense Procurement and Production Group will *oversee defense trade*, as well as prospects for co-production and technology collaboration, broadening the scope of its predecessor subgroup the Security Cooperation Group. (...) (*Source: 28.06.05; <http://chennai.usconsulate.gov/prind050629.html>; accessed on 07.09.07*)

[Apart from these significant deals, some 'historic' strategic *agreements* had been concluded in the "*US-India Joint Statement*" between President George W. Bush and Prime Minister Manmohan Singh on *2nd March 2006* in New Delhi. These agreements demand some *far-reaching commitments* from Indian govt consolidating US strategic interests in Asia & elsewhere. Some of these are:

Reaffirmed... [our] commitment to the protection of the *free flow of commerce* and to the safety of navigation, and agreed to the conclusion of a *Maritime [Security] Cooperation Framework* (MSCF) to enhance security in the maritime domain, to...

address emergent threats and enhance cooperative capabilities, including through logistics support. Both sides are working to finalize a *Logistics Support Agreement (LSA)* at the earliest.

Welcomed India's intention to join the *Container Security Initiative (CSI)* aimed at making global maritime trade and infrastructure more secure and *reducing the risk of shipping containers being used to conceal weapons of mass destruction...* (<http://www.whitehouse.gov/news/releases/2006/03/20060302-5.html>)

Later, another deal titled "Communication Interoperability and Security Memorandum of Agreement" (CISMOA) was struck. Each of the above deals have some wider implications for Indian Defence aimed to serve the defence operations of the USA. For details see BOX 3.

Earlier, Mr. Blackwill envisaged the *border of "Greater Middle East" extended to the "Bay of Bengal"*. Thus the US strategists offered unprecedented importance to India as a "partner" to operate in the Middle East to serve US interests. It is now loudly pronounced by the US administration that *Iran* will be attacked any day. They want India in this war *as a military "base" & an active "partner"*. Moreover, time and again, mandarins of the US administration pointed out that though Pakistan is a "key ally" in "war on terror", the rulers of Pakistan could not 'perform their task properly'. Moreover, the recent 'instability' (& coup d'etat) in Pakistan made the situation extremely fluid making the *'role of India' more significant in the "war on terror"*.

And there is "emerging" China which "potentially threatens" the US (& it's allies', such as Japan's, Australia's) *supremacy in East Asia & Pacific region*. Moreover, it is forecast by the US think-tanks that China may emerge not only as Asian but also as *"global competitor"* of the USA within 2020-25. And they find India as a *"counterweight"* to China. India is also "alarmed" by the economic & military growth of China, said the US think-tanks. In fact, India also has *"regional ambitions" as against China*. Hence by courting India, the US may kill two birds at one stroke. An observer writes:

"In military terms, it has two goals. First, to make sure the Indian armed forces never become an obstacle to American hegemonic interests either by themselves or by bandwagoning with other Asian powers. And second, to outsource low-end tasks of

hegemony, such as patrolling, humanitarian relief, peacekeeping, and stabilisation.”
(05.07.07, by Siddharth Varadarajan, *The Hindu*)

These low-end operations are, for instance, to patrol two “most important commercial straits”, i.e., HORMUZ STRAITS (in the doorsteps of Iran) & MALACCA STRAITS (between Malaysia & Indonesia); to deter China; to use “Indian capability” to hedge against the growing dangers of “militant Islamism” developing even in some South-East Asian countries, etc. (see Map: *‘Indian Ocean’*) In fact,

“More than *half* the world’s commerce passes through the STRAITS OF MALACCA, including *two-thirds* of the world’s LNG trade... The flow of oil (through it)... is *three times greater* than what passes through the Suez Canal and *15 times greater* than the flow of oil through the Panama Canal.” (www.indiadenfence.com/IN-US%20CO-OP.htm)

Moreover, an US think-tank analysed that:

U.S. officials are aware that China’s future economic and military might is inevitable. This is part of the reason why there are roughly 41,000 U.S. troops in Japan, 37,000 in South Korea, and 19,000 on naval vessels in East Asia. Yet as China’s power grows, the U.S. will likely have to increase its military might in order to continue to rival China. But since U.S. troops are usually stretched thin, augmenting current U.S. forces in Asia to keep a growing China in check may not be feasible. Therefore, by building up the strength of U.S. allies in Asia, the United States can attempt to contain China’s potential power projection without actually having to commit and risk U.S. forces. (08.09.03; http://www.pinr.com/report.php?ac=view_report&report_id=87&language_id=1)

Another analyst writes the following. – *Update*]

BOX 3: Indian ‘commitment’ to US defence operability

Logistics Support Agreement or LSA: Indian and American militaries will provide each other with logistic support, refuelling and berthing facilities, supplies and other services for each other’s warships, aircraft and the like. (26.10.07; <http://timesofindia.indiatimes.com/>). LSA is modelled on the ‘Access and Cross-Serving Agreement’ (ACSA) and USA has now signed different versions of it with around 90 countries, with the main objective of enhancing “interoperability” with their armed forces... (16.07.07, Times of India)

Container Security Initiative (CSI): stipulated that *all shipping cargo bound for America be checked by US customs officials at the originating ports*. The participating country, in turn, gets reciprocal rights to do the same. Visakhapatnam slated to be the first to allow US customs to set up a post there. (25.08.07, Times of India)

Communication Interoperability and Security Memorandum of Agreement (CISMOA): The Pentagon wants Delhi to sign a pact guaranteeing secrecy and consensual use of US-made aircraft and communications systems before they are sold for use by India’s armed forces. *The pact is designed to certify that the equipment are “inter-operable”—that is they can be used by the two forces in joint operations*. The pact will govern all current and future transfers of intelligent systems to India. (24.10.07, http://www.telegraphindia.com/1071024/asp/nation/story_8465783.asp)

No Longer the ‘Lone’ Superpower: Coming to Terms with China

(...) The major question for the twenty-first century is whether (...) the United States and Japan, today’s versions of rich, established powers, adjust to the *reemergence of China* (...), this time as a modern superpower? Or is China’s ascendancy to be marked by yet another world war (...)?

Early in 2005, Porter Goss, the new director of the CIA, Defense Secretary Rumsfeld, and Admiral Lowell Jacoby, head of the Defense Intelligence Agency, all told Congress that China’s military modernization was going ahead much faster than previously believed. They warned that the *2005 Quadrennial Defense Review*, the every four-year

formal assessment of U.S. military policy, would take a much harsher view of the threat posed by China than the 2001 overview.

In this context, the Bush administration (...) played its most dangerous card. On February 19, 2005 in Washington, it *signed a new military agreement with Japan*. For the first time, Japan joined the administration in identifying *security in the Taiwan Strait as a “common strategic objective.”* (...)

Tony Karon of *Time* magazine has observed, “All over the world, new bonds of trade and strategic cooperation are being forged around the U.S. *China has not only begun to displace the U.S. as the dominant player in the Asia Pacific Economic Cooperation organization (APEC), it is fast emerging as the major trading partner to some of Latin America’s largest economies.* (...) *Just note China’s expanding relations with Iran, the European Union, Latin America, and the Association of Southeast Asian Nations [ASEAN].* (...)

Washington has buttressed its hard-line stance with the release of many new intelligence estimates depicting *China as a formidable military threat*. Whether this intelligence is politicized or not, it argues that China’s military modernization is aimed precisely at countering the Navy’s carrier strike groups, which would assumedly be used in the *Taiwan Strait* in case of war. China is certainly building a large fleet of nuclear submarines and is an active participant in the EU’s Galileo Project to produce a satellite navigation system not controlled by the American military. The Defense Department worries that Beijing might adapt the Galileo technology to anti-satellite purposes. (...)

Arthur Lauder, a professor of international relations at the University of Pennsylvania (...) says that the Chinese military “is the *only one* being developed *anywhere in the world* today that is specifically configured *to fight the United States of America.*” (...)

The United States has long proclaimed that Latin America is part of its “sphere of influence,” and because of that most foreign countries have tread carefully in doing business there. However, in the *search for fuel and minerals* for its booming economy, *China is openly courting many Latin American countries regardless of what*

Washington thinks. (...) China signed important investment and trade agreements with Argentina, Venezuela, Bolivia, Chile, and Cuba. (...)

China is also working to integrate *East Asia's smaller countries into some form of new economic and political community*. Such an alignment, if it comes into being, *will certainly erode American and Japanese influence in the area*. In November 2004, the *ten nations* that make up *ASEAN* or the Association of Southeast Asian Nations (Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Vietnam), met in the Laotian capital of Vietnam, joined by the leaders of China, Japan, and South Korea. The United States was not invited and the Japanese officials seemed uncomfortable being there. The purpose was to plan for an *East Asian summit meeting* to be held in November 2005 to begin creating an *"East Asia Community"*. In December 2004, the ASEAN countries and China also agreed to create a *free-trade zone* among themselves by 2010.

According to Edward Cody of the *Washington Post*, *"Trade between China and the 10 ASEAN countries has increased about 20% a year since 1990, and the pace has picked up in the last several years."* (...) As the senior Japanese political commentator Yoichi Funabashi observes, *"The ratio of intra-regional trade [in East Asia] to worldwide trade was nearly 52% in 2002. Though this figure is lower than the 62% in the EU, it tops the 46% of NAFTA [the North American Free Trade Agreement]. East Asia is thus becoming less dependent on the U.S. in terms of trade."*

China is the primary moving force behind these efforts. According to Funabashi, China's leadership plans to use the country's explosive economic growth and its ever more powerful links to regional trading partners to marginalize the United States and isolate Japan in East Asia. He argues that *the United States underestimated how deeply distrusted it had become in the region* thanks to its narrow-minded and ideological response to the East Asian financial crisis of 1997, which it largely caused. On November 30, 2004, Michael Reiss, the director of policy planning in the State Department, said in Tokyo, *"The U.S., as a power in the Western Pacific, has an interest in East Asia. We would be unhappy about any plans to exclude the U.S. from the framework of dialogue and cooperation in this region."* But it is probably already too late for the Bush

administration to do much more than delay the arrival of a China-dominated East Asian community, particularly because of declining American economic and financial strength. (...) (Source: by Chalmers Johnson, 15.03.05, TomDispatch; retrieved from www.zmag.org/content/showarticle.cfm?SectionID=103&ItemID=7446; accessed 10.10.05)

[This “CHINA THREAT” is expressed in the following such that:

Recently, a visiting U.S. official explained the rationale of India-U.S. collaboration in a closed-door briefing in India: “*The worst outcome*” for Washington is “*an Asia from which we are excluded.*” The key challenge for the United States, he said, is to prevent any other power “from dominating a given region ... If I were China ... I’d be working on kicking the United States out of Asia ... Right now, we have a lot of alliances but ... no architecture embedding us in Asia ...” (16.07.05; <http://www.antiwar.com/bidwai/?articleid=6685>)

What an imperial desire it is! A recent US official report outlines their overall strategy on “CHINA THREAT” *involving INDIA & their traditional partners in East Asia & Pacific region* in the following excerpt. See also the MAP: ‘Great Game’. – Update]

U.S. Strategic and Defense Relationships in the Asia-Pacific Region

(...) An assessment of America’s regional alliance and security relationships reveals that there are some areas for concern and that efforts to restructure these relationships, while generally moving in the right direction, need to continue to adjust to the *shifting geopolitical realities of Asia*. Some regional observers have remarked that the *United States is increasingly insecure, not only as a result of the post 9/11 environment but also because of a “China threat”* and a concern that America’s presence and role in Asia is *declining*. This perceived American vulnerability and uncertainty about America’s future role in Asia is leading some Asian analysts to predict that the United States will enter into a “new phase of inner absorption, if not increasing isolationism.” *Such perceptions undermine America’s leadership position in Asia and may encourage regional states to look less to the United States as a guarantor of regional security.* (...)

China's rapid economic growth and its emergence as a great power is a *defining event* in the current geopolitical landscape of Asia. The United States hopes that engagement and economic development will lead China to become increasingly democratic and a stakeholder in global economic and political affairs. While the United States is *hedging against the possibility that China's rise will be less benign*, it welcomes a peaceful and prosperous China. In this context, the U.S. has *sought to strengthen existing alliances and develop new strategic and defense relationships* in the region while better positioning its regional military capabilities by *restructuring and redeploying its forces in the region*.

Ongoing tensions over Taiwan, stemming from Beijing's opposition to Taiwanese independence, China's military modernization, its growing power projection capabilities, its expanding diplomatic relationships, its massive economic presence, and its drive for energy and other resources are of increasing concern among many in strategic circles in the United States. The Pentagon's Quadrennial Defense Review of 2006 and its 2006 annual report to Congress on China's military power noted that "China has the *greatest potential to compete militarily* with the United States." (...)

The 2006 Quadrennial Defense Review (QDR) (...) expresses concern with China's strategic arsenal and growing power projection capabilities. It asserts that the *United States will "seek to ensure that no foreign power can dictate the terms of regional or global security."* It also calls for "prudent hedges against the possibility that cooperative approaches by themselves may fail to preclude future conflict. A successful hedging strategy *requires improving the capability of partner states and reducing their vulnerabilities.*" (...)

The United States has undertaken a number of initiatives at the strategic level to address rising regional security concerns. These include the *Trilateral Security Initiative between the United States, Australia and Japan*, the opening of a *strategic relationship with India*, efforts to develop enhanced cooperation with ASEAN and some structural changes in the U.S. government to be better configured to bureaucratically deal with the region.

The United States, Japan, and Australia (...) agreed to work to “*maintain stability and security globally and with a particular focus on the Asia Pacific region.*” (...) [They] discussed the “emergence and consolidation of democracies and strengthening cooperative frameworks in the Asia-Pacific region” as well as “*welcomed China’s constructive engagement in the region.*” (...)

There are, in the view of some analysts, signs that regional states, including alliance partners and close friends, are now hedging against a future in which the *United States is potentially no longer the preeminent power in Asia. Regional states see China differently than the United States.* Expanding trade and geographic proximity are likely contributors to differences in perspective. The attention surrounding the creation of the *East Asia Summit* in early 2006, which now includes China, Japan, Korea, the 10 Association of Southeast Asian Nations (ASEAN) states as well as India, Australia, and New Zealand, can be attributed to regional states’ desires not to be excluded from a potentially influential regional organization even if it has China and not the United States as the grouping’s most influential member.

Evolving geopolitical dynamics and shifting perceptions by regional states of the U.S. role in the region relative to that of China presents a major challenge to alliance relationships. In the view of some, such a challenge may *necessitate a major redefinition of America’s alliance relationships* that takes into account not only changing American strategic priorities, such as the focus on the war on terror since 2001, but which also focuses on changing allied perspectives and priorities. China’s rising economic weight, *its shift from support of communist insurgencies across Asia to a much more diplomatic approach towards regional states*, and a reluctance to criticize the internal affairs of regional states has significantly improved Asian states’ perspectives of China. (...) (Source: By Bruce Vaughn, 22.01.07, www.fas.org/sgp/crs/row/RL33821.pdf; accessed 09.10.07)

BOX 4: Sanghai Cooperation Organisation (SCO)

Sanghai Cooperation Council (SCO) had been formed during the late 1990s comprising five countries: *China, Russia*, and three central Asian states, such as *Kazakhstan, Kyrgyzstan, Tajikistan*; in 2001 *Uzbekistan* also joined. It originally started with functional issues including the demilitarization of the Sino-Russian borders, tackling drug trafficking, and boosting intra-regional trade... Soon the scope of SCO had been widened covering broader economic issues, particularly the energy & oil. Growing solidarity among the members of SCO has sparked much interest from the rest of the countries in close proximity to Central Asia. In 2006 Summit of SCO, Iran along with India, Pakistan, & Mongolia attended as observers! Afghanistan was invited as a “guest”! SCO is in fact, a strategic bloc developed by the initiative of Russia & China “to counter the US influence in resource rich and strategically sensitive Central Asia” And, “India, as a “contending rising power in Asia”, ... is seeking a “proactive role” in the SCO since “Central Asia is part of its “extended strategic neighborhood.” (The China and Eurasia Forum Quarterly, Vol. 4. No.3) All of the above-mentioned non-SCO Asian countries applied for full membership. Interestingly, Nepal’s “interest in getting the membership of SCO for oil & energy needs is bolstered by China supporting it” (12.02.07, <http://globalresearch.ca/index.php?context=va&aid=4782>). In August 2007, SCO conducted “unprecedented” military exercises watched cautiously by the western powers including the USA. (*www.atimes.com*)

[In this context of ‘growing influence’ of China in Asia and across different parts of the world (where the USA have traditional “influence”), its emerging “economic weight”, drives for energy security, modernization of armaments, etc etc ‘compelled’ US imperialists to “redefine” its Asian strategy & partnerships. In this new doctrine of US strategy, *India* is a potential “partner” — along with *Japan & Australia* — to “counterbalance” *China*.

We exclude here the discussion on deep concern of USA & its allies regarding the “threats” posed by the formation of *Sanghai Cooperation Organisation (SCO)* including *China, Russia & some energy-rich Central Asian States* (See *BOX 4* for some facts on SCO).

The USA is actually weighing the possibility of formation of a ASIAN NATO to maintain its 'hegemony' over East & South-East Asia in the rapidly "*shifting geopolitical realities of Asia*". BBC reports:

Although Australia, New Zealand, Singapore, South Korea and Japan are not formally members of the North Atlantic Treaty Organization (NATO), they are linked through military partnerships, affiliated government agreements, a network of partnerships, and bilateral military agreements with the United States and Britain. *The creation of a parallel NATO-like organization in the Far East and the Pacific Rim* is part of the international brinkmanship of creating a unified global military alliance. (<http://news.bbc.co.uk/2/hi/asia-pacific/6437169.stm>)

Even India was *engaged* in forming an *Asian NATO*:

Indeed, *during 2003*, if not since then, *American and Indian officials discussed a possible "Asian NATO"* (...) although the content of these discussions and of India's significance for them has not been made public. (*Quoted in www.strategicstudiesinstitute.army.mil/pdf/files/pub626.pdf*)

Apart from these existing and newly emerging strategic alliances, USA & allies are in hectic preparation of forging *partnerships with India* "in context of China's militarization". A new partnership titled "Quadrilateral Initiative" have been struck between these forces involving India. Follow the next excerpt. – *Update*]

The U.S.-India-Japan-Australia Quadrilateral Initiative: New Great Game

A new enterprise focussed on security dangers in the *Asia-Pacific* – the *Quadrilateral Initiative* [Quad] – has kicked off with an unpublicized first meeting. *US, Indian, Australian and Japanese* officials, at the rank of assistant secretary of state, quietly met last weekend on the sidelines of the ASEAN Regional Forum (ARF) gathering in Manila. (...)

Given the qualitative reordering of power underway, with Asia boasting the world's fastest-growing economies and fastest-rising military expenditures, *strategic stability*

has become a *key challenge*. (...) A new world power brings with it new challenges, especially if it is opaque or harbours imperial ambitions. *China's emergence as a global player is transforming geopolitics like no other development* since the time Japan rose to world-power status during the Meiji Restoration. (...) Today, major powers don't wish to make (...) mistake over China's rapid rise. All important players, including China, are manoeuvring for geopolitical advantage through new equations and initiatives. Just as China, (...) other powers are working to build new equations and partnerships. (...)

The "quad" seeks to involve India in activities to which it is already committed bilaterally with the US — from promotion of democracy and collaboration on homeland security to joint disaster-response operations and building greater military interoperability. Significantly, the initial "quad" meeting was *preceded* by the *first-ever US-India-Japan joint naval exercises*. (...) (Source: By Brahma Chellaney, 02.06.07, *Asian Age*)

[The recent Malabar-07 joint naval exercises held in early September of 2007 between five countries (India, USA, Japan, Australia & Singapore), are nothing but a signal to China, said some experts like *Jane's Defence Weekly* famed for defence databases:

The stated aim of this week's massive war games off India's east coast is to improve the ability of the five participating militaries *to fight terrorism and piracy*. But in the five days of naval exercises that began on Tuesday, experts see a *broader strategic shift* that is being driven in large part *by the fear of a rising China...*

"The Chinese are expanding in a huge way into the Indian Ocean," says Rahul Bedi of the London-based *Jane's Defense Weekly*. He pointed to a series of moves by Beijing into the Indian Ocean — an area that New Delhi has long considered its turf — that *raised alarm bells in Asia and the US*. *Myanmar's military junta* has allowed China to build an *intelligence gathering post on the Coco Islands, deep in the Bay of Bengal*. And China is assisting *Pakistan and Bangladesh* in building *deep sea ports that its navy could use*. "The whole game, as I see it," Bedi says, referring to naval exercises, *"is about China containment."*...

The exercises stretch from India's eastern coast, *past the Coco Islands to the Strait of Malacca, one of the world's busiest waterways* through which *25 percent of all sea-*

borne oil shipments pass, US government figures showed... (07.09.07, www.taipeitimes.com/News/world/archives/2007/09/07/2003377597)

Much furore was created by the 'lefts' on the Malabar-07 five-nation naval exercise. Perhaps they have 'forgotten' that these types of joint exercises with USA & several other countries were *going on for a decade* under various ministry including a coalition government led by Dev Gouda (duly supported by the 'lefts'). Mr A.K. Anthony, the defence minister said proudly:

Indian and US armed forces have held as many as *50 joint exercises* in the *last six-seven years* to build "*interoperability*". (26.10.07, <http://timesofindia.indiatimes.com/>)

Interestingly, this joint naval exercise are executed just during and/or after the conclusions of the '*strategic ties*' between *India-Japan, India-Australia, & India-Singapore* in the model of US-India strategic partnership. *Economic Times* reports: --
Update]

India, Japan unveil 'roadmap' to enhance ties

In an effort to impart substance to their strategic partnership, India and Japan on Wednesday unveiled a "*roadmap*" involving *strengthening of ties in defence, security and economic fields*. (...)

The joint statement on 'Roadmap for New Dimensions to the Strategic and Global Partnership' talks about enhancing all round cooperation, particularly in *civil nuclear, political, security, defence, economic, high technology trade, higher education, IT, Science and Technology and disarmament fields*.

"The two leaders [i.e. Manmohan Singh & Shinzo Abe, the Japanese PM – Update] recognised that India and Japan share *common interests* in such fields as maintaining the *safety and security of sea lanes* in the *Asia Pacific* and the *Indian Ocean regions* and fighting against transnational crimes, terrorism, piracy and proliferation of weapons of mass destruction," it said. (Source: 22.08.07, <http://economictimes.indiatimes.com/>; accessed on 23.08.07)

[Australian Defence Minister Brenden Nelson visited India:

India and Australia hope to build up on the bilateral MoU on defence cooperation signed during Australian prime minister John Howard's visit to New Delhi in March 2006. Officials say *greater interaction* between the Indian and Australian *navies*, along with regular meetings of the newly-constituted *bilateral Maritime Security Operations Working Group*, upgraded *military exercises* and high-level exchanges are on the cards. Significantly, the two countries are now also finalising an arrangement to share counter-terrorism, *maritime security* and other "classified" information... (07.09.07, Times of India)

Thus new strategic partnerships have been forged involving India under the leadership of US imperialist power with "broader perspective & interests".

But one must not forget the factors of "REGIONAL AMBITIONS" of the Indian ruling classes behind these partnerships. – *Update*]

4. Regional Aspiration of the Indian Ruling Classes

‘What happens in this region, and this region is really Central Asia – Pakistan, Afghanistan, Iran, Iraq; also further east in Bangladesh and Southeast Asia – what happens here is of vital consequence to India. Because the bills of all the occurrences in these regions have an uncanny ability to arrive at India’s table’.

(Former Indian Foreign Minister, Jaswant Singh, 31.05.05; quoted in <http://www.viewsonnews.net/articles/>)

[It will be improper to conclude that the present US-India Partnerships are struck *only* under the pressure of the US imperialism. In fact, the US designs in Asia are more or less matched with the regional ambitions of the Indian ruling classes. On 6th October of 2007, the Chief of the Indian Air Force (IAF) delivered some remarkable statements:

IAF, in fact, sees itself virtually transforming into an expeditionary force, with potent strategic reach to rapidly deploy from PERSIAN GULF right up till MALACCA STRAIT, in the years ahead. “India’s area of interest has grown tremendously, given our energy security needs. We might have to operate, for instance, right up to South China Sea,” said Air Chief Marshal Major. *(Times of India)*

Hence, the IAF chief categorically stated that IAF is “transforming” into an “*expeditionary force*” to operate from “PERSIAN GULF” to “MALACCA STRAIT” and even to “SOUTH CHINA SEA” for its “*energy needs*”! Moreover, these vast stretches of Asia covering tens of thousands miles is now “INDIA’S AREA OF INTEREST”!

If the policy and actions of the Indian ruling classes with respect to the Asian neighbours are closely analysed it will be found that it has taken nothing but a role of ‘*big brother*’. Intervention in the ‘freedom struggle’ in Bangladesh in 1970s, annexation of Sikkim, aerial venture over Sri Lanka, interference in Maldives, disputes (and a war) with China, and maintaining ‘enmity’ with Pakistan are some of the reflections of these ‘regional aspirations’. But now the air chief is openly calling for “*expeditionary force*” in “*India’s area of interest*”!

In fact, from the 1990s, the different parliamentary parties, particularly the BJP led NDA were beginning to express the *Indian ruling classes’ Asian ambitions* loudly.

Aspects of India's Economy (No. 41) writes that “In 2001, on a visit to the US, external affairs minister *Jaswant Singh* revealed to an interviewer what he considered as *India's “sphere of influence”*”:

For a long time, India has not been seen in its true dimensions. How many people know that *Indonesia is only 65 miles from the southernmost Indian Island?* Or that but for *POK [Pakistan-occupied Kashmir]*, *Tajikistan is just 27 miles from India.* That *we had a border with Iran in 1947?* Or that the legal tender of Kuwait till 1938 was the rupee? *So when we talk about Indonesia or central Asia or the Gulf, it is because of our interest and our sphere of influence. (13.04.01, Times of India)*

In an earlier excerpt former US Ambassador R. Blackwill endorsed the same spirit of “Indian influence” as “Greater Middle East” ranging from Persian Gulf to Bay of Bengal! In fact, in a 215-page article titled “Natural Allies? Regional Security in Asia and Prospects for Indo-American Strategic Cooperation” written by an US expert in September 2005, the ‘regional ambitions’ of Indian ruling classes were narrated in a splendid manner. Some of which are given in the following excerpt. – *Update*]

Natural Allies?

- Given India's rising capability in economics and military affairs that increasingly enables it to affect outcomes and influence trends in these three regions, virtually all of India's foreign and defense policy elite demands *recognition of India's interests throughout Asia* and a similar acknowledgment of its stature as a *key player* there. For example, India's new Army doctrine states that, “The *Indian Ocean region...* assumes strategic significance due to the high volume of Indian international trade transiting through... By virtue of her size and strategic location in the Indian Ocean region, India is expected *to play her rightful role to ensure peace and stability in it.*
- India wanted Washington to recognize that *Indian strategic interests extended well beyond South Asia* to encompass what it now calls an extended strategic neighborhood *from the Suez Canal to the Strait of Malacca, an area encompassing the Middle East, the Persian Gulf, South and Central Asia, and Southeast Asia.* “In

other words, the U.S., while fulfilling its global obligations, should factor in India's aspirations and autonomy in this zone."

- In late 2003, signifying its self-perception as a rising Asian power, Vajpayee's government opted for a 20-year program to become a world power whose influence is felt across the *Indian Ocean, the Arabian Gulf, and all of Asia*.
- While India formally eschews offensive military projections to intervene unilaterally in other countries, it formally *announced its air base in Tajikistan*, and hopes to undertake the *following military programs through 2013*:
 - Improve military logistics in Iran, Tajikistan, Kazakstan, and Uzbekistan.
 - Increase military interaction with Malaysia, Indonesia, Singapore, Thailand, Laos, and Vietnam.
 - Increase naval interaction with South Africa, other African states, Iran, Oman, the United Arab Emirates (UAE), and other Gulf nations.
 - Extend infrastructure, logistic, and material support to Myanmar to contain Chinese activities there.
- However, India's challenges are not merely economic. In many cases, they are *strategic* because all around its periphery there are growing threats of terrorism, failing states, insurgency, drug running, and the like. Actually, at least 14 terrorist and separatist movements "of varying rigor and intensity," other than the violence in Jammu and Kashmir, "are raging across India." Recognizing this, the U.S. Government has discreetly, but clearly, acknowledged that the *challenges* to security in areas like *Nepal, Bangladesh, and Myanmar* could open up a third front in the war on terrorism and prevent the full fruition of its growing ties to India... Indian officials tend to regard disturbances in Bangladesh as reflecting that it is "a playground for Pakistan's Inter-Services Intelligence agency (ISI). Moreover, Washington and New Delhi are sharing sensitive information about activities at terrorist bases throughout South Asia, particularly Bangladesh and Nepal, and Washington has pledged \$1 million to Nepal as security assistance... U.S. officials agree with their Indian counterparts that terrorist camps in Bangladesh pose a terrorist threat to the stability of the region...

- Defense Minister George Fernandes said in 2000 that, since India has “high stakes in the uninterrupted flow of commercial shipping, the Indian Navy has an *interest* in the ocean space extending from the *north of the Arabian Sea to the South China Sea.*”
- In 2003 Indian Foreign Secretary Kinwal Sebal similarly told a U.S. audience that, “Asia has traditionally been seen in terms of its sub-regions, each with its own dynamics and its own problems. Traditionally, we deal with them as unconnected compartments. However, lines that insulate one region from the other increasingly are getting blurred by proliferation deals that link the east to the west, by the chain of terror network(s) across West, South, and Southeast Asia, by the concerns about the safety of commerce *from the Straits of Hormuz to the Straits of Malacca*, by the challenge of connecting major consumers of energy to its sources in West and Central Asia.”
- ... [A] retired Indian lieutenant general opined to her that Indo-American collaboration in the Indian Ocean basin helps expand the relationship and perception of India from the Indo-Pakistani conflict, restricts the rise of Chinese power, and protects sea lanes. He further elaborated that, “The *Indian Ocean basin is extremely important to India*. India seeks to prevent this region from becoming an area of turbulence and competition among the navies of this region. *India wants to keep China out of the Indian Ocean*. This means that the Indian Navy must be strengthened. It must bolster its bases in the region, including the Eastern Command on the Nicobar Islands. It must work with other navies to protect the sea lanes and enhance all maritime security in India’s EEZ (Economic Exclusion Zone).”
- Not surprisingly, India has followed his recommendations, even without waiting for the United States to “bless” its policies. India reorganized its naval command to create an *Andaman and Nicobar Island command for the Fleet at Port Blair in the Bay of Bengal in 2001 to monitor China’s presence in Myanmar and the Indian Ocean more broadly*. In December 2003, India also announced that it would reinforce those bases by basing strike jets, aerial refuelers, and about 100 long, short, and middle range unmanned aerial vehicles there to monitor developments at China’s Coco Island base. The Andaman-Nicobar command at Port Blair, is tasked with exerting influence over Indian Ocean sea-lanes, combating piracy, and guaranteeing the smooth entry of ships

heading toward the Malacca Straits. It also includes surveillance and monitoring stations across the 750 Km long Andaman and Nicobar Archipelago. The islands are 1,200 km from India, but just 90 Km from Indonesia and 50 Km from Myanmar. The Indian Air Force plans on establishing a fighter air base at southern Nicobar, giving its newly acquired Russian Su-30MKI (sea based fighters)—likely to be based there from time to time—*an extended regional role*.

- [I]n April 2003, the plan prepared for the Indian military developed by the Directorate of Defense Policy and Planning for the Army, Air Force, and Navy advocated a rapid reaction capability for real-time troop deployment to countries along the rim of the Indian Ocean to create a defense umbrella for them. This plan, “India’s Strategic Vision,” envisions cooperation with Indonesia, Malaysia, Maldives, Mauritius, and Vietnam. And it comports with Vajpayee’s directives above. (Source: By Stephen J. Blank, www.strategicstudiesinstitute.army.mil/pdf/files/pub626.pdf; accessed 16.10.07)

[A former Air Chief Marshal of India ‘masterfully’ pointed out how the defence strategy of India are *intricately linked* with its *economic interests (& energy-quest)*. Follow the next excerpt. – Update]

Geo-economics will reshape military’s role: Tyagi

Economics and not military power will determine future international relations and countries will have to look beyond boundaries in the emerging geo-political scenario, Air Chief Marshall S P Tyagi has said.

The traditional role of military to protect geographical boundaries was changing as ‘*geo-economics*’ would play a central role in international relations, Tyagi said, speaking at the Carnegie Endowment for International peace.

“As India grows economically, the security interests of the country will shift. And what will happen is that we will have to look at economic security, trade security. *Geo-economics is going to be more important than geo politics*,” he said.

Observing that safeguarding India's economic and trade security will be vital for the future, the Air Chief said meeting the *country's energy needs* will be *crucial* in the coming days.

“And the new threats as we look ahead, therefore, will be *threats* to the *economic interests* of India. If you look at *trade security* and *economic security*, it actually means we have to forget the geographical boundaries and *you have to protect your interests outside the geographical boundaries*,” he explained.

“As India grows economically we are finding that the energy needs of the country are increasing immensely. We are not an energy rich country our energy needs are growing and therefore *India's basic interest is in the free flow of energy*. (...) (Source: 23.08.06, <http://in.rediff.com/news/2006/aug/23tyagi.htm>; accessed 31.08.06)

5. US-India Defence Deal & Indian Arms Market

“In keeping with our new relationship, our firms do not want to be merely suppliers to the Indian military, but also long-term partners during the modernization and development of India’s defense industry”.

(Nicholas Burns, 24.05.07;

<http://www.globalsecurity.org/military/library/news/2007/05/mil-070524-rianovosti03.htm>)

[After signing the “Framework” of “Defence Partnership”, the “US-India Defence Procurement” group (mentioned earlier) has been activated and India is now on defence spending spree in acquiring state-of-the-art weapons particularly from the US business TNCs. In this big business deal the US-India Business Council (USIBC) & its sister-organisation US CEO Forum are now in a hectic mode to spearhead the arms-makers’ business interests. An analyst of an US think-tank writes:

India is in the process of modernizing and upgrading its Armed Forces. It is being projected that India is likely to spend over *\$100 billion in next 15 yrs*. In a rapidly *shrinking* defense sales market India along with China offer lucrative prospects. China because of strategic reasons is not a market for US weaponry whereas India is.

Reading between the lines, it *appears* that the *main American aim* of this “New Framework” of the US-India Defence Agreement is to break into the *Indian weapons purchase market*. Hence the setting up of an entirely new institutional mechanism, namely the “Defense Procurement and Production group”. (By Subhash Kapila, <http://www.saag.org/%5Cpapers15%5Cpaper1442.html>)

Therefore, “it appears that the *main American aim*” behind the new US-India defence deal is “the *Indian weapons purchase market*”. Definitely, the “Indian arms market” is *one* of the trigger behind the defence deal. In this deal, it is unequivocally earmarked that the US-India defence forces must reach “*interoperability*” any time, anywhere. In the earlier discussions it is clarified the underlining meaning of the term “*interoperability*”. In plain, this “*interoperability*” needs *same defence equipment and/or armament for*

joint operation. Thus the decks for purchasing US weapons have been opened in a wide manner. Note the next excerpt. – Update]

Delhi's Defense Spending Spree

(...) India is suddenly a hot market for U.S. corporations peddling aerospace and defense wares (...). With a five-year defense modernization budget in excess of US \$30 billion, India is being courted by arms exporters like never before. "Today, nobody buys [defense equipment] like India buys. And it will continue to be one of the world's principal weapon buyers," says Rahul Bedi, a Jane's Defence Weekly analyst in New Delhi.

Historically, India has relied on Russia for its military hardware needs, though in recent years it has imported equipment from the UK, France, and Israel, too. All along, largely for political reasons, U.S. contractors could not find a foothold in India. *But now the U.S. defense industry is working closely with the Pentagon and the U.S.-India Business Council (USIBC), in Washington, D.C., to ensure that it tops the shopper's list.*

"After the enormous growth [of the] U.S.-India strategic and defense relationship over the last three to four years, we want to make a breakthrough in defense sales," the U.S. ambassador to India, *David Mulford*, said at the international Aero India 2007 air show, held in Bangalore in February. (...)

Lockheed says it is prepared to transfer technology and manufacturing capability to India in connection with potential aircraft programs (...). "India is the largest fighter deal since the beginning of the 1990s. It represents one of Boeing's *largest potential growth markets for defense products in Asia*," says Mark Kronenberg, Boeing vice president of integrated defense systems for Asia-Pacific. (...)

"I don't see any focus" in India's spending plans, comments Andrew Brookes, an aerospace analyst at the International Institute for Strategic Studies, in London. "Why does India want these aircraft? Neither Pakistan nor China will invade India. What is the game plan?" (...) *(Source: By Seema Singh, (date not mentioned); www.spectrum.ieee.org/jun07/5133/2; accessed 11.09.07)*

[Though defence analysts cannot make sense of this huge purchase of aircraft, the India arms market is promising to rise faster. In fact, “the Ministry of Defence... issued India’s *largest ever* global tender for 126 medium multi-role combat aircraft at an estimated cost of *Rs 42,000 crore* [nearly *\$10 billion*]” (29.08.07, www.indianexpress.com/story/213217.html). Two of the contenders bidding for this deal are *US-based Boeing & Lockheed Martin* [maker of F-16 & F-18].

Interestingly, much before these tenders have been announced, the bosses of Pentagon & the US aircraft biggies expressed such joy hinting that they are almost certain to bag the deal. On 2nd March 2006, the day of declaring “historic Joint Statement” between Bush & Manmohan Singh in New Delhi, the Pentagon released the following statement in Washington. – *Update*]

US Offers India Advanced Fighter Aircraft

The United States Thursday offered to sell India advanced fighter aircraft as the next step in a rapidly expanding military relationship between the two countries.

The announcement by the Pentagon came during a visit to New Delhi by President George W. Bush, who cemented a new strategic partnership with India earlier Thursday with a landmark agreement on civilian nuclear technology.

“The United States is committed to providing state-of-the-art fighter aircraft in response to India’s requirements for a multi-role combat aircraft,” the Pentagon said.

“We have *indicated our intention* to offer both the F-16 and the F-18, both combat proven aircraft,” it said. (...) The statement portrayed the offer as the *next step* in taking the burgeoning US military relationship with India to a new level.

“It is *our goal* to *help meet India’s needs in the defense realm*, and to provide important capabilities and technologies that India seeks. We are on a path to accomplish this,” the Pentagon said.

“Where only a few years ago, no one would have talked about the *prospects* for a major US-India defense deal, today the prospects are promising, whether in the realm of

combat aircraft, helicopters, maritime patrol aircraft, or naval vessels.” (...) (Source: 02.03.07, Agence France-Presse, www.spacemart.com/reports/US_Offers_India_Advanced_Fighter_Aircraft.html; accessed 12.09.07)

[Few months earlier of this Pentagon statement:

American defence major Lockheed Martin, in the race to sell 126 combat jets to India, Monday said the *status of India-US diplomatic ties* would *influence* its plans to supply military hardware to the country.

“Governmental relations in the national security arena have an *impact* on our ability *to do business*,” said Robert Trice, Lockheed Martin’s senior vice president for business development. “We in the (US) industry follow the lead of our government. *Everything we do has to have the full support of the US administration and Congress*,” he told a news conference here... (30.01.06; http://www.defenceindia.com/company_news/news146.html)

Moreover, a report in *New York Times*, a leading US daily, pointed out that these arms-majors have hand-in-glove relations with the US administrations (“military industrial complex”):

The *New York Times* quoted a military analyst as suggesting the U.S. decision to sell F-16s to Pakistan might have been aimed at inducing India to buy American. “*The real prize is India*,” he said. “India would have gone its merry way but the *announcement of Pakistan getting the F-16s changes the game*. For years, India has coasted on Russian and locally made fighter jets. Now, *if its adversary gets real new American planes, it has to have them too*.” From the U.S. Government’s perspective, the newspaper added, “weapons sales to Pakistan and India strengthen the American presence on the *Chinese border and open new markets* throughout Asia for military contractors, which are looking more to foreign buyers as the Pentagon budget comes under pressure.” (Quoted by Siddarth Varadarajan, 01.07.05, *The Hindu*)

Bravo! And the former US Ambassador is determined to protect US “national interests”:

“The US will be a reliable provider of defense commodities to India because a strengthened, capable and effective Indian military is in America’s *national interests*.”
(Quoted by Admiral Vishnu Bhagat, www.countercurrents.org, 26.04.05)

It is noted by the US experts (like Mr. *Subhash Kapila*, referred earlier) that the Indian government will have to spend “\$100 billion in next 15 years” in purchasing “sophisticated weapons” to “modernise & upgrade” its defence forces to bolster the Asian objective of the US-India combine.

But, it is not a mere coincidence that a team of *Indian corporates* rushed to the USA; talked about business opportunities with the US counterparts (under the aegis of USIBC and/or CEO Forum) in July 2005; finalised a deal (see the ‘Report’ of the CEO Forum placed before Bush-Sing Summit on 02.03.06) of “defence trade”. Therefore, the interests of the Indian big corporates are *intricately bound* with the US-India “defence trade” (acquiring few “*contracts*” as “*coproducer*”). And, for their benefit, the GoI framed a new “offset” policy such as:

Defense contractors seeking Indian business are bound by an *offset clause* introduced in a 2006 Indian government regulation, the *Defense Procurement Policy*. It applies to all Indian weapons imports exceeding \$66 million in value, and says the foreign vendor has to buy from Indian suppliers technologies, services, or components worth *at least 30 percent* of the contract value. The foreign firms can fulfill that offset obligation in three ways: purchase military items or services available in India, invest in Indian companies doing defense research and development, or directly invest in the Indian defense sector, up to 26 percent of the contract value. (<http://www.spectrum.ieee.org/jun07/5133/2>)

Moreover,

In a significant move to encourage India Inc to play a greater role in producing military equipment, the government announced on Friday that premier private companies would be granted special status to permit them to directly import defence technology from abroad... Defence Minister Pranab Mukherjee said *select private companies* would be designated “*Rakshya Udyog Ratnas (RURs – Defence Industry Champions)*”. “The idea is to encourage such industries to contribute in defence production and enable them to assume the role of systems integrators of large weapon systems and producers of platforms required by the armed forces,” the minister added. Once accredited as RURs,

these industries would be *treated on par* with *defence PSUs* and would be “selected for receiving technology and undertaking license production with Transfer of Technology from overseas sources”, Mukherjee said... (www.etintelligence.com)

This is slated to make big bonanza for the Indian big corporates:

American companies are now busily pairing up with locals... Raytheon and the electronics division of the Indian giant *Tata Power* signed an agreement to cooperate on unspecified future projects... Boeing made a similar agreement with the Indian engineering firm *Larsen & Toubro* to develop new projects. And Northrop Grumman signed on with the Bangalore firms *Bharat Electronics* and *Dynamatic Technologies* to investigate joint opportunities... (30.08.07, <http://www.india-defence.com/reports-3515>) and so on....

Actually, the above excerpt provides only a fraction of the bucks to be ‘won’ by the Indian big corporate houses. More precisely,

Indian companies may be able to partner in as much as *\$10 billion* of procurement by overseas companies in the *next five years*, junior defense minister M.M. Pallam Raju said on Aug. 24. (<http://www.bloomberg.com/>)

Behind the Nuclear Deal

“The talks on nuclear cooperation began when two different parties were in power in the US and India. If the BJP comes to power in India or Democrats come to power in the US in future, the agreement will remain”.

*(By Joe Lieberman, former US vice-presidential candidate & Democrat Senator, 13.08.07;
<http://www.indianexpress.com/>)*

“This initiative will create opportunities for American jobs. Nuclear cooperation will provide a new market for American nuclear firms, as well as assist India’s economic development. The initiative may add as many as three to 5,000 new direct jobs in the United States and about 10,000 to 15,000 indirect jobs in the United States, as the United States is able to engage in nuclear commerce and trade with India. By helping India’s economy to grow, we would thus be helping our own.”

*(By Condoleezza Rice, US Secretary of State, 05.04.06;
<http://in.rediff.com/news/2006/apr/05nddeal7.htm>)*

[It is the Nuclear Deal (N-deal) which has drawn more attention, debates & protests in recent times than the other deals/agreements. Lot of points and counterpoints have been published in the media on this issue from different angles. Hence *Update* will focus on some important and/or salient features of this deal in brief.

It is mentioned earlier that the N-deal must be judged as a *integral part of a whole package* precisely designed by the US imperialists. This integrity is unveiled in the following discussions. The objectives of N-deal may be divided broadly into: 1) strategic, & 2) business. – *Update*]

1. US Strategic Objectives behind N-deal:

“[Nuclear] agreement is... very much in our national interest.”

(By N. Burns, US Under Secretary of State for Political Affairs, Quoted in 27.09.07, New York Times)

[It is now a well-known fact that the foundations of the present US-India N-deal had been declared in the “*Joint Statement*” on *18th July 2005* in Washington. The deal was further reaffirmed on *2nd March 2006*. *One month after* this “landmark” declaration, the *US Secretary of State Condoleezza Rice* lectured before the *US Senate Foreign Relations Committee on April 5* (to allay the concerns of some US Senators about the N-deal) and masterfully *unveiled* the US strategy *behind* the N-deal. Note the following excerpt. – *Update*]

‘India is a natural partner for the United States’

(...) India is a rising global power that we believe can be a pillar of stability in a rapidly changing Asia. In other words, in short, *India is a natural partner for the United States*. But for too long during the past half-century, during the Cold War in particular, because of both domestic policies and foreign policies, India and the United States were estranged. And one element of this estrangement was India’s complete disregard — India’s complete isolation from the policies that the United States was concerned about concerning proliferation of weapons of mass destruction. Now, as a result of India’s decision to have a nuclear program, to test nuclear weapons, to build a nuclear program, as did Pakistan, India’s adversary in that region, *we adopted nonproliferation policies to try and constrain and change Indian behavior*.

But I think that *it is entirely clear now that those past nonproliferation policies did not achieve their goals. In fact, they had no effect on India’s development of nuclear weapons. They didn’t prevent India and Pakistan from testing nuclear weapons in 1998*. They contributed little to lessening regional tensions, which brought India and Pakistan repeatedly to the brink of war. And all of this *simply resulted in a more isolated India*,

especially isolated from the standards and practices of the nuclear nonproliferation establishment that had been developing and maturing over the last decades.

Now, let us consider the future that we could have instead. The initiative that we are putting before you and asking for legislation to amend the Atomic Energy Act of 1954 will *advance international security, enhance energy security, further environmental protection, and increase business opportunities for both our countries*. All of these benefits must be viewed in this larger context, of course, of how the initiative itself elevates the US-India relationship to the new strategic level that we desire.

The initiative, first and foremost, will deepen that strategic partnership. The United States and India are laying the foundation for cooperation on major issues in the region and beyond, building on and building up our *broader relationship* between our peoples and governments. I was just with President Bush in India and I can tell you that the discussion was broad and multifaceted. (...)

It has a *massive and rapidly growing appetite for energy*. It is now the world's sixth largest consumer of energy. Diversifying India's energy sector will help it to meet its ever increasing needs and more importantly, ease its reliance on hydrocarbons and unstable sources like Iran. *This is good for the United States*.

Secondly, the initiative will benefit the environment. Nuclear energy is, after all, *clean energy* [sic!] and providing India with an environmentally friendly energy source like nuclear energy is an important goal. (...) *Nuclear cooperation will provide a new market for American nuclear firms*, as well as assist India's economic development. The initiative may add as many as three to 5,000 new direct jobs in the United States and about 10,000 to 15,000 indirect jobs in the United States, as the United States is able to engage in nuclear commerce and trade with India. *By helping India's economy to grow, we would thus be helping our own*.

Finally, *this initiative does strengthen the international nuclear nonproliferation regime*. I know that there has been a lot of concern about the Nonproliferation Treaty and India's refusal to join and, indeed, *the view that India should not join as a nuclear weapon state, a view that we continue to hold*. I want to say to the Chairman and to the

Committee that the United States values greatly the Nonproliferation Treaty. It is one of the cornerstones of our nonproliferation policy, but of course there is a *broader nonproliferation regime* as well. *And we believe that the continued isolation of our strategic partner from that regime is the wrong policy choice. The initiative is thus a strong net gain for nonproliferation in general.*

(...) First, *India would never accept a unilateral freeze or cap on its nuclear arsenal.* We raised this with the Indians, but the Indians said that its plans and policies must take into account regional realities. *No one can credibly assert that India would accept what would amount to an arms control agreement that did not include other key countries, like China and Pakistan.*

Second, the initiative with India does not seek to renegotiate or amend the NPT. India is not and *is not going to become a member of the NPT as a nuclear weapons state.* We are simply seeking to address an untenable situation. *India has never been party to the NPT and this agreement does not bring — but this agreement does bring India into the nonproliferation framework and thus strengthen the regime.* (...)

Third, civil nuclear cooperation with India will not lead to an arms race in South Asia. *Nothing we or any other potential international suppliers provide to India under this initiative will enhance its military capacity or add to its military stockpile.* Moreover, the nuclear balance in the region is a function of the political and military situation in the region. We are far more likely to be able to influence those regional dynamics from a position of strong relations with India and indeed with Pakistan.

Fourth, this initiative does not complicate our policies toward countries like North Korea or Iran. It is simply not credible to compare India to North Korea or to Iran. While Iran and North Korea are violating their IAEA obligations, India is making new obligations by bringing the IAEA into the Indian program and seeking peaceful international cooperation.

Iran and especially North Korea are, of course, closed non-democratic societies. India is a democracy. In fact, *India is increasingly doing its part to support the international community's efforts to curb the dangerous nuclear ambitions of Iran.*

In sum, the US-India civil nuclear cooperation initiative is a *strategic achievement*. *It's good for America, it's good for India and it's good for the international community.* (...) (Source: 05.04.06; <http://in.rediff.com/news/2006/apr/05ndeal7.htm>; accessed 10.08.06)

[In fact, amidst all of the hullabaloo made on US-India N-deal, the *missions* of the above statements made by *Condoleezza Rice* have been *largely overlooked*. This statement *reveals* several significant postures of the US administrations behind the N-deal.

Since the inception of *Non-Proliferation Treaty (NPT)* aimed to *cap* the nuclear ambitions of several countries, India remained in opposition to it. After the 1974 nuclear detonation by India, the US & its allies imposed *sanctions* on India *stopping delivery of nuclear fuel (particularly, enriched Uranium), reactors, & technology, R&D facilities, etc.* Despite the sanctions India maintained its reluctance to join NPT. This position of Indian ruling classes was dictated mainly by the age-old rivalry & conflicts between India-Pakistan. In fact, there were interests of USA and Soviet Russia too in maintaining the cauldron of India-Pakistan rivalry. Under the circumstances (*in main*), India & Pakistan never signed NPT. Interestingly, *Israel* maintained the same stance although she is a *key ally* of the USA! Finally, India detonated another N-tests in 1998 (duly followed by Pakistan).

Under the new outline of the *post-cold war global strategy*, and *more particularly* under the equations of "*Twenty-first Century Doctrine*", the US imperialists envisioned a "new role" of India in their grand Asian designs (discussed earlier in *Chapter II: 'US-India Strategic Relationships*). But this is *quite beyond imagination* (to anyone who is *minimum* aware of the nature of US imperialists in particular & the inner dynamics of an era of imperialism in general) that under this new strategic framework, the US imperialists may offer a leeway to the *nuclear ambitions* of India. Thus circumstanced (and under several factors), the US administrations framed a 'wonderful' nuclear strategy involving India. In fact, this strategy is beautifully expressed in the above statements made by *Condoleezza Rice*. *Main theme* of her statements may be summed up as follows:

Firstly, the US administrations “*adopted nonproliferation policies to try and constrain and change Indian behavior*”. But the efforts made by the USA for nonproliferation “*did not achieve their goals*” and could not “*prevent India and Pakistan from testing nuclear weapons in 1998*”. Moreover, “our” efforts “*resulted in a more isolated India*” making “our” non-proliferation goal regarding India more ineffective.

Secondly, India “*has a massive and rapidly growing appetite for energy*” which “*will provide a new market for American nuclear firms*”.

Thirdly, under the circumstances that India “*is not going to become a member of the NPT as a nuclear weapons state*”, (and because, “we” also believe firmly that “India should not join as a nuclear weapon state”), “we” have to take an alternative arrangement and/or “agreement” so that it “*does bring India into the nonproliferation framework and thus strengthen the regime*”. This “agreement”, on the one hand, will not “*enhance its military capacity or add to its military stockpile*”; and on the other, it will “help” to stimulate “our”... “*nuclear commerce and trade with India*”.

Fourthly, to obey “our” partnership, “*India is increasingly doing its part to support the international community’s efforts to curb the dangerous nuclear ambitions of Iran*”.

Bravo! What a design had been drawn! Note that this statement was made on 5th April 2006, one month after the Bush-visit on 2nd March 2006. Within three months of the above statement made by C. Rice, the US Congress passed “*Agreement for Cooperation between the Government of India and the Government of the USA Concerning Peaceful Uses of Nuclear Energy*” (better known as “123 ACT”) on 1st August, 2006 toeing the *main theme* of the Rice-statement. Four months after (on 7th December 2006) US Congress accepted the “*Henry H. Hyde United States-India Peaceful Atomic Energy Cooperation Act of 2006*” (better known as “HYDE ACT”) affirming the *same theme* of Rice-statement! Hence, *well in 2006*, the *contents* and/or *theme* of the *US-India N-deal* had been drawn precisely by the US administrations. There is *no* differences or incongruences between these two Acts either. What made in the name of “Final N-Deal” between US & India in July 2007 is nothing but a jugglery of words to *obscure* from the masses of India the real underlined theme of the *US motives behind the deal!*

Hence we, the *Update* do not find much sense behind such hue and cry made by the parliamentary 'left' parties & some 'concerned' citizens/scientists since the *contents* of the N-deal had been sealed well in 2006 *along the dotted line of the US imperialists*. (*Nothing otherwise* can happen between an imperialist country and a heavily depended country like India.) In other words, the 'left' parties let the government go with the N-deal *knowing well* that it will be guided by the US interests! Whatever be the title of the Acts ("123" and/or "Hyde"), it cannot but serve the stated *N-doctrine* of the USA.

In fact, in recent times, in the midst of 'protests' against the N-deal, the US administrations reiterated that "*India cannot test*" further if the deal is "operationalised".
– *Update*]

No nuclear fuel if India tests: US

Asserting it has the right to ask for return of nuclear fuel transferred by it in the event of India conducting a nuclear test, the United States has said it would not help New Delhi find alternative sources of fuel in that case.

"That's absolutely false," Nicholas Burns, the Undersecretary of State for Political Affairs, told *The Capital* when asked about such an understanding in its civilian nuclear deal agreement with India.

"We preserved intact the right under the Atomic Energy Act of 1954 that if India or any other country conducts a nuclear test, the president will have the right to ask for return of the nuclear fuel or nuclear technologies transferred by American firms," he said. (...) (Source: 03.08.07, <http://www.rediff.com/news/2007/aug/03ndeal1.htm>; accessed 06.08.07)

Meanwhile, US rules out renegotiation of deal

The US has *ruled out renegotiation* of the civil nuclear deal with India amid demands that the agreement be worked out afresh. "We cannot renegotiate it because the (123) Agreement is done. Neither government wishes it to be renegotiated because it is now complete," US Under Secretary *Nicholas Burns* was quoted as saying in an interview. (...)

Asked how the *differences* between Hyde Act and 123 Agreement would be reconciled on the issue of reprocessing of spent nuclear fuel, Burns said, “*I am absolutely confident that the 123 Agreement conforms (to Hyde Act) in all ways.*” (...)

When referred to *Iran* issue, Burns said, “*It is on the agenda of the US-India relationship... It is natural (that) one should seek that friends and partners diminish their political and economic relations with that country*”. (Source: 18.08.07, www.expressindia.com/fullstory.php?newsid=90998; accessed 18.08.07)

[Therefore, Mr. Burns stated also that “*Iran*” is definitely “*on the agenda of the US-India relationship*” and “*It is natural*” that India, being a “*partner*” of the USA, should obey this spirit of “*relationship*”. Hence, India’s *votes against Iran* in International Atomic Energy Agency (IAEA), an UN outfit, were “*coerced*” and it was a pre-determined act to ‘clear’ the ‘obstacle’ on the path of the N-deal! – *Update*]

India’s anti-Iran votes were coerced, says former U.S. official

A former ranking official of the Bush administration acknowledged on Thursday that *India’s votes against Iran* at the International Atomic Energy Agency (IAEA) were “*coerced*” (...) [said] Stephen G. Rademaker, the former Assistant Secretary for Nonproliferation and International Security at the U.S. State Department. (...)

“In the end, India did not vote the wrong way,” he said. And *India’s votes against Iran*, in turn, “*paved the way for the Congressional vote on the civilian nuclear proposal last year.*” (...)

Though the civil nuclear bill had now cleared Congress, said Mr. Rademaker, “*more is going to be required* [of India] because the problems of Iran and North Korea have not been solved.” (...)

As a “*first step*” towards tightening the screws on *Iran*, India should *withdraw* from the proposed Iran-Pakistan-India pipeline project, the former U.S. official argued. “*This would send a strong message to Iran*, while not hurting India’s economic interests” because the pipeline was unlikely to be economically viable, he claimed. (...)

He clarified that the U.S. *did not* consider the Iran pipeline to be a “*litmus test*” for India. *But* scrapping the project “would be a smart thing for India to do.” India, he stressed, “*needs to stop thinking of itself as a Third World country... and start aligning itself with the First World countries.*” (Source: 18.02.07, <http://globalresearch.ca/index.php?context=va&aid=4851>; accessed 08.09.07)

[Hence India should “*withdraw*” from the “*Iran-Pakistan-India pipeline project*” to “*align itself*” obediently “*with the First World countries*”! What an innocent statement is! Now, US administrations *warn* India in the following words. – *Update*]

US to India: Reduce economic ties with Iran

The US on Monday asked India to “*diminish*” its *economic relations* with “nuclear outlaw” *Iran* and join the international community in dealing with “one of the most difficult security problems” facing the world.

“We hope that India, as well as all other states — China, Russia, France, Britain and Japan — will diminish their economic relations with Iran,” US Under Secretary of State *Nicholas Burns* said. (...) (Source: 06.08.07, <http://sify.com/news/fullstory.php?id=14505772>; accessed 18.08.07)

US hopes India will help prevent Iran going nuclear

Days after asking India and others to “*diminish*” its economic ties with Iran, the US has said it can not determine New Delhi’s foreign policy but *hoped* that latter would *support* the efforts to prevent Tehran from acquiring nuclear weapons.

“... India, like any other country in the world, is free to establish diplomatic relations with whatever countries they want and the US is not going to be in a position to make those determinations for others. We have some unique issues in terms of Iran,” State Department’s Deputy Spokesman *Tom Casey* said on Tuesday.

“But what we would *hope* is that India would continue, as it has in the past, to support the broader international community effort *to prevent Iran from developing a nuclear weapon* and to prevent Tehran from being a destabilising factor in the region,” he added.

(...) (Source: 06.08.07, <http://sify.com/news/fullstory.php?id=14506476>; accessed 18.08.07)

[The US government was well aware of the “concerns” both *at home* & in Indian ‘parliamentary’ political circle about the consequences of the N-deal. Hence, the finally concluded version of the N-deal in July 2007 has been made “vague” in a “deliberate” manner. Even the US media representing the US imperialist interests accused that: -- Update]

Indo-US N-deal deliberately ‘vague’: Report

Indo-US civil nuclear agreement does not circumvent American law but the *language* has been kept “deliberately vague” so that *it can be interpreted differently by the two sides*, a news report has said, quoting Congressional sources who were briefed by the Bush administration officials.

In classified briefings to key members of Congress, the Bush administration has been stressing that the recently concluded 123 Agreement and the nuclear deal does not circumvent American law. However, “briefers conceded that some language is deliberately vague to help both sides save face”, according to a front-page report in *The Washington Times*. (...)

According to The Times report, the agreement recently negotiated has been *deliberately* written in such a way that it can be *interpreted differently* by the *two sides*. (...)

“The way the Indians are reading it is not correct from the administration’s point of view,” a congressional official, who attended the briefings has been quoted as saying by the daily.

It is being pointed out that India had protested from the very beginning the legal US requirements to automatically suspend nuclear cooperation if India conducted another atomic test; and to help New Delhi save face domestically, the administration agreed to consult with New Delhi before taking any action in response to a test, officials said.

According to the media report, the *Indians* presented the *language* as a *major US concession*, but *American* officials said consultations *do not mean much in practice*.

“So we’ll consult with them ‘big deal’. That *doesn’t mean* we’ll just sit and not do anything if they test. You can be sure that Congress will *respond* to an Indian nuclear test,” an unnamed Congressional official has been quoted as saying by *The Times*.

The interpretations also apparently differ on yet another major issue – securing India’s fuel supply in the event of a US cut-off.

US officials insist the *language* does not commit them to do anything specific. Rather, if there is an interruption of the Indian supply because of technical or logistical difficulties, they will try to do what is appropriate, said sources on the Capitol Hill.

“The idea that the Indians *will test*, and we’ll *help others* circumvent our laws *to send them fuel is ridiculous*,” a Capitol Hill staffer, who attended Friday’s briefing has been quoted by the daily. (...)

“The Indians are *foolish* to think that their strengthening economic and military *ties with Iran won’t have an impact on the nuclear deal*,” one official said. “It could very well sink the agreement.” (...)

Burns told the New York Times that (...) “...this agreement is so very much *in our national interest*.”

“It will *further our non-proliferation efforts globally*” by *gradually bringing India into the nuclear fold*, he said. (Source: 28.07.07, <http://www.rediff.com/news/2007/jul/28ndeal.htm>; accessed 06.08.07)

[Hence, though the “language” of the deal is made “deliberately vague”, the deal will in fact “very much” satisfy “our national interest”. Moreover, it “will further our non-proliferation efforts globally” by “gradually bringing India into the nuclear fold”! Thus the mission of the N-deal is, in fact, quite unambiguous. Isn’t it? – *Update*]

2. Business Interests Behind the N-Deal:

“That economic benefit (note singular) is going to be in the billions, there’s no question about that, because of the huge nature of the Indian economy and the expansion that they are planning in the civil nuclear energy field...” -the plan is to up the Nuke contribution to the grid from 3% to 20% by 2020- “...and given the state of technological research on nuclear reactors, and given the elementary ingredient of financing, this is an extremely — the payoff, the economic benefits, in the long term will be substantial, certainly in billions.”

*(Nicholas Burns, quoted in “Bush’s Destabilizing Nuke Deal with India”, 08.05.06;
<http://www.counterpunch.org/lee05082006.html>)*

[Does India need nuclear energy? Is it not so costly that will hike the energy/electricity bill exorbitantly? Who can pay for this? Is the generation of nuclear energy safe? Is it green? Does India need nuclear bombs? If ‘so’, whose interests will be served by these N-weapons — common people or the Indian ruling classes? These types of questions are raised by handful of critiques. When raised, these are more or less overlooked by the parliamentary parties (including the ‘lefts’) who are using their maximum decible power to protest against losing “self-independence” which rarely exists in reality.

Following excerpts may provide some valuable data in finding answers to the above questions:

- [P]romises that nuclear power would play an important role in satisfying India’s energy needs have been routinely offered since the 1950s, but the actual growth of nuclear power in the country has been extremely modest. As of January 2005, the total installed nuclear power generation capacity is 2,770 MW, *less than 3 per cent of the total installed electricity generation capacity in the country. (23.04.05, Economic & Political Weekly)*
- Uranium resources will run out in the same time frame as fossil fuels. The 70,000 tonne of uranium reserves will be finished in 30 years *(16.04.06, www.thesouthasian.org).*

- World experience with FBR (First Breeder Reactor) plants is that capacity utilisation tends to dip. In that case, even a Rs 3000 cr plant may have to charge. Rs 5-10 per unit. The last US FBR went on line in 1980. If this is taken as a standard, a 500 MW FBR in India will require Rs 22,000 cr investment Taking the last Japanese FBR (1994) as standard, the required investment will be Rs 45,000 cr. Such capital costs will entail unit prices of electricity, anywhere from *Rs 9 to Rs 50*. (01.09.07, http://www.thesouthasian.org/archives/2007/the_hoax_of_nuclear_power.html)
- To counter these charges of nuclear energy being essentially unsafe, the political managers of big capital from Bush to our Indian overlords have come up with a laughable claim: nuclear energy, they declare, is “*clean*.” What they mean by this is that a thermal plant produces as waste *gases* which pollute the *atmosphere*, but a nuclear plant does not. What they are sweeping under the carpet is the fact that a nuclear plant produces as waste *solids* which remain radioactive and pollute the *lithosphere* for decades and even centuries. (*ibid*)

The ‘developed’ & ‘industrial’ countries (led by the USA) are looking for nuclear markets and propagating lies about the ‘benefits’ of N-energy with increasing vigour. Even the UN-sponsored IAEA *widely prescribes N-energy* to ‘combat’ energy scarcity with a “*clean energy*” *certificate!* And their efforts become so ugly that:

Last year in April, former environment ministers from European countries, including Russia, sent a letter to the former UN chief urging him to *reform the mandate* of the International Atomic Energy Agency, which is charged with overseeing the development of nuclear energy capabilities worldwide. “*Nuclear power is no longer necessary*,” they said in the letter. “We have now *numerous renewable technologies available* to guarantee the right to *safe, clean, and cheap energy*.” (*US-India Deal Said to ‘Increase Nuclear Danger’*, by Haider Rizvi, <http://www.commondreams.org/archive/2007/08/02/2934/>)

Hence, though “*numerous renewable technologies*” are “*available*” in generating “*safe, clean, and cheap energy*”, IAEA itself is promoting N-energy to the *benefits of big*

businesses. What does trigger this *intense lobbying*? An US website provides some interesting data in the following excerpt. – *Update*]

Asia hungry for nuclear power

(...) [It] will be the example of fresh nuclear success in *Asia* — where *18 of 27* new plants worldwide are being built — that may determine the future of atomic power in the West.

China and India are pursuing especially ambitious nuclear plans. Confronting cities choked with pollution but with few fuel resources, they have started up nine new plants in the past four years, and are building 10 more. Industry sources say China is aiming for a total of 30 plants in 15 years.

Those moves contrast sharply with the atom's fall from grace in the West. Though the US operates 104 plants — nearly a quarter of the global total of 442 — it has *not issued a new building permit since* before the *1979* accident at Three Mile Island. The story is similar in *western Europe*. The *1986* Chernobyl disaster sowed fear — and only one new plant is now being built, while several countries are *phasing out* nuclear power *or rejecting* it altogether. (...) (*Source: By Scott Peterson, 30.06.04, <http://www.csmonitor.com/2004/0630/p06s01-woeu.html>; accessed 18.09.07*)

[Another commentator writes:

The sharing of civilian nuclear technology is something that the US needs to do, *to give its moribund nuclear industry a boost*...Nuclear power has a bad image in the US, so its suppliers cannot do much in the US: what better than to have them build (potentially dangerous) plants elsewhere, perfect the technology, and bring it back to the US later? And if said suppliers can make good money in the process, so much the better. Who cares if a couple of Chernobyl-type situations happen and a bunch of Indians die? (*By Rajeev Srinivasan, 04.10.05; <http://in.rediff.com/news/2005/oct/04rajeev.htm>*)

The next excerpt delivers some startling revelations. – *Update*]

Power Plays: Business Implications of the Indo-U.S. Nuclear Deal

On a flight to India five months ago, Wharton management professor Saikat Chaudhuri's co-passenger was a U.S.-based executive from General Electric, who was headed for talks with government officials in New Delhi. The executive had made numerous trips to India in the previous year, and he was also talking to *several Indian states* to explore *deals* to build nuclear and other power plants. "He was preparing for the market that would open up with the Indo-U.S. nuclear deal," says Chaudhuri.

(...) *Two big U.S. delegations* — representing *180* companies and *38* companies respectively — visited India in the *past year*, looking to sell items such as Westinghouse nuclear reactors, uranium from South Dakota and Lockheed Martin fighter jets.

The agreement aims at ensuring U.S. support for India's civilian nuclear power program, with the promise of a significant jump in trade and business relations between the two countries. (...)

According to an August 9 Bloomberg News report, "*Areva, the world's largest* maker of nuclear power stations, and *General Electric*, are *among four* companies poised to share *\$14 billion of orders* from India as nations led by the U.S. prepare to lift a 33-year ban. *Toshiba's Westinghouse Electric* and *Russia's* atomic energy agency *Rosatom* will probably also win contracts to each build two 1,000 megawatt reactors, according to Nuclear Power Corp. of India chairman S.K. Jain." (...)

Bloomberg added that "the orders will form the first phase of Prime Minister Manmohan Singh's plan to build 40,000 megawatts of nuclear capacity by 2020, equivalent to a third of current generation. (...)

The report also quoted one source who said India would "try to diversify its suppliers and it's *highly likely all four* [Areva, GE, Westinghouse and Rosatom] *will win the contracts.*" (...)

For U.S. companies, multi-billion dollar opportunities are opening up. “It is not just in the nuclear area,” says Shivanand Kanavi, a commentator on technology issues (...). “There are opportunities at several levels and in several sectors.”

One obvious opportunity is that U.S. companies will be allowed to sell both nuclear reactors and technology to India. This is big business — *roughly \$150 billion* worth, according to estimates from the U.S.-India Business Council (USIBC). The numbers are extrapolated from the Indian nuclear industry’s plans to increase nuclear power output from around 3,500 MW now to 60,000 MW over the next three decades. The Atomic Energy Commission has *doubled* its target for 2024 from 20,000 MW to 40,000 MW. Nuclear energy today accounts for *barely 3%* of India’s total generation of 120,000 MW.

A clear *beneficiary* of the new regime is the public-sector Nuclear Power Corporation of India (NPCIL) — the entity negotiating the deals with Areva, GE, Westinghouse and Rosatom cited in the Bloomberg report. (...)

At the recent annual general meeting of *Tata Power*, the group’s chairman, Ratan Tata, told shareholders: “If the government opens the sector for private investment, Tata Power would be *certainly interested* in operating a nuclear power plant.” A critical challenge for businesses, however, will be securing the government’s green light. Today, only companies with a 51% government stake are allowed to generate nuclear energy. In practice, this has boiled down to only NPCIL. (...)

Apart from the Tatas, other interested parties will likely include the *Anil Ambani-controlled Reliance Energy, the Essar Group and the GMR Group*. Reliance has set up a “New Power Initiative” including senior executives from NPCIL. The Tata Group has also taken on board people with nuclear domain expertise.

Kanavi points out that *U.S. companies* helping to set up these plants will be looking to work with *Indian contractors*. Some of the contenders include: *Larsen & Toubro (L&T), Hindustan Construction Company (HCC) and Gammon India in civil construction; L&T in reactors; Bharat Heavy Engineering Ltd (BHEL) in boilers; KSB, Kirloskar Brothers, Mather & Platt, Jyoti Ltd. and Bharat Pumps in boiler feed pumps; Alpha Laval, GEI Hammon Pipes, Maharashtra Seamless and Ratnamani Metals in*

heat exchangers; Honeywell Automation in panels; and Rolta India in consulting and engineering services. Some industry watchers also include *Walchandnagar Industries, Godrej & Boyce, Bharat Heavy Plates & Vessels, the Hyderabad-based MTAR* (which produces assemblies and precision components for use in space and nuclear applications), and *Crompton Greaves.*

(...) Meanwhile, at home, the private sector is being allowed into uranium exploration. For starters, the Department of Atomic Energy (DAE) will outsource areas like data collection and analysis. (...) (Source: 09.08.07, <http://knowledge.wharton.upenn.edu/india/article.cfm?articleid=4217>; accessed 09.09.07)

[Therefore, like the defence sector, the big private business houses of India are going to extract *benefits* (mostly as “*contractors*”!) from the N-deal along with the giant TNCs of US, France, Russia, etc. So lucrative are the opportunities for N-business that the big barons of US TNCs are deeply “*disappointed*” at the uncertainty emerged about N-deal. US-India Business Council (USIBC) President *Ron Somers* is so dissatisfied that he,

went on to say that last month he visited the World Nuclear Association in London, “where literally, *every nation in the world was looking forward to doing business in India in the civilian nuclear sector.*” (16.10.07, <http://www.dailyindia.com/show/182978.php/>)

Moreover,

Australia’s plans to sell uranium to India appear certain to be scuttled after the Indian Government announced it was unlikely to sign a pact with the US on civil nuclear co-operation... The sales were likely to have been worth *billions* in export dollars because India plans to use nuclear energy to meet its burgeoning power needs. (17.10.07, <http://www.smh.com.au/>)

Looking at the opportunity of big bucks in N-business, the leading body of Indian corporates, CII, *spent millions of dollars to hire ‘renowned’ US consultants* (including *Mr R Blackwill*, the former US Ambassador in India & one of the pointmen behind the “Strategic Partnership” between US & India) for *intense “lobbying” US Congress members* to pass the N-bill in 2006! Follow the next. – *Update*]

Nuclear deal will boost US military sales to India

(...) [T]he Confederation of Indian Industry (CII) spent *more than \$1 million* on fact-finding trips to India for members of the US Congress, their staff, and spouses and on lobbying Congress to lift the ban on nuclear commerce with India.

'It is clear that *business interests* and US defence contractors and former US officials involved in South Asia policy have been working hard to push this deal,' said Daryl Kimball, executive director of the Arms Control Association. (...) For Indian entrepreneurs, it is an opportunity *to make money* on privatised nuclear power plants and buy high-tech equipment that has been restricted for decades. (...)

In April 2005, the Confederation registered to lobby for the first time, paying Barbour Griffith & Rogers, a well-connected lobbying firm, *\$520,000 to lobby US government agencies, including Congress, the White House, the State Department, and the Department of Defense.*

Robert Blackwill, who served as ambassador to India and deputy national security adviser under Bush, *was hired* by the firm to run the effort. A former foreign policy staffer for Senator Chuck Hagel assisted. In September 2005, the embassy of India also hired the firm, *paying \$240,000.* (Source: *05.07.06, http://www.stararticle.com/article_111790_Nuclear-deal-will-boost-US-military-sales-to-India.html; accessed 10.08.06*)

[Hence the *restlessness* of the US administrations & corporations (who are salivating for the big N-businesses) to overcome the 'roadblock' developed on the way of N-deal is not surprising at all. – *Update*]

Agricultural Agreement: An Initiative to Plunder

“In 1960s the US helped bring the Green Revolution in India. American agricultural developments helped India feed its people. That was good for India and that was also good for American business...”

*(Joseph R. Biden, US Senate Foreign Relations Committee, 29.04.06;
<http://in.rediff.com/news/2006/apr/29ndea.htm>)*

[The least-discussed, but the most outrageous for the Indian people (overwhelming majority of whom are dependent on agricultural activities), is the agreement titled “*US-India Agricultural Knowledge Initiative*” (AKI) signed on *18th July 2005*. This “*initiative*” was *strengthened* further during the visit of US President G Bush on *2nd March 2006*. And, just after the visit of the American President, the PM of India made a statement at the Parliament:

“Our *first Green Revolution* benefitted in substantial measure from assistance provided by the US. We are hopeful that the *Knowledge Initiative on Agriculture* will become the *harbinger* of a *second green revolution* in our country.” *(13.03.06, http://www.financialexpress.com/fe_full_story.ph?content_id=120267)*

In fact, this statement is nothing but an echo of the US administrations who are “proud” to declare how the US government ‘salvaged’ the Indian agriculture from ‘imminent disaster’ by the ‘pathbreaking *Green Revolution*’ undertaken in the *1960s!* What was actually happened in the Indian agriculture in the name of “GREEN REVOLUTION 1” deserves separate & intense study. *Update* will discuss this subject in one of the coming issues. Still, we must have an outline of the impact of the “GREEN REVOLUTION 1” since it was nothing but a *well-crafted imperialist design to plunder the Indian peasants; destroying the traditional agricultural knowledge, seeds & harvesting; making over-whelming dependence on the inputs supplied by the TNCs, creating menacing effects on water-level, soil, etc etc.* Hence, the ushering in of “GREEN REVOLUTION 2” cannot deliver anything better. It is, in fact, a dangerous policy to strangulate the Indian agriculture & peasants by *new forms* of exploitation & loot.

Follow the next excerpt which outlines the designs behind “*Agricultural Initiative*” in a language mostly technical. – *Update*]

India-US Knowledge Initiative on Agriculture Education, Research, Services and Commercial Linkages: Fact Sheet

Pursuant to the understanding on cooperation in Agriculture reflected in the Joint Statement of US President George Bush and Indian Prime Minister Dr. Man Mohan Singh on July 18, 2005 during the visit of Dr Man Mohan Singh to the USA, the Ministry of Agriculture, Government of India and U.S. Department of Agriculture (USDA) agreed to work together for a new *India-US Knowledge Initiative on Agriculture Education, Research, Services and Commercial Linkages*, identified the objectives of this Initiative and created the *Board of the Knowledge Initiative on Agriculture (AKI)* who have, after identifying areas of priority focus, agreed on *Work Plan* which includes:

(i) *Under Education, learning resources, curriculum development and training, building of human and institutional capacity with the objective* of preparing graduates to harness science and technology for the pursuit of attaining and sustaining the ‘EVERGREEN REVOLUTION’. It has been agreed that a critical mass of faculty and scientists in subject domains and *need-based niche/strategic/emerging areas will be developed* through post-doctoral programs, faculty exchange, trainings and workshops. These select faculty and scientists, in turn, would serve as catalysts for further change and improvement.

Mechanisms include establishing a standing *Indo-US Joint Working Group*, sharing the *US experience* in curriculum development to benefit the ongoing *curriculum revision exercise* in India, identifying the number of slots for training and faculty exchange during 2006 with consideration of additional slots in the coming years and organizing a range of collaborative activities such as conferences, exchange of visits and workshops. With regard to building institutional capacity, the *focus* will be on extension and outreach activities, library resources, networking and leadership development through sharing of experiences to take the knowledge initiative forward. Modalities for implementation of the training and other activities were also finalized.

(ii) Under *Food-processing and Marketing*, the Work Plan targets training, capacity building and joint research, including quality assurance and food safety, reduction of post harvest losses, market information systems, value addition, strengthening grades and standards, facilitation of agro-business investment, advanced processing technologies, byproduct utilization and bio-fuels from bio-mass.

(iii) Under *Biotechnology*, a *strategic alliance* has been envisaged for training and research on development of TRANSGENIC CROPS with resistance to economically important viruses, tolerance to drought, heat and salinity and micro-nutrient utilization efficiency; molecular breeding and genomics in crops and animals, molecular approaches in plants and animal health protection have been agreed.

(iv) Under *Water Management*, research and training proposals on sustainable use of water resources, water quality management and remediation, use of modern tools in water management, integrated nutrient management and precision agriculture have been decided.

2. The initiative aims at *attaining excellence in agricultural education*, to enhance employability of the graduates, developing human resources to fulfill commitments towards the Millennium Development Goals, and improving quality of life through sustainable rural development including innovative agricultural extension, agri-business programmes and wider participation of women. The AKI is expected to significantly re-invigorate the *US-Indian partnership in agriculture* and offer a *win-win situation* for both the countries and will trigger *benefits* in perpetuity. (Source: 19.10.06, <http://usinfo.state.gov/xarchives/>; accessed 14.06.07)

[From the technical jargon of the above *"Factsheet"* we find some points *ominously significant* for Indian agriculture. *Firstly*, the "objective" of AKI is to attain "EVERGREEN REVOLUTION"; *secondly*, it is aimed to accelerate the pace of introduction of TRANSGENIC CROPS (i.e., 'genetically modified' or GM Crops) into the Indian agriculture; *thirdly*, to boost *"Food-processing and Marketing"*; *fourthly*, it is meant to *"educate"* & *"train"* the Indians about a wide-ranging activities through *"curriculum revision exercise"*, brain-developing of *"select faculty and scientists"*, who *"in turn, would serve as catalysts for further change and improvement"* etc!

From *February 2006*, The AKI has been working on a three-year plan to introduce widespread agricultural reforms (“evergreen revolution”!). But who will *decide* (read: dictate) the course of reforms? The *AKI Board* is represented by several bureaucrats & the “chief executive of *ITC’s* agri-business division” from the Indian side; and officials of *US TNCs*, such as MONSANTO, WAL-MART, ARCHER DANIELS MIDLAND on the American side! No one finds it difficult to guess who will dictate and what will be dictated.

David C Mulford, the present US Ambassador in India, presented the following *US vision* behind the “*Agricultural Initiative*” three years back on *16.04.04* in a ‘CII Meet’ when BJP-led NDA was in power. – *Update*]

US-India Partnership: Creating Economic Opportunities in Agriculture

(...) Let me begin by saying a few words about today’s U.S.-India relationship. (...) Our leaders, President Bush and Prime Minister Vajpayee, have recognized this great opportunity and had the wisdom to act on it. Today, many areas of bilateral cooperation are *expanding very quickly*. (...) As our strategic partnership matures into a comprehensive alliance, we will be *open to significant new business opportunities* for both India and the United States — and FOOD and AGRICULTURE *will be a CRITICAL PART of expanding trade and investment between our countries*.

(...) I heard about the heyday of India’s *Green Revolution* in the 1960s — an *amazing success story* of collaboration and intellectual exchange between the U.S. and India. The U.S. certainly did not “cause” the Green Revolution in India — India and Indians did. But *we played an important supporting role* — and *we’re proud of it*. With U.S. government *assistance* — through the leadership of the *United States Agency for International Development* [USAID, a notorious imperialist agency – *Update*] — the grit and hard work of the Indian farmer was combined with the vision of scientists from both our countries to meet a monumental human challenge: to *reshape* Indian agriculture for the *last 40 years*. The bilateral “revolution” of shared science, educational exchanges and applied agricultural technology made India self sufficient in food production (...).

American-Indian collaboration in agriculture has *yielded* some of the *most dramatic results* in the *history* of U.S. *economic assistance*. It began more than 50 years ago when India and the United States, the world's two largest democracies, signed agreements *to improve agricultural education and research* in India, and to launch an extension service aimed at providing advice to farmers on *new agricultural technologies* and *state of the art practices*. The effort was in fact an *adoption of America 's agriculture land grant system for universities* on Indian soil. It helped launch what we now commonly call India's "*green revolution*."

The U.S. Government, through the USAID and the U.S. Department of Agriculture, partnering with the FORD and ROCKEFELLER FOUNDATIONS, helped establish *five* state agriculture universities in India. (...) This was a significant joint intellectual and scientific effort: American universities *sent* educators and agricultural advisors to India to work side-by-side with Indian scientists and students. At the same time, American universities welcomed a corps of Indian agricultural specialists to American university campuses where they could *learn* first-hand about the *technologies* we employed in productive farming, ranching and crop science. (...)

Beyond university corridors, the United States supplied FERTILIZERS, helped finance the building of fertilizer plants, supported infrastructure for electricity in rural areas, and established *irrigation* systems to free growers from their traditional dependence on annual rains for their crops.

(...) The first wave of *economic liberalization in 1991* virtually *ignored* the need for *agricultural reform* as a driver for prosperity in a global economy.

Today, agriculture employs 75 percent of the rural work force and provides 70 percent of rural earnings. It has enormous potential to put India's economic development on a high growth trajectory. To you — India's *agribusiness* and *industry leaders* — and speaking as a businessman and banker — I recognize with pride that the U.S. and India have forged lasting partnerships in agricultural development. But I also ask, "*How do we move to the next level?*" (...)

I'm pleased to say that USAID very recently *funded* several grants to continue the stellar tradition of American-Indian university cooperation. The new efforts focus on next-generation issues in agriculture. One of the grants supports joint work by the Punjab Agricultural University and Ohio State University on *market diversification* and *value added agricultural products*. A food industries center is developing, agribusinesses are cooperating with researchers on food processing approaches, and the *business of agriculture is part of classroom instruction*.

Just a few weeks ago, the Prime Minister's Chief Economic Adviser, Dr. Narayan, and State Department Under Secretary for Business and Agricultural Affairs, Alan Larson, (...) agreed to focus on areas where we can facilitate *trade* and *investment* between the U.S. and India — areas like BIOTECHNOLOGY, among others. This initiative is of *primary interest* to the agricultural community.

Today, India produces more than 200 million tons of food grain annually. It has the capability to feed its citizens. But with a burgeoning population (...) India's nutritional needs will escalate to a whopping 300 million tons of grain a year in 25 years. It is in both of our nation's interests to ensure that India's agricultural economy and infrastructure are prepared to meet this massive demand.

Besides basic grain requirements, *changes* in Indian society are generating *interest* in new products and commodities. As incomes rise, the tastes of consumers with more spending power are diversifying — *demand* will continue to spiral upwards for more and *better* fruits and vegetables, dairy and poultry products, processed food products and meats.

These trends *signal tremendous economic potential* for the country, as well as the need for complex, reinvigorated agricultural research and infrastructure development.

A core research need will be to maintain steady improvement in *seed quality* — which is the key component of sustained productivity and reducing rural poverty. A critical emerging tool for plant breeders is BIOTECHNOLOGY, which can boost the speed and accuracy of *seed improvement* programs. Managing this new tool effectively — both scientifically and in the domain of public opinion — will require careful *review* and

regulatory systems that are timely, transparent, based on sound science, and widely understood and accepted.

Some of the richest economic opportunities in this sector spring from the still untapped potential of high value *horticulture* crops and *livestock* enterprises. Such “value added” enterprises draw in small-scale farmers and ranchers, drive up the need for rural labor to produce and process commodities, and stimulate ripple effects in rural, non-farm economies. Mining these opportunities *requires public and private partnerships and significant investment*. Public infrastructure — particularly rural roads, electricity and water systems — provide the essential groundwork for allowing new markets and enterprises to operate. With the right conditions in hand, the *private* sector — *both* big operators and small players — can respond to emerging consumer demands with productive and *high quality* crops, new and varied products, more effective processing that adds value to commodities, and *better, more efficient* distribution and marketing. (...) (Source: www.usaid.gov/in/newsroom/speeches/apr16_4.htm; accessed 02.05.06)

[Thus Mr Mulford lectured the Indian businessmen about the imperative of a second edition of “evergreen revolution”; programme for introducing Biotech (GM) seeds and/or foods to cater the diversified demands of the consuming classes (attached with a “*careful review and regulatory system*” to protect the interests of US GM companies!); ‘modernising’ agricultural education emulating the US model as happened in the past under the guidance of notorious foundations like Ford, Rockefeller, etc. What a grand design it is!

A well-known activist concisely analyses the *role of US imperialists* behind the “*Green Revolution 1*” and apprehends more from the present agreement. Note the next excerpt. – *Update*]

Terrorism, Agriculture and US-India Cooperation

(...) [W]hile Indian scientists and policy makers were working out self-reliant and ecological alternatives for the regeneration of agriculture in India [after ‘independence’], another vision of agricultural development was taking shape in *American foundations*

and *aid agencies*. This vision was based not on *cooperation* with nature, but on its *conquest*.

It was based not on the intensification of nature's processes, but on the intensification of *credit* and purchased *inputs* like *chemical fertilizers* and *pesticides*. It was based not on self-reliance, but dependence. It was based not on diversity but uniformity. *Advisors* and *experts came from America* to *shift* India's agricultural *research* and agricultural *policy* from an indigenous and ecological model to an *exogenous*, and *high input one*, finding, of course, *partners* in sections of the *elite*, because the new model suited their political priorities and interests.

There were *three* groups of international agencies involved in transferring the American model of agriculture to India — the *private American Foundations*, the *American Government* and the *World Bank*. The *Ford Foundation* had been involved in training and agricultural extension *since 1952*. The *Rockefeller Foundation* had been involved in remodeling the agricultural research system in India *since 1953*. In 1958, the Indian Agricultural Research Institute, which had been set up in 1905, was *reorganized*, and Ralph Cummings, the field director of the Rockefeller Foundation, became its first dean. (...)

Besides reorganizing Indian research institutes *on American lines*, the *Rockefeller Foundation* also *financed* the trips of Indians to American institutions. Between 1956 and 1970, 90 short-term *travel grants* were awarded to Indian leaders to see the American agricultural institutes and experimental stations. One hundred and fifteen trainees finished studies under the Foundation. Another 2000 Indians were financed by USAID to visit the US for agricultural education during the period.

The work of the Rockefeller and Ford Foundations was facilitated by agencies like the *World Bank*, which provided the *credit* to introduce a *capital-intensive agricultural model* in a poor country. In the mid 1960s India was forced to devalue its currency to the extent of 37.5%. The World Bank and USAID also *exerted pressure* for favourable conditions for *foreign investment* in India's *fertilizer industry*, *import liberalization*, and *elimination of domestic controls*.

The World Bank provided *credit* for the foreign exchange needed *to implement* these policies. The *foreign exchange component* of the *Green Revolution* strategy, over the five-year plan period (1966-71) was projected to be *Rs 1114 crores*, which converted to about *\$2.8 billion* at the then official rate. This was a little over *six times* the total amount allocated to agriculture during the preceding third plan (Rs 191 crores). *Most* of the foreign exchange was needed for the *import of fertilizers, seeds and pesticides*, the new input in a chemically intensive strategy.

The World Bank and USAID stepped in to provide the financial input for a *technology package* that the Ford and Rockefeller Foundations had evolved and transferred.

The occurrence of drought in 1966 caused a severe drop in food production in India, and an *unprecedented increase* in food grain supply from the US. Food dependency was used to set new policy conditions on India. The US President, Lyndon Johnson, put wheat supplies on a short tether. He *refused* to commit food aid beyond one month in advance *until an agreement to adopt the green revolution package was signed* between the Indian agriculture minister, C.S. Subramanian and the US Secretary of agriculture, Orville Freeman.

The combination of science and politics in creating the green revolution goes back to the period in the 1940s when Daniels, the US Ambassador to the Government of Mexico, and Henry Wallace, Vice President of the United States set up a scientific mission to assist in the development of agricultural technology in *Mexico*. The office of the Special Studies was set up in Mexico in 1943 within the agricultural ministry as a cooperation venture between the Rockefeller Foundation and the Mexican Government.

In 1944, Dr J George Harrar, head of the new Mexican research programme and Dr. Frank Hanson, an official of the Rockefeller Foundation in New York invited *Norman Borlaug* to shift from his classified wartime laboratory job in *Dupont* to the plant breeding programme in Mexico. *By 1954, Borlaug's 'miracle seeds' of dwarf varieties of wheat* had been bred. In 1970, Borlaug had been awarded the 'Nobel Peace Prize' for his 'great contributions towards creating a new world situation with regard to nutrition'. (...) The Green Revolution, (...) has contributed to (...) social and environmental *disasters* in India. (...)

The reason for this failure was because the technologies of the Green Revolution, like technologies of war, leave nature and society *impoverished*. To expect prosperity to grow out of violent technologies *that destroy the earth, erode biodiversity, deplete and pollute water and leave peasants indebted and in ruins was a false assumption made during the launch of Green Revolution. This false assumption is being repeated in the launch of the Second Green Revolution based on biotechnology and genetic engineering, which are at the core of the US-India agreement. (Source: By Vandana Shiva, 14.08.05, <http://www.zmag.org/>; accessed 12.05.07)*

[Therefore, in the name of “GREEN REVOLUTION 2”, the USA is precisely introducing the “*transgenic*” (or *GM*) seeds which is not only highly controversial, but also banned in several developed countries. This transgenic TNCs are making an easy entry courtesy to the Indian government in the name of ‘Green Revolution 2’! – *Update*]

Nukes in favour, crops downgraded

(...) The Second Green Revolution (...) is a privately owned technology. Six corporations (Monsanto, Syngenta, Bayer CropScience, DuPont, Dow and BASF Plant Science) control practically the entire research and output in the field of transgenic plants. Processes and products, including research methodologies are shackled in patents and the farmer has no say, let alone any control. The technology creates only private goods that can be accessed only at significant cost (a bag of Mahyco-Monsanto’s Bt cotton seeds in India costs Rs 1850 as compared to between Rs 300 to Rs 400 for superior varieties produced locally). The seed belongs to the company, which strictly controls its movement.

In short, the particular Second Green Revolution being imagined has very little going for it; in twenty years these technologies have not yet produced a crop variety that has any direct connection to hunger and nutritional needs. But the Indo-US deal in agriculture endorses them, nevertheless. (...)

The so called Knowledge Initiative has been prepared over the last several months in India, more or less with the Americans calling the shots. (...) [T]he agriculture initiative is a one-sided affair from which India will gain little and give far too much. It is apparent

that India has agreed to pay in the agriculture sector for the concessions that it has sought from the US in the nuclear field. (...)

The US government had made clear right from the beginning that it would not invest a single dollar in the initiative and that India would have to foot the entire bill. India has already committed that it will invest Rs 400 crores in the agriculture initiative. Out of this about Rs 300 crores will be used for genetic engineering and biotechnology products. The Indian money will be used to pay for the visits of American scientists to India as well as for the visits of Indian scientists to the US. There is talk of the US investing in some fellowships for research but the Intellectual Property Rights on the research outcomes will belong to the Americans.

Wal-Mart and Monsanto, two American multinationals, are on the board of the Indo-US Knowledge Initiative on Agricultural Research and Education. Monsanto has now been elevated from being a seed company to becoming a member of the official US delegation. The American multinationals made their intentions very clear during the first meeting of the board in Washington in December 2005. Wal-Mart and Monsanto propose to use their position on the board of the Agriculture Initiative to enter into retailing in agriculture and agricultural trade. The board will set the agenda for collaborative farm research with Indian laboratories and agricultural universities. (...) This skewed composition indicates the nature of the playing field on which the Agriculture Initiative will be implemented and the sheer inability of the Indian side to take on the Americans. (...)

The main features of the India-America agriculture deal are agricultural biotechnology, access to biological resources and Intellectual Property Rights (IPR). All three sectors are interrelated and all are of crucial interest to the US. Progress in agricultural biotechnology has thrown up one very clear fact, that technology rich countries like the US do not have the raw material needed for biotechnology, which are genetic resources. Intellectual property rights regimes in the form of TRIPS/WTO are the instruments devised to gain access to developing country bio-resources.

Through the Agriculture Knowledge Initiative, the Americans have asked for unhindered access to India's gene banks. India's considerable genetic wealth stored in its

gene banks will become available to the Americans for free under the guise of this unequal agriculture agreement. In India, the universities on their own and through Krishi Vigyan Kendras, serve as extension agencies for farmers in the field and because of this they have a wide outreach. Wal-Mart and Monsanto will be able to use the universities to reach farmers in many parts of India, to sell their products and establish their business, without the US having made any investments in this Initiative. The agriculture initiative will allow the Americans to have complete access to the rich and valuable genetic diversity stored in India's gene banks. It is not clear whether they will pay for this genetic wealth or how they will pay for it. Genetic resources are a very valuable economic resource in the era of biotechnology, the Americans have little economically useful genetic resources.

The Board has discussed issues of intellectual property rights on products developed from the research programme, so it is feared that whereas India will invest all the money in the research, the patents will be taken by the Americans. India's unique IPR law called the Protection of Plant Varieties and Farmers Rights Act (PPVFR), the only law in the world which is TRIPS compliant but still grants legal rights to farmers, will come under threat from American pressure. The Americans along with Ag-biotech multinationals like Monsanto have been lobbying for a change in India's IPR laws to introduce patents on seeds and genes and do away with the provisions for protecting farmers' rights. A combination of physical access to the gene banks and an IPR law that allows seed patents will deliver India's genetic wealth into American hands. This will constitute a severe blow to India's ability to be food sovereign and food secure in the long run.

The Americans have asked for all restrictions to be removed to facilitate the import of US farm products into India. This is significant since essentially they have asked for the right to export GM crops and foods to India. (...) *(Source: By Suman Sahai, 08.04.06, <http://www.indiatogether.org/2006/apr/opi-cropdown.htm>; accessed 19.04.06)*

[Another commentator has focussed some lights on the real motives of the US TNCs functioning as members of AKI board. – *Update*]

A bargain-basement knowledge ‘mandi’

(...) The US-based Monsanto deals in *genetically-modified (GM) crops, agro-chemicals, seeds and bovine growth hormones*. The company has plants and operations in 52 countries and is the *largest* seller of GM crops in the world. Several estimates point to how dominant the company is in this sector — over *three-quarters* of the world’s *farmlands* that are planted with GM crops are seeded with *Monsanto products*. Archer Daniels Midland is a US *grain purchaser and trader* and is, with *Cargill*, one of the companies that maintains *oligopolistic control* of the American food-manufacturing and food-processing markets, through a powerful network of controlled transport networks, farm input suppliers and international purchasers. Wal-Mart is not just the world’s *largest retailer*, it is the *world’s largest company* and is *bigger than Exxon Mobil, General Motors and General Electric*. (...)

Monsanto and other biotech corporations have been funding university scientists to do their research cheaply, but also to carry out propaganda, to defame concerned scientists and to spread falsehoods. (...)

The ideology of global competitiveness in agricultural sciences and education, accompanied by increased commercialisation of agricultural research and development, will be cemented in place by the raft of linkages and US-India programmes planned. Over the initiative’s three-year lifespan, over 500 faculty members and scientists are expected to get trained in what the ICAR calls “emerging/niche areas”; a number of new, commercially-oriented academic courses will be developed and brought on-stream in our agricultural colleges and universities, supported by over 200 joint projects and academic programmes.

On the shortlist of Indian agricultural education institutions that will be linked to US universities are the Anand, Assam, Achryan N G Ranga, Birsa, Central, Kerala, Punjab, Rajendra and Tamil Nadu agricultural universities, the Central Institute of Fisheries Education, Chandra Shekar Azad University of Agriculture and Technology, Govind Ballabh Pant University of Agriculture and Technology, Indian Agricultural Research Institute, Indian Veterinary Research Institute, Jawarharlal Nehru Krishi Viswavidyalaya, Konkan Krishi Vidyapeeth, Karnataka Veterinary and Fishery Science

University, Mahatma Phule Krishi Vidyapeeth, National Academy of Agricultural Research Management, National Dairy Research Institute, University of Agricultural Sciences, Bangalore. *Existing curricula* in these and other institutions will be *examined* and *overhauled* where required under the direction of the Knowledge Initiative on Agriculture programme, which is itself steered by the USDA. This is nothing less than an attempt to *re-cast* India's agricultural education sector into a critical *input factor for agri-business*.

Under the programme's hefty biotechnology section, genetic engineering processes find *much favour*. Among the key research subjects considered for the development of agri-science capacity are '*Genomics in Crops, Animals and Fishes*', '*Molecular Breeding in Crops and Animals*', '*Development of Transgenics in Crops, Animals and Fishes*', which includes the use of embryonic stem cell technology, cloning and gene-targeting strategies, and transgenic fish ("for enhancing growth and N-3 fatty acids in selected commercially important fish"), and '*Molecular Approaches for Plant and Animal Health Protection*'.

This is extremely insidious. Living processes, genes and organisms are nature's inventions and belong to no one. Granting patents on them was a departure in the history of protecting human inventions. Organisms are, after all, responsible for the living processes that enable us to reproduce, that provide us with food, shelter and all the other necessities of life. (...) (Source: By Rahul Goswami, August 2006, <http://www.infochangeindia.org/analysis137.jsp>; accessed 04.07.07)

[Five board meetings have been held within 17 months since the inauguration of AKI (5th meeting is held on 15th June, 2007). It shows the *intense speed* with which the projected tasks of AKI have been implementing. And, this is going on *silently, but gradually*. Most of the Indian people, particularly the people engaged in agricultural activities have been remained in dark about the *impending disaster* due to the ongoing *imperialist aggression* into their livelihoods in the name of "*Green Revolution 2*"! – Update]

Postscript

Just after the “hectic lobbying” by the US bosses for passage of N-deal, Times of India (13.11.07) reports that there are *signals* of “opening” of “windows” for the deal. Interestingly, these *signals* are given by none other than the CPI(M)-led ‘left’ parties! It’s also reported at the same time that the UPA government sends emissary to the BJP camps to ‘dilute’ their stand on N-deal. But it’s not the BJP-factor which triggers the removal of “roadblock”. As we are going to press for printing of this issue of *Update*, it’s reported by the national media that the *actual* trigger is a ‘*grand understanding*’ between the CPI(M)s & Congress-led UPA government *to cover up the maassacre perpetrated by the murderous goons of CPI(M) on the people of “Nandigram”*. *Times of India (14.11.07)* writes:

The Left’s sudden mellowness in allowing government negotiators to begin talks with the IAEA (International Atomic Energy A) is being attributed by UPA managers to the heat over the Nandigram violence... With a strong anti-government wave currently sweeping West Bengal and smaller Left partners in a defiant mood, ...CPM too now has a genuine reason to avert early elections.

Hence, “the government has advanced the date for the next UPA-Left meeting on the nuclear deal to November 16”. Finally,

“The Left has formally allowed the government to go to IAEA for talks on India-specific safeguards, triggering fresh optimism in the government about the nuclear deal with the US becoming a reality at last.” (*Times of India 17.11.07*)

Thus, the CPI(M)s forget their anti-imperialist tirade ‘suddenly’!