

# Indian prime minister's trip to the US: another sign of closer ties between Washington and New Delhi

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Indian Prime Minister Atal Bihari Vajpayee's 10-day trip to the US last month marks another step toward cementing closer economic and strategic ties between the two countries following the signing of a joint "vision statement" during US President Clinton's visit to South Asia in March.

The importance of a US alliance to India was underscored by the makeup of Vajpayee's party, which included two senior ministers—the External Affairs Minister Jaswant Singh and Finance Minister Yashwant Sinha—and top officials, such as National Security Adviser Brajesh Mishra, the prime minister's economic adviser N. K. Singh and Foreign Secretary Lalit Mansingh, as well as more than 50 business representatives.

Reflecting the euphoria in Indian ruling circles following Clinton's visit, Mansingh proclaimed on the eve of Vajpayee's trip: "If part of the history of 1492 is that it was the year Christopher Columbus discovered America, the year 2000 will be remembered as the year America discovered India."

On the part of the US, the Vajpayee visit marked a further shift toward India and away from its rival Pakistan—a close ally of the US during the Cold War. Pakistan's military strongman General Pervez Musharraf was in New York for the UN Millennium Summit in early September but was granted no formal meeting with any senior US official. Musharraf's calls for international mediation over Kashmir failed to win support from the US or other major powers.

By contrast, Vajpayee held meetings with Clinton and senior US officials and was accorded the privilege of addressing a joint session of the Congress. Vice President Al Gore took time out from his presidential campaign to host a luncheon for the Indian Prime Minister at the State Department. Not to be outdone, Republican presidential candidate George Bush, though unable to meet Vajpayee, made a point of phoning him to express his feeling that the US and India were "natural allies".

The US administration went out of its way to ensure that no potentially contentious issues marred the visit. Whenever possible frictions arose, they were quickly smoothed over.

On September 14 Clinton made a statement that the US could "play a positive role in a peaceful resolution of the Kashmir dispute". India, however, has always opposed any international involvement in Kashmir and its officials immediately protested Clinton's comments. US spokesman Bruce Riedel was quick to

explain that Clinton's remarks "in no way indicated any change in the US position." The final joint communiqué made no reference to outside mediation over Kashmir, stating that "tensions in South Asia can only be resolved by the nations of South Asia and by peaceful means".

Encouraged by US support, Vajpayee was decidedly aggressive in his statements over Pakistan, which he implicitly denounced as "a terrorist state" in his address to the UN Millennium Summit. In his remarks to the US Congress he elaborated: "No region is a greater source of terrorism than our neighbourhood. Indeed, in our neighbourhood—in this, the 21st century—religious war has not just been fashioned into, it has been proclaimed to be, an instrument of state policy."

Another issue that the US sidestepped was its previous insistence that India and Pakistan sign the Comprehensive Test Ban Treaty. Vajpayee was given royal treatment in Washington without making any concession on India's nuclear arsenal. The diplomatically worded joint statement said: "India reaffirmed that, subject to its supreme national interests, it will continue its voluntary moratorium until the Comprehensive Test Ban Treaty (CTBT) comes into effect."

Both the US political establishment and the media were silent on the Hindu chauvinist agenda of the prime minister and his Bharatiya Janata Party (BJP), the major component of India's ruling National Democratic Alliance. Vajpayee addressed a meeting in New York sponsored by the World Hindu Forum (VHP)—a group that calls for the building of a Hindu temple on the site of the Babri Mosque in Ayodhya that was destroyed by Hindu fanatics in 1992. He proudly told his audience that he was still a "swayamsevak"—that is a card-carrying member of the extreme rightwing Rashtriya Swayamsevak Sangh (RSS)—setting off a storm of criticism in India.

Clinton, however, had nothing but praise for Vajpayee, commenting at one point: "Prime Minister Vajpayee, in your speeches you talk of India's ability to cherish its own marvelous diversity. In your poetry you write of the importance of unity, saying that people of many faiths can have one dream in every eye... in America too, we have a dream of unity amidst our diversity."

Behind the closer relationship between the US and India lie definite strategic and economic interests.

Both sides are keen to forge economic ties. As James Clad enthused in the *Washington Times*: “The sheer size of India's domestic market mesmerises American companies. After fitful liberalisation beginning a decade ago, India's expanding economy has posted growth averaging annually about 5 percent. Enormous infrastructure needs, especially electricity shortfalls, beckon technical solutions and finance from outsiders. Major US corporations are expanding business in India these days, including General Electric, Exxon Mobil, Ford, Enron, IBM, AIG, Unocal, Citibank, Chase and CMS, to name but a few.”

Accompanying Vajpayee were Indian business executives involved in information technology, drugs and pharmaceuticals, automobiles and finance. Together, their corporations accounted for more than 30 percent of the total stock market capitalisation in India. Confederation of Indian Industry president, Arun Bharat, told the press that the visit would provide a springboard for Indian exports to the US to catch up with exports from China. He said that India was expecting foreign direct investment to rise to \$US15 billion in the next five years and exports to the US to reach a similar figure.

The Bombay Stock Exchange reflected the optimism of Indian business in the potential of Vajpayee's trip, with telecom and information technology stocks gaining the most. Indian internet access and internet service provider Satyam Infoway signed a deal with the US Business Network to establish a business-to-business e-commerce joint venture. America's Southern Energy, CMS Energy, and Unocal are planning to set up Indian power plants in collaboration with local partners. According to one report, \$6 billion worth of agreements were signed during the trip.

Vajpayee urged the US-India Business Summit in Washington: “Today, I invite you, captains of US industry, to grab the many new opportunities India offers. Your choice is diverse.” He reassured US corporations that the Indian government would press ahead with economic restructuring and market reform. He announced the formation of a “Strategic Management Group” under the guidance of the prime minister's office to eliminate bureaucratic obstacles to investment.

At the end of August the government liberalised India's investment rules to facilitate 100 percent foreign ownership in certain telecommunication areas as well as in Special Economic Zones, excluding certain items related to defence. During the trip, Vajpayee announced that India would also allow full foreign control of internet service providers, internet infrastructure firms and electronic mail and voicemail companies.

While these steps were welcomed by US business, far more is being demanded. An article in the *International Herald Tribune* commented: “Prime Minister Atal Bihari Vajpayee needs help. US business and government officials should use his visit to buttress India's struggling economic liberalisation program.”

Vajpayee's visit also reflects a profound shift in the strategic priorities of the US and other major powers in relation to the Indian subcontinent and the wider region.

In the 1980s, the US relied heavily on Pakistan as a base of operations on the Indian subcontinent, in particular to train and supply Islamic fundamentalist guerrillas operating against the Soviet-backed regime in Afghanistan. But with the end of the Cold

War, relations have shifted fundamentally. The Taliban regime in Afghanistan threatens to destabilise the fragile post-Soviet regimes in Central Asia, where the US and other major powers are vying for access to huge oil and gas reserves.

The US administration has put increasing pressure on Pakistan to rein in the Taliban, with which Pakistan has close ties, and to curb Islamic fundamentalist groups on Pakistani soil. During Vajpayee's visit, a nine-member US delegation led by Michael Sheehan, US Chief Coordinator for counter-terrorism, held lengthy discussions with Indian security officials about combatting Islamic “terrorists”.

Sheehan told journalists: “We are seriously concerned about the nexus between Taliban and narco-terrorism which is exploding in Afghanistan. It generates and provides support to international terrorism that poses a serious threat to world peace.” India and the US have established a joint working group to enable their counter-terrorism and law enforcement agencies to exchange information and to adopt a coordinated action plan.

The US is looking to India as a proxy for its broader interests in the region. During the crisis in Sri Lanka in May, when the Sri Lankan army faced possible annihilation on the Jaffna peninsula at the hands of the separatist Liberation Tigers of Tamil Eelam, the Clinton administration pushed India to play a more active diplomatic and military role. US officials gave the Vajpayee government a virtual *carte blanche*, saying that Washington would support whatever course of action New Delhi finally adopted.

Sections of the US ruling class are toying with the idea of using India as a counterbalance to China throughout the region. Former International Atomic Energy Agency director Hans Blix was quoted in the *Los Angeles Times* on September 12 as saying: “US policy should be based on a tacit recognition that a multi-polar Asian balance of power in which India possesses a minimum nuclear deterrent will be more stable than one in which China enjoys a nuclear monopoly.”

But the alliance between India and the US remains tentative. The US administration did not endorse India's call for a permanent seat on the UN Security Council. Moreover, despite obviously leaning toward India, Clinton made clear that he still wants to keep the door open to Pakistan. “The United States wants to work with Pakistan to overcome its difficulties,” Clinton commented. “I believe that Pakistan's success is very much in India's interest too.”

The US is aware that other powers are seeking closer ties with India as part of their strategies in the Indian subcontinent and Asia as a whole. Japanese Prime Minister Yoshiro Mori and French President Jacques Chirac have already visited India this year and Russian President Vladimir Putin is due in New Delhi this month. The fact that the major powers are courting India reflects not only that country's growing economic importance, but also their need for a substantial ally in this highly unstable but strategically important area of the world.



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