

## **India's Perspective on the Geo-Strategic Situation in South Asia Australian Defence College: 03 June 2009**

Thank you for asking me to speak to you today. It is an honour and a privilege to be asked to speak at the Australian Defence College on India's Perspectives on the Geo-Strategic Situation in South Asia.

My presentation today is in three parts:

First, on India itself and some of the forces that shape it as a nation and its outlook on the world; for if you are to understand India's perspectives on the situation in South Asia, you need to understand how these perspectives have been shaped.

Second, on the broad contours of India's foreign policy and how we see the world, including Australia.

Finally, on the situation in South Asia.

### **INDIA**

As a nation, India is even younger than Australia; we won our Independence just a little over 60 years ago.

However, India has existed, in a certain sense for many millennia; the story of India is one of great migrations going back to the dawn of history, of great civilisations, all of which have found fertile soil to grow, in India's legendary openness to ideas and influences from all over the world, of great ideas, philosophies, cultures and traditions.

India has given birth to four great religions: Hinduism, with its legendary 33 million gods and goddesses; Sikhism; Buddhism; Jainism, which preached the message of non-violence and respect for all living things, even insects, in the 5th century BC, one of the great ideas of Indian culture, which percolated right down to Mahatma Gandhi and our Freedom Movement and finds resonance even today, in various parts of the world.

India has always been pluralist; its great regional cultures are civilisations in themselves; there is nothing in India that is not imbued with this pluralism and diversity; we have the confidence as a nation to celebrate this diversity through our languages, our religions, our festivals and our diverse ethnicities; and yet, you only have to see how the whole of India celebrated during the cricket series with Australia or mourned when tests were lost, to know, beyond any doubt, that India thinks, feels and acts as one nation, a nation that is slowly but surely, emerging as a world power on the international stage.

We have the second largest Muslim population in the world; Christianity took root in Kerala in 52 AD, long before Europe welcomed it; Both Jews and Parsees, (Zoroastrians from Iran) were given shelter and refuge from persecution in their own lands in ancient times.

Numbers, perhaps is one manner of trying to understand India:

- 1.12 bn people
- 750mn of these below the age of 35
- 500mn of these below the age of 25
- 830mn Hindus; 140mn Muslims; 20mn Christians; 19mn Sikhs; 8mn Buddhists; 4mn Jains
- a free and vibrant press; 5000 daily newspapers; 16,000 weeklies; 6,00 fortnightlies; 300 TV channels.
- 33 cities with populations of over 1mn; if you go by total metropolitan area, then this number increases to 42, with Mumbai heading the list with a population of 20.9mn. This is just a little smaller, perhaps than the total population of Australia.
- Our diaspora is now about 25 mn strong, in virtually every country of the world, including Australia, where they have made a well deserved name for themselves as a highly skilled and hard working community, that integrates well into the host country and contribute significantly to its economic wealth and well being.
- Indian nationalism has not been based on a shared language or common religion or ethnic identity.
- We have a secular Constitution, which guarantees freedom of religion and speech and is fiercely guarded by an independent judiciary and a very active Parliament, which has just been sworn in after the 15<sup>th</sup> General Elections.

Indeed, this is a good time for this presentation on India to be taking place, barely a fortnight after results were declared of elections in the largest democracy of the world; an electorate of 714mn, of which 420mn voted, in 5 phases over 5 weeks.

The results of the elections took us all by surprise; observers were expecting a hung parliament and a fractured verdict. Instead, what we have is a resounding vote for a strong and stable government at a time of global economic difficulty and significant challenges, on the domestic as well as foreign policy front.

The results of the election are an important result, especially at a time of global economic crisis, which though it has not impacted India to the extent that it has impacted other economies around the world – indeed, we are one of the two major economies to be actually growing at this point of time, and that by a fairly healthy 7%, it would be fair to say that India too has been impacted by the crisis.

CII, in its report on the 'State of the Economy', has projected that the Indian economy will expand by 6.1-6.5 percent in the current fiscal year (2009-2010). There are other "Feel Good Factors" that I would like to list:

□ The fact that rural demand remains unaffected by global developments is a source of strength for the Indian economy 70% of our population lives in rural areas.

□ India is the only country the world over to post a positive overall growth in crude steel production at 1.01% for the January-March period of 2009.

□ March saw the highest number of mobile phone subscribers, at 10.83 mn.; April saw a growth of 9 million, taking the total subscriptions for the fiscal 2008 -09 to 288.3 mn.

□ The Tata Nano, launched in April this year, received 200,000 fully confirmed bookings, worth about A\$650mn; this represents about 17% of the 1.22 mn. Passenger cars sold in India in the last fiscal year.

□ FII in April 2009 was US\$866 mn., the highest monthly infusion in 2009.

□ In reaction to the general election results, the Bombay Stock Exchange's Sensex opened 17 percent higher on the Monday following the elections. All sectoral indices surged, with banking spearheading the rally. Equities were frozen at the upper circuit at open and trading was halted for the day.

And so we have today, a government in position that has received a resounding vote of confidence for its policies, both on the external as well as internal front; its agenda of inclusiveness, rapid economic growth, moderation and restraint.

## **INDIA'S FOREIGN POLICY**

What are the implications for foreign policy?

India's immediate foreign policy objectives were, and will remain, a peaceful environment, strategic space and autonomy, free of entanglement in conflicts or alliances. We seek peace and security while we concentrate on development and ensuring that its fruits reach the vast majority of our people who still live on less than \$2 a day. We seek to create an external environment that furthers these goals.

India is and will remain a developing country for a considerable period; therefore, nation-building or the socio-economic transformation in India must be the primary concern of our foreign policy.

An equally important factor has been our sustained economic growth over the past two and a half decades; as a result of twenty five years of 6% growth and reforms since 1991, resulting in India's rapid economic and social transformation, India today is in a position to engage with the world in an unprecedented manner.

Our rapid economic growth has given India certain capabilities, but we still have a considerable distance to travel. To do this, we need to keep our economy growing at 8-10% each year.

The world today is at a moment that does not come often, when fundamental shifts occur in the distribution of power within the international system. It is today on the cusp of a new type of multipolarity as a result of several decades of globalization, which, along with other factors, has eroded the autonomy and authority of the state. Among the major powers, even strategic adversaries who jostle for position, rely upon each other for their

prosperity. We are in what Richard Haas describes as the Age of Non-polarity.

The shift that we are witnessing today is also probably towards a flatter distribution of power in the world, accentuated by the geopolitical consequences of the global economic crisis. For instance, unlike previous financial crises which were handled within by the G-7 industrialised countries, the present crisis is sought to be addressed in the G-20, which includes the major economies, including China, India Brazil and Australia.

Paradoxically, some of the same forces of globalization that have helped us to get to this point – the global flows of goods, people and capital, the development and dissemination of technology and so on are also the source of our greatest dangers. With globalization, threats have also globalised and now span borders. Some major threats today are from non-state actors, from trans-boundary effects of the collapse of the state system, or, at least, of its inadequacy.

Looking ahead, the factors of risk that threaten systemic stability come from larger, global issues. The greatest of these is the international community's ability to manage the readjustment of the world economy, the institutions that are supposed to run it and the resulting shifts in the balance of power. In turn, these will affect our ability to deal with questions like terrorism, proliferation of weapons of mass destruction, energy security and environmental and climate change.

In practical terms, the immediate security challenge we face, which overshadows all the others, is the lethal combination of terrorism, anarchy and hostile state organs that complicates our search for a peaceful periphery and good neighbourly relations in the Indian subcontinent.

## Pakistan

This brings me to Pakistan. We would like nothing better than a democratic Pakistan, at peace with itself, so that we could build on our common economic interests and cultural affinities, concentrating on our primary developmental tasks. Unfortunately, the attacks on our embassy in Kabul on July 7 last year and on Mumbai on November 26 are only the most recent and visible examples of the challenge we face. In each case the perpetrators planned, trained and launched their attacks from Pakistan, and the organizers were and remain clients and creations of the ISI. Six months after the Mumbai attacks, and after presentation of three dossiers of evidence by India to Pakistan, linking the attacks to elements in Pakistan, we still await a response from the Pakistani authorities, and prevarication continues.

Until the links between the terrorists and the ISI and the Pakistani Army are cut, it is hard to see how Pakistan itself, which has the primary responsibility, will act on the promises it has made to India and the international community to eliminate terrorism from Pakistan.

We have directly suffered the consequences of linkages and relationships among terrorist organizations, their support structures, official sponsors and funding mechanisms, which transcend national borders but operate within them. Any compromise with such forces, howsoever pragmatic or opportune

it might appear momentarily, only encourages them. Large areas in Pakistan extending into Afghanistan, have seen the collapse of state structures and the absence of governance or the writ of the state, with the emergence of multiple centers of power. The results, in the form of terrorism, clandestine nuclear proliferation, extremism and radicalism are felt not just by India but by the world.

Sadly, the escalating violence since early 2007 in the form of ceasefire violations, cross-border infiltration and terrorist attacks from Pakistan came after a sustained effort by India and Pakistan to improve relations through the composite dialogue and back channel diplomacy which achieved unprecedented success. That dialogue has now fallen victim to internal developments in Pakistan.

For India, a stable Pakistan at peace with itself is a desirable goal. We need a peaceful periphery in our own interest, and will work with all those in Pakistan and the international community who further that goal.

#### Afghanistan

The effects of the terrorist infrastructure in Pakistan have been felt in Afghanistan for a long time. For Afghanistan to regain peace, the roots of international terrorism in parts of Pakistan and its local sponsors will have to be eliminated. The Afghan people, like the Pakistani people, have made it clear on every available occasion, in elections or in other ways, that they would rather have nothing to do with terrorists and their political and other sponsors. India is working with Afghanistan to reconstruct the economy, carrying out projects for over US\$ 1.2 billion.

#### Sri Lanka

With the end of military operations in Sri Lanka, the time is opportune to focus attention on issues of relief, rehabilitation, resettlement and reconciliation including a permanent political solution in Sri Lanka. We agreed on the urgent need to resettle the IDPs in their villages and towns of habitation and to provide to them necessary basic and civic infrastructure as well means of livelihood to resume their normal lives at the earliest possible. The Government of Sri Lanka has indicated that it is their intention to dismantle the relief camps at the earliest and outlined a 180 day plan to resettle the bulk of IDPs to their original places of habitation. The Government of India is committed to provide all possible assistance in the implementation of such a plan in areas such as de-mining, provision of civil infrastructure and re-construction of houses.

Both countries agree on the urgent necessity of arriving at a lasting political settlement in Sri Lanka. Towards this end, the Government of Sri Lanka indicated that it will proceed with implementation of the 13<sup>th</sup> Amendment.

The Government of Sri Lanka has also indicated its intention to begin a broader dialogue with all parties including, the Tamil parties in the new circumstances, for further enhancement of political arrangements to bring about lasting peace and reconciliation in Sri Lanka.

#### Nepal

What is happening in Nepal is internal to Nepal. We wish Nepal well in its transition to a fully democratic polity and in a manner which contribute to the early conclusion of the peace process.

We would hope that the broadest possible political consensus makes it possible for Nepal to concentrate on the agreed tasks of Constitution making and of democratic transition and that the peace process, including the important tasks of Constitution drafting, will now move forward expeditiously. We have a unique relationship with Nepal. We stand ready to support Nepal in any manner it would want us to.

Bangladesh

India has welcomed the successful conduct of elections and return of multi-party democracy in Bangladesh. India and Bangladesh share common values, a commitment to democracy and a multi-faceted historical relationship. India looks forward to working closely with the newly elected Government in Bangladesh to further strengthen our cooperation in a range of areas.

### **INDIA AND ITS NEIGHBOURS**

The logic of geography is unrelenting and proximity is the most difficult and testing among diplomatic challenges a country faces. In defining one's vital national and security interests, a country's neighbourhood enjoys a place of unquestioned primacy.

On what basis does India define its neighbourhood policy?

Let me begin by stating the obvious. South Asia is a fairly compact unit, of sub-continental proportions, but occupying an easily identifiable geographical space, enjoying a broad cultural unity and a wide range of intra-regional economic complementarities.

There were mighty empires in our history that straddled this sub-continent and the experience of colonialism more recently, reinforced the legacy of interconnectedness and affinity.

Then came the trauma of partition, the growth of assertive nationalism, the drift away from democratic freedoms in some countries of our neighbourhood and the impact of global strategic and ideological rivalries. The sub-continent is now home to several independent and sovereign states and this is a compelling political reality.

As a flourishing democracy, India would certainly welcome more democracy in our neighbourhood, but that too is something that we may encourage and promote; it is not something that we can impose upon others. We must also recognize, regrettable though this may be, that the countries of South Asia, while occupying the same geographical space, do not have a shared security perception and, hence, a common security doctrine. In South Asia, at least some of the States perceive security threats as arising from within the region.

Keeping in mind this reality, our approach to our neighbours, as embodied in our approach to SAARC- the South Asian Association for Regional Co-operation, is the only approach that is logically sustainable – we set aside our differing political and security perceptions for the time being, and focus

attention on economic cooperation, growth and development, establishing cross-border economic linkages, and drawing upon the complementarities that exist among different parts of our region in order to build constituencies for peace in each of our countries and eventually help us overcome mutual distrust and suspicion.

India already has a set of bilateral relationships with its neighbours, which vary in both political and economic intensity. The political lines dividing South Asia have also severed the transport and communication linkages among member countries. The road, rail and waterway links that bound the different sub-regions of the sub-continent into a vast interconnected web of economic and commercial links, still remain severed. Transit routes, which would have created mutual dependencies and mutual benefit, have fallen prey to narrow political calculations. We need to restore these cross-border linkages and transportation arteries throughout our region; India has repeatedly tried to work towards this goal.

India is today one of the most dynamic and fastest growing economies of the world. It constitutes not only a vast and growing market, but also a competitive source of technologies and knowledge-based services. Countries across the globe are beginning to see India as an indispensable economic partner and seeking mutually rewarding economic and commercial links with our emerging economy. We want that our neighbours also seek to share in the prospects for mutual prosperity that India offers to them.

The question is whether our neighbours envisage their own security and development in cooperation with India or in hostility to India or by seeking to isolate themselves from India against the logic of our geography?

Some of our neighbours have taken advantage of India's strengths and are reaping both economic and political benefits as a result. Others are not. If globalization implies that no country can develop in an autarkic environment, is this not true even more for countries within a region? These questions will need deep reflection and honest answers.

The challenge for our diplomacy lies in convincing our neighbours that India is an opportunity not a threat, that far from being besieged by India, they have a vast, productive hinterland that would give their economies far greater opportunities for growth than if they were to rely on their domestic markets alone.

India accepts that as the largest country in the region and its strongest economy, India has a greater responsibility to encourage the economic integration process. In the free markets that India has already established with Sri Lanka, Nepal and Bhutan, it has already accepted the principle of non-reciprocity.

However, while we are ready and willing to accept this regional economic partnership and open up our markets to all our neighbours, we do expect that they demonstrate sensitivity to our vital concerns. These vital concerns relate to allowing the use of their territories for cross-border terrorism and hostile activity against India, for example, by insurgent and secessionist groups.

India would like the whole of South Asia to emerge as a community of flourishing democracies. We believe that democracy would provide a more enduring and broad-based foundation for an edifice of peace and cooperation in our sub-continent. Half a century of political experience in South Asia has provided a clear lesson that while expediency may yield short term advantage, it also leads to a harmful corrosion of our core values of respect for pluralism and human rights. The interests of the people of South Asia sharing a common history and destiny, requires that we remain alert to the possible dangers we face when attempts are made to extinguish a democratic order or yield space to extremist and communal forces. India is fully aware that its destiny is inseparable from what happens in its neighbourhood. For our own sustained economic development and the welfare of our people we need a peaceful and tranquil periphery. We also believe that the establishment of a peaceful neighbourhood is integrally linked to economic development in our neighbouring countries.

### **INDIA'S OTHER NEIGHBOURS; OTHER STRATEGIC PARTNERSHIPS**

With our other neighbor, China relations are developing smoothly. China is now our single largest trading partner, with total bilateral trade worth US\$ 52 billion in 2008 and there is increasing congruence in our views on global issues. The quality of our strategic dialogue is improving steadily and difficult issues in the relationship are being addressed, without being allowed to hinder the growth of the bilateral relationship.

### **USA; RUSSIA; CHINA; JAPAN; EU**

**Before I end, I would like to say a few words about:**

#### **INDIA : AUSTRALIA**

There's so much happening across the board between our two countries that today, I can only touch on some of the areas, I'd like to **start with a bit of history.**

As early as in the opening decade of the 20<sup>th</sup> century, soon after the formation of the Federation of Australia in 1901, **Alfred Deakin**, before becoming the Prime Minister of Australia, wrote in his book *Irrigating India*, about "*geographical proximity* and future relations.... Possessing immeasurable potencies".

The **connections between our two countries go back a long time.**

Our ties with Australia can be said to be old because **India has been engaged with Australia ever since Australia become a settlement some two hundred and twenty years ago.**

However, for **various reasons, also to do with history**, there was a period of time when relations between our two countries did not reach their potential and were **confined to the three 'Cs'** that linked our two countries – Cricket, Curru and the Commonwealth.

It is only in **recent times**, coinciding with **India's rapid economic growth and its demand for resources, energy and services, and Australia's crucial role in providing these**, that the potential in the bilateral



relationship is beginning to be realised, especially on the trade and economic side.

That both countries have set up a Joint Study Group to study the possibility of a **FTA** between India and Australia is a sign of the potential that we see for much closer economic interaction.

**India has emerged as the sixth-largest export market for Australia, and its tenth-largest trading partner. India is Australia's largest export market for gold and chickpeas, second largest market for coal and copper ores, and third largest market for lead and wool.**

Bilateral trade in goods, at about A\$11 billion, of which our imports are about A\$9 bn, has grown by over 32% p.a. over the last five years, the fastest of Australia's major markets, for goods as well as services. The two way trade in services stands at A\$3 bn, with Australia's exports amounting to A\$ 2.5 bn.

With India's GDP set to continue growing at high rates, the possibilities in taking economic ties with Australia to much higher levels are numerous.

The growing economic linkages between our two countries present a solid foundation for us to build further on the many complementarities that exist between us. From the strategic perspective, I see Australia and India not as countries that are far away from each other, but in each others extended neighbourhood. Today, **both India and Australia are at the epicentre of the new economic forces shaping the world, particularly in the Asia-Pacific region.**

**Defence** relations between the two countries have been growing steadily since 2001. The structure for regular talks at various levels is well established: We have a Strategic dialogue, a Joint Working Group on Defence, MOUs on Defence Cooperation (*Jul 2006*) and on Protection of Exchanged Classified Information. These envisage exchanges of views on security and defence related matters, maritime cooperation including joint naval exercises, ship visits and professional exchanges in the context of common interests in the security of the Indian Ocean.

India has recently acquired the Australian mine-sweeping system, developed by Australia's Defence Science and technology Organisation (DSTO) that protects ships from underwater mines. I understand that the recent sale to India of this system, worth approx. \$11 mn has been the largest single export order for this system since it was first exported in 1992.

You would also be aware that there exists a strong bond in the form of our shared history, when Australians and Indian soldiers fought shoulder to shoulder during the two world wars, including at Gallipoli. The Commonwealth war cemeteries in Syria, Turkey, Egypt and in many places in South east Asia are testimonies to this.

Then, there is the large and growing **Indian community** of professionals and migrants in Australia, 234,000 strong and growing, and students, 95,000 strong and growing.

**High-level visits** on both sides are promoting engagement across a broad spectrum and heralding fresh opportunities for co-operation between India and Australia in an all encompassing array of fields. During Foreign Minister Stephen Smith's visit last September, it was agreed to work towards the objective of taking the level of relations to a **strategic partnership. It was FM Smith who pointed out, that not many people realize that Perth is closer to Chennai than Sydney is to Tokyo, Shanghai or Seoul.**

India has deeply appreciated **Australia's support in the IAEA** and at the **NSG** for the consensus decision that allows full civil nuclear co-operation with India. We also appreciate Australia's support for India's membership of **APEC** and India's inclusion as a **permanent member of the UNSC.**

Our proximity is underscored by **our shared values** of a democratic system, the rule of law based on the Westminster model of parliamentary democracy, a free press, an independent judiciary and a vibrant civil society, political moderation, opposition to terrorism, and commitment to good governance; both our countries nurture a deep respect for fundamental rights and human freedoms; We are both multiethnic, multilingual and multi cultural societies; the common use of the English language facilitates communication and understanding.

The growing linkages between our two countries present a solid foundation for us to build further, to build a truly strategic partnership on the many complementarities that exist between us.

Thank you.

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