

**India-East Asia Relations:  
2004: A Year of Living Actively**

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Three broad features characterized India-East Asia relations in 2004. First, India-Pakistan relations improved, providing India the energies and resources to pay attention to its eastern neighbors. Second, India's economy remained robust, giving India the confidence to pitch for cooperation and garnering interest from East Asian countries. Finally, a change of government in India has not derailed what now appears to be an institutionalized Indian "look east" policy. Although China remained at the forefront of India's major Asian relationships, there will be some tough sloggging in the "normalization" process. Japan-India relations also showed greater activity in 2004 but the two governments are still wary, primarily because of the nuclear issue. A new development in 2004 was the India-ROK relationship, which is moving forward after President Roh's October visit. The summit relationship with ASEAN affords India an opportunity to build bilateral ties with a number of Southeast Asian countries.

**India & China Relations: Not Measuring Up**

China's Premier Wen Jiabao has employed grand benchmarks in his recent assessments of India-China relations. During his November 2004 meeting with India's Prime Minister Manmohan Singh on the sidelines of the 10<sup>th</sup> ASEAN Summit, Premier Wen remarked that in their 2000 year history, bilateral ties have been "good 99.99 percent of the time" and there have been "aberrations 0.01 percent of the time." And he also stated that there were "[t]ens of thousands of reasons for enhancing cooperation" between the two countries. In fact, India-China relations in 2004 were far from meeting the "tens of thousands" threshold or narrowing differences to only 0.01 percent.

But if India-China relations did not measure up to the high standards of Premier Wen's vision, political atmospherics were friendlier than during the previous year, trade increased steadily and numerous high-level political and military exchanges occurred. The developments of 2004 suggest that the process of normalization has not been derailed and is inching forward, but that the prospect of the realities catching up to the rhetorical yardsticks remains remote.

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\* The views expressed in this article are those of the author and do not reflect the official policy or position of the U.S. Department of Defense, the United States Pacific Command, or of the Asia-Pacific Center for Security Studies.

## **India-China Border Issues: Ground Realities vs. Guiding Principles**

Despite three rounds of Special Representative-level talks on bilateral border and territorial disputes in 2004 – in mid-January, late July, and mid-November – India and China reached no major settlements of the complex and contentious problem.

Basic differences in the negotiating postures of India and China remain. Although India has moved toward China's position that the border dispute should not hold up progress in other areas of bilateral relations, the pace of settlement New Delhi seeks still appears faster than that which China is willing to accept. Premier Wen reportedly told Singh during their Nov. 30 meeting on the sidelines of the 10<sup>th</sup> ASEAN Summit that "[t]o be extremely frank, resolving the border question is by no means an easy task and it calls for confidence and patience." Earlier, during his address to the Asia Cooperation Dialogue (ACD) Foreign Ministers Meeting in Qingdao in June, Premier Wen, without specifically mentioning the border dispute with India, stated that "[f]or those problems left over by history or controversial issues, we should focus on the larger picture, conduct consultation on an equal footing, and handle them properly through mutual understanding and accommodation." Both comments contrasted with much public and press speculation within India about the favorable prospects for a settlement.

Apart from their different emphases regarding the pace and context of negotiations, India's emphasis on accepting "ground realities" and China's emphasis on "guiding principles" suggests that the basis of negotiations is divergent and accordingly they will be difficult in the future. What China has in mind in terms of principles was spelled out by Premier Wen during his November meeting with Singh: "We believe that if abiding by the principle of equal consultation, mutual understanding and mutual accommodation, the two sides can find solutions to this issue through sincere negotiations." While not dismissing the relevance of these principles, Singh reportedly responded, "I agree with you. We must deal with this in the spirit of accommodation. We are willing to be accommodating but both sides have to be mindful of the ground realities." The reference to "ground realities" was interpreted in the Indian press as an effort to signal China to accept Arunachal Pradesh as part of India in return for India accepting China's de facto control over a portion of northern Kashmir. It is far from clear that these are official Indian positions, however. Currently, China claims sovereignty over a large section of Arunachal Pradesh which shares a nearly 1,000-km border with China's Tibet region, and India's position is that the northern part of Kashmir was illegally ceded to China in the course of a China-Pakistan border agreement. Whether the "ground realities" formulation can really take root, and whether it can be encompassed as part of or reconciled with Beijing's emphasis on "reaching consensus on common principles" remains to be seen. Mostly likely, long and difficult negotiations lay ahead.

However, at least one ongoing territorial issue moved gradually toward further clarification. It will be recalled (see "Delhi's Two Front Diplomacy," *Comparative Connections*, 4<sup>th</sup> Quarter 2003) that by the end of 2003 China removed Sikkim, which India considers one of its states, as an "independent country" from its official Foreign Ministry website and implicitly gave recognition to Indian sovereignty there (by agreeing

to cross-border trade), but refused to view the Sikkim issue as completely resolved. In 2004, just a day after the second round of Special Representative talks was concluded Chinese Foreign Ministry spokesman Kong Quan told reporters “The Sikkim issue is a question left over by history. During Atal Bihari Vajpayee’s visit to China, the two sides have launched a process of settling this question.” In May, for the first time, an official printed Chinese publication showed Sikkim as part of India and did not list it as an independent country. In November, Premier Wen went further saying that “We have taken our decision about Sikkim and we shall move forward in finishing it. We will gradually implement it.” Many Indians interpreted such comments as indicating China’s plans to once and for all recognize Sikkim as an Indian state – though the government of India’s official response was measured, only “taking note” of the Chinese move. In fact, despite progress on the Sikkim issue, caution is in order. China insists on framing a final settlement “gradually” while Indians are anxious for a final, unambiguous settlement. It is quite likely that China will maintain an emphasis on “gradualism” as part of an effort to link concessions with Indian behavior regarding other issues, including Tibet and the Dalai Lama.

### **Defense Relations: Exchanges Increase, Suspicions Linger**

Defense exchanges between India and China increased in 2004. In March, Gen. Cao Gangchuan, China’s defense minister, made a five-day visit to India – the first visit in nearly a decade. One the eve of his departure for India, Cao said “I believe the exchanges between the two armies would further move ahead with the efforts of the two countries’ leaders.” Following discussions with India’s Defense Minister George Fernandes, China invited India to send army officers to observe exercises conducted by the Peoples’ Liberation Army (PLA). Another symbolic achievement was Chinese military participation in India’s Aug. 15 Independence Day celebrations at a military post that had been captured by Chinese troops during the 1962 China-India border war and then returned to India following China’s withdrawal. This exchange was reciprocated by members of the Indian Army attending China’s National Day on Oct. 1 at a small Chinese town near the common border. Another event in the bilateral military field was the first-ever joint expedition to scale a peak near Taklakot in Tibet. Prior to that, China reportedly had allowed an Indian Navy climbing team to scale Mount Everest from the Tibet side.

A five-day visit by India’s Army Chief Gen. N.C. Vij in late December continued the pattern of high-level military exchanges. Gen. Vij’s visit, the first in a decade, included talks with his PLA counterpart, Liang Guanglie, and Defense Minister Cao. According to a press report, Defense Minister Cao stated “China would like to step up its cooperation with India in the defense and security sector and advance the bilateral military ties to a higher level.” Reportedly, Gen. Vij in turn raised the possibility of Chinese military officers observing Indian exercises. These useful confidence-building exchanges notwithstanding, mutual suspicions have not fully abated. The legacy of the 1962 Border War debacle still casts a shadow over relations. More importantly, it is doubtful that military exchanges themselves will lead to any political settlements and changes in fundamental perspective required for truly amicable India-China relations.

## **Political and Economic Relations: Less Than Meets the Eye**

Political relations between India and China in 2004 were less publicly contentious than in 2003 when there were mutual accusations of border violations and Indian complaints about China-Pakistan ties. In February, Defense Minister Fernandes, who at the time of India's 1998 nuclear tests had characterized China as "India's potential enemy number one," gave a widely reported speech focusing on areas of possible bilateral cooperation. A Chinese spokesperson responded that the "Chinese side appreciates the Indian Defense Minister's positive view of the current bilateral relationship and developing trends." A newly elected Indian government took office in May and moved swiftly to reiterate that India did not see China as an enemy. On June 20, new Defense Minister Pranab Mukherjee stated, when asked about his predecessor's remarks regarding China as an "enemy," "I don't have the luxury of using superlative language for any country. We have good relations with our neighbors." The reiteration of the "I am not your enemy and you are not my enemy" mantra that has characterized India-China relations since India's nuclear tests was especially important given Chinese uncertainty about the new Congress-led government's approach to bilateral relations. Though it should be noted that it was Rajiv Gandhi, late husband of the current government's powerbroker Sonia Gandhi, who pushed normalization forward with his 1988 visit to China.

The visit of State Councilor Tang Jiaxuan to India in October 2004 provided another opportunity to accentuate the positive in bilateral relations. In June, some months before arriving in New Delhi, in an interview with an Indian correspondent, State Councilor Tang was ambiguous about China's position regarding India's membership in an expanded UN Security Council. In that interview, he said only that "the Chinese government values India's influence and role in international and regional affairs and is willing to see a greater Indian role in the international arena, the United Nations included." But during Tang's October visit China's position appeared to have changed with Beijing now supporting "a bigger role for India in the international community, including in the United Nations Security Council." The Indian media interpreted the comment as backing India's claims for a permanent UN Security Council seat. However, it remains unclear whether China has in fact backed India's bid. No official change in policy has been announced. Beijing still reiterates a very general support for some UNSC reform and expansion and has indicated a favorable disposition toward Germany's membership and opposition to Japan, but little about India. For its part, during the Tang Jiaxuan visit, India reiterated that it would not allow the Dalai Lama to engage in political activity in India and would not alter its "one China" policy. In essence, for all the speculation and fanfare, neither country offered concrete or positive changes in policy.

Discussions during the Tang visit also covered ways in which economic relations could be expanded further including through a possible free trade-type arrangement. Indeed, an especially bright spot in bilateral relations is trade. Both sides insisted throughout the year that the \$10 billion goal would be reached – and it was. The pace of growth in bilateral trade has been strong, and both countries appear interested in pushing the pace even faster. To that end, a March meeting of the China-India Joint Study Group, mandated by the first-ever India-China Joint Declaration signed during Vajpayee's

historic visit to Beijing last June, began to explore the possibility of a free trade agreement.

Further on the political front, China also expressed its willingness to hold discussions and conduct joint studies with India on the root causes of terrorism. And India's Foreign Minister Natwar Singh told the press that regarding Pakistan "there was no mutual paranoia." Reportedly, though the border dispute was mentioned in the talks, it was not discussed in detail and did not achieve prominence during Tang's visit. It appears that both sides have reached agreement to keep the complex and contentious border discussion in its "own lane" (i.e., the Special Representatives-level talks) rather than cloud the atmosphere of overall political relations. Additional political visits throughout the year, including by State Councilor Cheng Zhili in November, maintained the momentum in political exchanges. India's Minister for Science and Technology Kapil Sibal and State Councilor Chen established a Joint Steering Committee (JSC) to promote collaboration in various areas of science, technology and energy.

### **India & Southeast Asia: "From Enhancing to Deepening, but What about Strengthening?"**

India's relations with Southeast Asia today run on two overlapping tracks. The one track is with the Association of Southeast Asian Nations (ASEAN) as a group. The other is with individual Southeast Asian countries. Compared to ASEAN's other key external partners (the U.S., Japan, PRC, and ROK), however, India still remains something of an outlier. For example, though ASEAN conducts a "Plus Three" dialogue with China, Japan, and South Korea, it pursues a separate dialogue with India. The official ASEAN 2003 press statement on these four summits noted in the case of the "Plus Three" countries that ASEAN was "consolidating" relations, but only "enhancing" relations with India. In 2004, the watchword for the ASEAN Plus Three was "strengthening" relations, but for India it was "deepening" relations. Nuances aside, there is evidence that India and Southeast Asia in 2004 continued to incrementally improve ties across a range of political and economic issues.

Symbolically, the big event of India-ASEAN relations came late in the year. In November, a car rally began in Guwhati, in northeastern India, and snaked through several Southeast Asian states before ending in Batam, Indonesia in December. India had proposed the rally as a way of drawing attention to its geographical proximity to Southeast Asia. It was also an effort to highlight the potential role that India's troubled northeastern states could have in developing economic and other links with Southeast Asia. Though some 60 cars began the rally in Guwhati, only 22 completed the race in Batam. According to Didi Munajat, an official of the Indonesia Automotive Federation (IMI), "The rest of the cars decided not to continue the trip to Batam because there were not enough RORO ferries to transfer them." The rally was symbolic of India's efforts to catch Southeast Asian (and Indian) public attention but the net result was perhaps less than hoped for.

Similarly, despite bonhomie and impressive-sounding agreements reached at the third ASEAN-India Summit on the sidelines of the 10<sup>th</sup> ASEAN Summit in Vientiane, Laos, the main substantive accomplishment was a stock-taking of relations and the endorsement of a framework for future cooperation. The major document signed was the “ASEAN-India Partnership for Peace, Progress and Shared Prosperity” and a related “Plan of Action.” The main features of future cooperation are intended to be in the economic realm, but also terrorism and transnational crime. Efforts to push trade and investment cooperation had begun earlier in the year. The third ASEAN Economic Ministers-India consultations were held in Indonesia in September. And the third annual India-ASEAN Business Summit was held in New Delhi in October. Notwithstanding these efforts, the fact is that India-Southeast Asia trade and investment cooperation remains low. As India’s Minister of Commerce and Industry Kamal Nath told the October gathering “The total two-way bilateral trade between India and ASEAN countries was \$10 billion three years ago. It has been growing at an average annual rate of 10 percent, and last year stood at a little over \$12 billion. *I find this very unsatisfactory* [emphasis added].” Minister Nath explained, “[India’s] current rate of export growth is 24 percent. If this is the average rate, then for a focus area like ASEAN the rate should be higher. It should be at least 30 percent.”

Two instruments that India seeks to use to increase trade with Southeast Asia are a Framework Agreement on Comprehensive Economic Cooperation (signed in 2003) which, the hope is, will eventually lead to a free trade area. A second instrument is the so-called “Early Harvest Program” (EHP) that comprises an agreed upon list of items for tariff concessions on a fast track basis. The goal is to finalize the EHP on Jan. 1, 2005. India also seeks greater investment from Southeast Asia. In the past decade, foreign direct investment from ASEAN has been only about \$4 billion and the great majority of this from only three countries – Malaysia, Singapore, and Thailand.

On the political front, the big, if indirect, news for India-ASEAN relations was the membership of Pakistan. Pakistan joined the ASEAN Regional Forum (ARF) as a full dialogue partner of ASEAN in July. India in the past objected to Pakistan’s membership but dropped its objection – reportedly in return for assurances that bilateral issues would not be raised at ARF meetings. India also has indicated its effort to work with regional states on joint patrolling of the seas to combat piracy and to cooperate against terrorism.

In addition to India-ASEAN dealings, India built on its bilateral relations with neighboring Southeast Asian countries. India’s relations with Burma were especially active during 2004. India and Burma have been working to improve relations with each other over the past three years – despite New Delhi’s strong support for the democratic opposition after the 1988 military crackdown. In 2004, a major element of bilateral discussion and action was joint actions against Indian rebels operating from inside Burmese territory. The precise nature of cooperation was unclear. In late December 2003 India’s chief of army staff, Gen. N. C. Vij, was reported to have said that “Army-to-army relations between India and Myanmar [Burma] have been very good and we have been helping them.” However, at the time, a Burmese government was apparently more circumspect, saying only “Myanmar [Burma] strictly abides by its policy of giving no

breeding grounds to elements that would harm its neighbors.” But as 2004 progressed there was more evidence of coordinated operations against Burmese-based anti-Indian insurgents.

India-Burma relations in 2004 also included some high-profile visits. In July, during Minister for Rail Transportation Maj. Gen. Aung Min Aung Min’s visit to India, a memorandum of understanding to develop Myanmar Railways was signed. There were also press reports about the possibility of India supplying Burma with surplus diesel fuel in return for rights to explore gas reserves. But the highpoint of political relations between India and Burma in 2004 occurred when military leader Gen. Than Shwe became the first head of state from Burma to visit India in 24 years. The visit was focused on trade as well as cooperation against anti-Indian rebels. It was particularly significant that Burma carried on with the visit despite a major government reshuffle in Rangoon just days earlier in which Prime Minister Khin Nyunt was ousted. Than Shwe was accompanied by a high-level delegation comprising eight Cabinet ministers including ministers for industry, energy, rail transportation, communications, science and technology, and health. The two countries signed accords covering nontraditional security issues, cultural exchanges, and an MOU on a hydroelectric project. Within India there were sizeable protests against New Delhi’s dealings with Burma’s military junta.

Another important Indian relationship in Southeast Asia is with Singapore. Singapore has accepted the role of India’s “sponsor” in Southeast Asia. In 2004 there were several high-level political, military and economic exchanges between the two countries. In January, Deputy Prime Minister and Minister for Finance Lee Hsien Loong made an eight-day official visit to India where he delivered the keynote address at the Standard Chartered-Confederation of Indian Industry (CII) “Singapore Conference.” Deputy Prime Minister Lee also visited several India high technology companies. The visit focused on a proposed free trade agreement (Comprehensive Economic Cooperation Agreement) and Singapore’s interest in army and air force training in India. PM Goh Chok Tong visited India from July 8-11, 2004, his fifth visit since becoming prime minister, where he was presented the 2003 Jawaharlal Nehru Award for International Understanding by India’s president. During the visit, the two countries established The Singapore-India Partnership Foundation, a private-sector-led initiative by the Singapore Business Federation and Confederation of Indian Industry. The Foundation’s mission is to increase Singapore-India relations by building economic linkages, government relations, academic interaction, and cultural understanding through granting fellowships to citizens of the two countries. And Singapore’s Deputy Prime Minister Tony Tan visited India for seven days in late October and early November to keep up the momentum in relations. The only senior Indian official to visit Singapore was FM K. Natwar Singh, who traveled there in July for consultations with his counterparts. These political visits permitted both countries to exchange views on regional and global security issues as well as bilateral cooperation in trade, investment and defense.

These high-level visits did not, however, result in the completion of key bilateral objectives such as the conclusion of the Closer Economic Cooperation Agreement (CECA) that the two countries had been negotiating throughout the year. The new Indian

High Commissioner Alok Prasad, in an August 2004 interview, stated that the “CECA is one more mechanism to enable the growth of the relationship in a formal, institutional basis. Both sides have been working hard on the CECA. It is a complex issue. It covers a number of areas – trade, investment, cooperation, tourism, and other service areas. So these discussions are going to continue, and both sides will try to fine-tune the negotiations to good conclusions as soon as possible.” Press reports began to speculate that a deal would be wrapped up by the end of the year. But it was not. In the meantime, several Singapore agencies sent delegations to India in 2004 to pursue new economic and technology opportunities. One notable development was the establishment of a Mumbai office by Singapore’s Economic Development Board (EDB).

Defense-related cooperation and discussions was an important feature of bilateral relations during the year. In March, the two countries held their inaugural Defense Policy Dialogue designed to provide a regular forum to discuss defense cooperation and regional security. This effort was followed-up by the visit of Maj. Gen. Ng Yat Chung, Singapore’s chief of Defense Forces, to pursue more detailed discussions on cooperation in training and joint exercises. According to press reports, Singapore has been seeking training access in India for its army and air force. According to a joint press statement of the visit, during Prime Minister Goh’s July visit “Both sides positively assessed the potential and scope for defense cooperation between the two countries covering bilateral exercises, training arrangements, professional and high level exchanges and visits and collaboration in defense technology research. They saw the consolidation of defense ties as a natural evolution of their excellent political understanding. These ties would be a factor for peace and stability in the region.” In late September, Singapore’s Navy Chief Rear Adm. Ronnie Tay visited India for discussions on joint patrolling in the Strait of Malacca as well as other forms of bilateral defense cooperation. In October, India and Singapore conducted their first bilateral air force exercise named “Sindex.” Previously, military exercises had been focused on naval cooperation. Finally, the two countries continued to explore cooperation in defense-related research and development. Singapore has reportedly been studying Indian arrangements with Israel and South Africa for developing new weapons systems.

India pursued relations with other Southeast Asian countries during the year. Of significance was Malaysian PM Abdullah Ahmad Badawi’s late December visit to India – his first since becoming prime minister. PM Badawi told a gathering of business leaders “I am told that India is increasingly looking east to develop stronger trade and financial ties. We are increasingly looking west – toward India and West Asia. I am here to build new bridges, construct new economic alliances and generate fresh economic cooperation.” He went on to say, “We must work toward greater economic and trade cooperation, which should culminate in, and be catalyzed by, some form of free trade agreement between Malaysia and India.” Among the immediate agreements reached were ones to jointly develop satellites and build an international airport in Hyderabad, which is becoming another high-technology center in India. For all the hoopla about economic ties, however, Badawi noted that despite the increase in bilateral trade from \$467 million in 1994 to nearly \$4.5 billion in 2004, India’s imports from Malaysia only accounted for 3.4 percent of its total imports and Malaysia’s imports from India were only 0.8 percent

of its total imports. He similarly noted the “tremendous growth potential for cross-border investments between Malaysia and India.”

The prime minister also addressed Indian concerns about reports of poor treatment of Indian professionals working in Malaysia. Badawi was quoted as saying “I know that once in a while the media play up negative stories. But let me give you the assurance that we welcome very heartily your knowledge workers. I give you my word that we will treat them well.”

On the political and defense front, India and Malaysia discussed cooperation on fighting terrorism and having substantive defense-to-defense cooperation. Indian press reports suggested that India sought to sell Malaysia its indigenously designed and built helicopters. However, there was no specific Malaysia support for India’s bid to become a permanent member of the UN Security Council with Prime Minister Badawi saying only “We must work to establish greater democracy in the workings of the UN. This is the only way to enable the world body to play a more influential and determining role in world affairs.”

India and Vietnam also carried on exchanges during the year. The most important event was the 12th meeting of the Joint Commission in October co-chaired by Vietnamese Foreign Minister Nguyen Dy Nien and the visiting External Affairs Minister K. Natwar Singh. Agreement was reached on a three-year plan to increase bilateral cooperation on energy, information technology and human resource development. On the economic front, India-Vietnam trade stands at only about \$500 million and the meeting addressed ways to increase it. Possible Indian participation in Vietnamese power projects and assistance to Vietnam’s research on peaceful uses of atomic energy was reportedly also discussed. Defense cooperation was also a subject of the meeting, including Indian servicing and upgrading of Vietnam’s Soviet-made aircraft. Earlier in the year, in March, Senior Lt. Gen. Phung Quang Thanh, vice minister of defense and chief of General Staff of Vietnam People’s Army made a goodwill visit to India. And a 15-member delegation from India’s National Defense College (NDC 44) led by Air Vice Marshal A.K. Tiwary visited Vietnam in May. To boost tourism, India and Vietnam agreed in October to begin direct flights to each other.

India’s ties to other Southeast Asian countries also received attention during 2004. In July, Thai Minister for Science and Technology, Korn Thapparansi, at a meeting organized by the Federation of Indian Chambers of Commerce and Industry (FICCI) in New Delhi, announced that India and Thailand would sign an agreement that would phase out tariffs on 82 items as a first step to the negotiation of an India-Thailand Free Trade Agreement (FTA). The initial tariff agreement was set to become effective on Sept. 1, 2004. And during an Oct. 15, 2004 meeting between India’s Foreign Minister Singh and Thai Foreign Minister Surakiat Sathirathai in Bangkok, the two countries agreed to work closely to tackle security issues, particularly those pertaining to terrorism, illegal trade of arms, drugs and piracy, and increase cooperation in aviation and trade.

## **India & Japan: “Minimum Offers,” “Maximum Requests,” and Efforts Toward a More Multifaceted Relationship**

Relations between New Delhi and Tokyo were reasonably active during 2004. In June, India’s Minister of External Affairs Singh and then-Minister of Foreign Affairs Kawaguchi Yoriko met on the sidelines of the Asia Cooperation Dialogue (ACD) in Qingdao, China. This was the first foreign minister-level meeting between Japan and India since the new Congress-led Indian government took power the previous month. From the meeting it was clear that Japan’s fundamental position on India’s nuclear weapons development remained unchanged – despite the post-Sept. 11 lifting of the economic “measures” imposed on India after its 1998 nuclear tests. During the meeting, Kawaguchi reiterated Japan’s request for India to sign and ratify the Comprehensive Nuclear Test Ban Treaty (CTBT) as well as to join the Nuclear Non-Proliferation Treaty (NPT). Japan’s Ambassador to New Delhi Enoki Yasukuni had a different formulation on the issue. In an important May 2004 speech, he said “I believe, however, that both of us should not just confine ourselves to only exchanging our respective principle [sic] positions in this regard. A good common ground should be found between Japan’s bare minimum request and India’s maximum offer.” In fact, the reality of the situation may be more aptly described as Japan’s continued maximum requests (e.g., signing the NPT and CTBT), India’s minimum offers (e.g., voluntary moratorium on tests and nonproliferation cooperation) and the search for a more multifaceted, active, and future-oriented relationship, including in the security field.

It was clear from Singh’s comments at the June meeting that defense cooperation remained high on India’s agenda. In reply to Kawaguchi’s comment about “strengthening their global partnership based on a strategic perspective,” Singh specifically “expressed interest in the Japan-India Security Dialogue.” Basically, India seeks to move faster and for different reasons than Japan on the defense dialogue. Japan has emphasized that a security dialogue with New Delhi will help to address some of the post-nuclear negativity in bilateral relations. Ambassador Enoki recently alluded to this: “It seems to me, however, that the absence of sufficient level of security dialogue, and subsequent lack of enough mutual understanding about overall security matters have [sic] unnecessarily amplified political and national sentiment frustration with each other.” India, on the other hand, sees security discussions as only marginally relevant to the nuclear issue (on which it intends to make few concessions anyway), and views their utility in terms of broader ambitions about dealing with the emerging international and regional security environment. Basically, India does not want Japan to use the security dialogue as a way of pressing India to join nonproliferation commitments, whereas Tokyo sees this as a possible venue to discuss the issue. Despite these basic differences, there were some defense-related exchanges and discussions during the year. In May, the India-Japan Defense Policy Group agreed to increase bilateral defense ties through increased meetings and exchanges. In September, the two countries conducted basic naval exercises off the coast of Mumbai. And in November, Japan’s Coast Guard vessel *Mizuho* conducted an exchange with the Indian Coast Guard. Some senior officials of the Japanese Defense Agency also visited India.

On the United Nations Security Council reform issue, India and Japan reached an important accord in August during Kawaguchi's second visit to the country. According to an official Japanese summary of the meetings, "Japan and India shared the recognition that both countries are legitimate candidates for the permanent members of the Security Council, and agreed to support each other's candidature for the permanent membership of the UN Security Council. The two countries also agreed to hold a Consultation Meeting on UN Reforms at the DG level in near future." In the previous year there had appeared to be little prospect that Japan and India would explicitly support each other's candidacy. Hence, this was an important change in the bilateral relationship.

On the economic front however, Japan-India trade and investment relations remain limited. In an effort to facilitate cooperation, the two countries, at the August foreign ministers' meeting, agreed to establish a Joint Study Group (JSG). And at a November meeting of the India-Japan Business Cooperation Committee in New Delhi, India's Commerce and Industry Minister Kamal Nath acknowledged that Japan's business community has "a considerable degree of caution" about India and invited "captains of Japanese trade and industry to have a fresh look at where India stands today..." Progress on the ground did not show dramatic improvement, however.

Japan-India relations are showing signs of increased contact and mutual attention. For example, Prime Ministers Koizumi and Singh met on Nov. 29 in Vientiane during the 10<sup>th</sup> ASEAN summit in Laos. This was the first bilateral meeting between the two prime ministers. These high-level political contacts are useful, but the nuclear shadow and weak economic links still inhibit ties.

### **India & South Korea**

Another India-East Asia relationship that received an impetus in 2004 was that between India and South Korea. In October, President Roh Moo-hyun of South Korea made the first ever visit to India by a South Korean leader. India and South Korea announced the establishment of a "Long-Term Cooperative Partnership for Peace and Prosperity," a joint "Foreign Policy and Security Dialogue," and agreed to promote cooperation between their navies and coast guards for anti-piracy and search and rescue operations. They also announced a decision to upgrade the status of ROK Consulate Agency in Mumbai as a Consulate General. On economic cooperation, India and South Korea are to launch in January 2005 a feasibility study of a comprehensive economic partnership agreement (CEPA) to promote economic and trade relations. While Seoul did not specifically endorse India's bid to become a permanent member of the UN Security Council, the two did agree to consult more on UN reform.

And in December, External Affairs Minister Natwar Singh traveled to Seoul where he co-chaired the third meeting of the India-South Korea Joint Commission along with South Korean Foreign Minister Ban Ki-moon. The meeting served to build on agreements reached during President Roh's October visit to India. Minister Singh created something of a stir in India with his comments on nuclear issues. He told a South Korean newspaper "Even though we are ourselves a nuclear power, we support complete nuclear

disarmament for Korea.” But he then went on to say that India’s previous government was responsible for the decision to conduct nuclear weapons tests and that “regret would be futile. You cannot put it back in the tube, it is out.” Some Indians interpreted the comment as suggesting the government did not favor the previous BJP-led government’s decision to declare India a nuclear weapons state.

### **India and Taiwan**

India and Taiwan ties are constrained in light of India’s one-China policy. However, there has been some more interest in Taiwan about relations with India. In October, two officials in Taipei, Lin Sung-huan, director general of the Asia-Pacific Affairs Department of the Ministry of Foreign Affairs, and Kao Cheng-chiung, representative of the Taipei Economic and Cultural Center in New Delhi, indicated an interest in better economic and technology ties. And in November, Taiwan’s Premier Yu Shyi-kun said Japan and India should strengthen cooperation while addressing a seminar on the promotion of Taiwan-Japan-India cooperation, organized by the private Taiwan Thinktank. Premier Yu noted that the two countries exchanged representative offices in 1995 and direct flights to India began operating from Taipei in 2002. However, trade in 2003 only amount to \$1.5 billion. He expressed hope that exchanges and commercial links would grow further. It was especially interesting that Taiwan brought together Japan and India for trilateral discussions.

### **India & New Zealand and Australia**

2004 also saw a landmark visit by New Zealand Prime Minister Helen Clark in mid-October. This was the first head of government visit to either country in almost 20 years. New Zealand’s motives for the high-profile visit included the fact that “revitalizing the economic and political relationship with India was seen as a key area for concentration in follow up work to the Seriously Asia Forum” and “India’s growing weight and influence in the international arena and its significant economic potential.” New Zealanders of Indian-origin and businessmen accompanied PM Clark. She gave a speech on bilateral relations at a business lunch hosted by the Confederation of Indian Industry.

The visit was clearly designed to accentuate the positive in relations. Clark referred to the links of the Commonwealth, common parliamentary and legal systems, and a love of cricket in her public remarks. Despite New Zealand’s strong anti-nuclear and disarmament efforts, the issue was not belabored in New Delhi. Clark was quoted as saying, “While New Zealand and India see eye to eye on most issues, there are inevitably some points of difference. New Zealand is one of the world’s leading advocates for nuclear disarmament and for nuclear nonproliferation. We have always urged nations to become parties to the Nuclear Nonproliferation Treaty (NPT) and the Comprehensive Test Ban Treaty (CTBT).” However, when asked whether she would press India to sign, Clark was noncommittal, replying “Of course, with every country there will be some issues we don’t see 100 percent eye-to-eye. But we’re going to focus on the positives.”

India and Australia also had active exchanges in 2004. In March, the two countries held another round of their bilateral strategic dialogue which the Australian Department of Foreign Affairs and Trade described as part of the “growing strategic convergence between Australia and India.” And in November, Prime Minister John Howard and PM Singh held a bilateral meeting on the sidelines of the 10<sup>th</sup> ASEAN Summit. It was announced that Howard had agreed to visit India in 2005. There were also some high-level defense exchanges during the year. In mid-August, the Royal Australian Navy frigate, *HMAS Stuart*, visited Mumbai. An Australian Embassy press statement noted “The Australian and Indian navies agreed to establish navy to navy talks, during the recent visit of Australia’s Chief of Naval Staff, Rear Adm. Chris Ritchie, to India. The *HMAS Stuart* visit will further enhance the existing good relations between the two navies.” At the beginning of September, Chief of the Australian Defense Force Gen. Peter Cosgrove began a five-day visit to India to continue efforts to build defense links. The chief of the Australian Army undertook a five-day visit in November. In addition to political and defense ties, India and Australia have sought to enhance their growing bilateral trade relationship. However, Australia’s DFAT, in its annual 2003-2004 report noted “Despite our efforts, the market remains essentially closed to Australian meat products.”

### **India-East Asia Relations**

Three broad features characterized the context of India-East Asia relations in 2004. First, India-Pakistan relations improved throughout the year. This provided India the energies and resources to pay attention to its eastern neighbors. East Asian countries, for their part, could have more confidence about South Asian stability and focus on subjects of bilateral cooperation with India. Second, India’s economy remained relatively robust during the year, giving India the confidence to make pitches for cooperation and garnering interest from East Asian countries. India’s globally activist diplomacy also provided the impression of a country that was beginning to matter. Finally, a surprising but seamless (and at times “soap-opera-like”) change of government in India did nothing to derail what now appears to be an institutionalized Indian “look east” policy. Like India’s economic reforms, a minimum common consensus has been reached. The question is how fast, and how much further relations with East Asia will be taken.

China remained at the forefront of India’s major Asian relationships. The positive public pronouncements, the relatively active number of political, defense, and economic exchanges, and increased trade all provide the impression of robust ties. However, the details of the India-China relationship suggest that there will be some tough slogging in the on-going “normalization” process. The border dispute remains very sensitive and complex. India and China differ not only on ends, but even the basic approach to negotiations though the Special Representatives-level mechanism does provide a means of regular dialogue.

Southeast Asia too remained a key focus of India’s East Asia relations. The summit relationship with ASEAN affords India an opportunity to be a player in that context while simultaneously building bilateral ties with a number of Southeast Asian countries.

Singapore, Malaysia, and Burma (Myanmar) have emerged as countries with which India has extensive dealings. But also with Vietnam and Thailand India has begun to build links. Japan-India relations too exhibited greater activity in 2004 with two foreign minister-level meetings. But India and Japan are still wary of each other, primarily because of the nuclear issue. A new development in 2004 was the India-South Korea relationship. President Roh's October visit led to the issuing of a six-page joint statement and External Affairs Minister Singh's December visit to Seoul buttressed efforts to move India-South Korea relations along. It will be useful to watch whether in 2005 the momentum of India-South Korea relations, and indeed India's East Asian relations generally can be enhanced and actual cooperation deepened.

### **Chronology of India-East Asia Relations January-December 2004**

**Jan. 12-13, 2004:** India's National Security Advisor Brajesh Mishra and China's Vice Foreign Minister Dai Bingguo hold the second round of "Special Representatives" talks regarding the two countries' border dispute.

**Jan. 12, 2004:** Singapore's Deputy PM Lee Hsien Loong begins 8-day visit to India focusing on a proposed free trade agreement (Comprehensive Economic Cooperation Agreement) and Singapore's interest in army and air force training in India.

**Feb. 8, 2004:** Foreign ministers of India and Thailand sign a treaty on Mutual Legal Assistance in Criminal Matters to facilitate criminal investigations.

**Feb. 9, 2004:** Seven member nations of BIMSTEC (Bangladesh, Bhutan, India, Burma, Nepal, Sri Lanka, and Thailand – Economic Cooperation), agree to sign a free trade agreement.

**Feb. 18-19, 2004:** India and China conclude fourth round of the Eminent Persons' Group talks aimed at strengthening exchanges and cooperation in politics, economics, science, technology, and culture.

**Feb. 19, 2004:** India's Defense Minister George Fernandes, who once characterized China as India's "potential enemy number one," delivers the Air Chief Marshal P C Lal Memorial Lecture in which he gives an upbeat view of the prospects for India-China cooperation. China responds with appreciation.

**Feb. 27, 2004:** Indian Navy makes a port visit to Surabaya Naval Base, Indonesia and officers of the two countries hold discussions.

**Feb. 28-March 2, 2004:** A seven-member high-level Chinese police delegation led by the Deputy Commander of the People's Armed Police (PAP) Lt. Gen. Liang Hong visits India. This is the first PAP visit to India.

**March 3-5, 2004:** Senior Lt. Gen. Phung Quang Thanh, vice minister of defense and chief of General Staff of Vietnam People's Army, makes a goodwill visit to India. He holds talks with Indian defense officials on boosting military ties.

**March 16, 2004:** Philippines and India conclude 8th Joint Working Group meeting in New Delhi by reaching a trade cooperation agreement in information technology.

**March 21, 2004:** Two Indian naval ships begin courtesy visit to Jakarta's Tanjung Priok harbor.

**March 22, 2004:** India and Singapore hold inaugural Defense Policy Dialogue designed to provide a regular forum to discuss defense cooperation and regional security.

**March 22-23, 2004:** The China-India Joint Study Group explores possibility of a free trade agreement.

**March 26, 2004:** Gen. Cao Gangchuan begins five-day visit to India, the first visit in a decade by a Chinese defense minister.

**March 24, 2004:** ASEAN-India Joint Cooperation Committee meets in Vientiane, Laos to review cooperation and prepare for the 3<sup>rd</sup> ASEAN-India Summit later in the year.

**April 20, 2004:** Maj. Gen. Ng Yat Chung, chief of Defense Forces, Singapore, arrives in India for discussions on cooperation in training and joint exercises.

**May 12, 2004:** ASEAN Regional Forum members vote in favor of Pakistan joining the group. India approved the move in return for assurances that bilateral issues between India and Pakistan would not be raised at ARF meetings.

**May 16-22, 2004:** A 15-member delegation from the National Defense College (NDC 44) led by Air Vice Marshal A.K. Tiwary visits Vietnam. The team also includes three foreign officers from UK, UAE, and Singapore. They visit Hanoi and Ho Chi Minh City and hold discussions with various defense authorities in Vietnam.

**May 27, 2004:** India-Japan Defense Policy Group agrees to increase bilateral defense ties through increased meetings and exchanges.

**June 22, 2004:** India's new Foreign Minister Natwar Singh and Chinese Foreign Minister Li Zhaoxing, meet on the sidelines of the Asia-Cooperation Dialogue, agree to improve economic and defense relations.

**July 8-11, 2004:** Singapore's Prime Minister Goh Chok Tong visits India for the fifth time. A bilateral Mutual Legal Assistance Treaty on Criminal Matters is signed.

**July 24, 2004:** India's chief of the Air Staff Air Chief Marshal S. Krishnaswamy pays first-ever "formal visit" to Japan.

**July 26, 2004:** India and China hold third round of “Special Representatives” talks on their border dispute.

**July 27, 2004:** India and Burma sign MOU to develop Myanmar Railways during a visit to India by Minister for Rail Transportation Maj. Gen. Aung Min Augn Min.

**July 30-31, 2004:** India and Thailand, on the sidelines of the first-ever BIMSTEC summit, reach a preliminary tariff reduction agreement.

**Aug. 5-6, 2004:** Indian and Vietnamese foreign ministers meet in New Delhi to discuss enhanced cooperation.

**Aug. 12-13, 2004:** Japanese FM Kawaguchi visits India. Agreement is reached to support each other’s candidacy for a permanent UN Security Council seat and a Joint Working Group on terrorism.

**Aug. 15, 2004:** For the first time, Chinese military officials join Indian Independence Day celebrations at an Indian military post that had been captured by Chinese troops during the 1962 Sino-Indian border war.

**Aug. 31, 2004:** India and Thailand sign agreement to phase out tariffs on 82 items as a first step towards beginning negotiations on free trade area (FTA).

**Sept. 2, 2004:** India and Japan conduct “Pass-Ex” naval exercises off coast of Mumbai.

**Sept. 26-29, 2004:** Singapore’s Navy Chief Rear Adm. Ronnie Tay visits India for discussions on joint patrols in the Straits of Malacca as well as other bilateral defense cooperation.

**Oct. 4-6, 2004:** President Roh Moo-hyun makes first visit to India by a South Korean leader. A Joint Study Group is established to promote trade and investment ties.

**Oct. 11-27, 2004:** India and Singapore conduct first bilateral air force exercise named “Sindex” in western India.

**Oct. 15, 2004:** India’s FM Singh holds talks in Bangkok with Thai FM Surakiat Sathirathai.

**Oct. 15-19, 2004:** India’s FM Singh leads delegation to the 12<sup>th</sup> India-Vietnam Joint Commission talks in Hanoi.

**Oct. 18-20, 2004:** PRC State Council Tang Jiaxuan makes official visit to India in which he says China “hope[s] to see India playing a larger and constructive role in the Security Council for world peace and development.”

**Oct. 24-29, 2004:** Burma's Senior Gen. Than Shwe, along with eight Cabinet ministers, visits India – the first Burmese head of state to visit India in nearly 25 years.

**Oct. 24-Nov. 2, 2004:** Singapore's Deputy PM Tony Tan makes a seven-day visit to India to enhance political and economic ties.

**Nov. 1, 2004:** Commerce and Industry Minister Kamal Nath, in address to India-Japan Business Cooperation Committee in New Delhi, acknowledges that Japan's business community has "a considerable degree of caution" about India and invites "captains of Japanese trade and industry to have a fresh look at where India stands today..."

**Nov. 4, 2004:** Japan's Coast Guard patrol vessel *Mizuho* conducts combined exercise with Indian coast guard vessels off the coast of Mumbai.

**Nov. 18-19, 2004:** India and China hold the fourth round of Special Representatives-level talks on their border dispute.

**Nov. 22, 2004:** India's Minister for Science and Technology Kapil Sibal and State Councillor Chen Zhili sign establish Joint Steering Committee to promote collaboration in science, technology and energy.

**Nov. 23-Dec. 11, 2004:** The first India-ASEAN car rally, to highlight India-Southeast Asia geographical links, begins in Gawhati, India and passes through Burma, Thailand, Laos, Vietnam, Cambodia, Malaysia, and Singapore before reaching Batam, Indonesia.

**Nov. 29-Dec. 1, 2004:** Indian Prime Minister Manmohan Singh attends 3<sup>rd</sup> India-ASEAN Summit in Vientiane, Laos on the sidelines of the 10<sup>th</sup> ASEAN Summit.

**Dec. 14-16, 2004:** FM Singh travels to Seoul for the third meeting of the two countries' joint commission.

**Dec. 20-24, 2004:** Prime Minister Abdullah Badawi of Malaysia visits India to promote "some form of free trade agreement" and "to build new bridges, construct new economic alliances and generate fresh economic cooperation."

**Dec. 27-31, 2004:** India's Chief of Army Staff Gen. N.C. Vij makes a five-day visit to China, the first such visit in a decade. India reciprocates an earlier Chinese offer of having observers at military exercises.