



STRATEGIC DIALOGUE ON SOUTH ASIA CONFERENCE REPORT

International conference organized jointly by CERi-Sciences Po (Paris)
and the Brookings Institution (Washington, DC)
Paris, June 29-30, 2006

The third “Allies conference” on South Asia was held at the *Centre d’Etudes et de Recherches Internationales* in Paris on 29 and 30 June 2006. It followed two earlier conferences, held at Brookings in Washington DC in 2003 and 2005. This meeting brought together South Asian experts and concerned government officials –participating in their private capacity – from nine countries: Australia, Canada, France, Germany, Japan, Poland, Switzerland, the United Kingdom and the United States.

The conference explored two major issue-areas. The first was South Asia’s setting in the wider world, including China’s role, and sources of tension from South Asia’s periphery. The second set of issues took a global perspective, in which nuclear and economic factors were examined, as were the policies of the US, Europe and the EU-India partnership, and Japan’s South Asia policies.

These talks were off-the-record and private, allowing for frank discussion. They clarified regional policies and trends, as well as the approaches to South Asia of major non-regional powers.

This report summarizes the conference proceedings and notes some major conclusions that emerged from the discussions. Part I presents the conference program and the list of participants. Part II sets forth the major policy-related conclusions reached at the meeting. Part III is a more detailed, analytical summary of the discussion itself.

The conference was organized with the support of the French Ministry of Foreign Affairs through its Policy Planning Department (*Centre d’Analyses et de Prévisions, CAP*) and the Secretariat-General of National Defense (*Secrétariat Général de la Défense Nationale, SGDN*). The project was also funded by the German Marshall Fund of the United States and the Brookings Institution. We also wish to acknowledge additional support from individuals and governments who made it possible for participants to attend.

Part I: CONFERENCE AGENDA AND PARTICIPANTS

AGENDA

DAY ONE – Thursday 29 June, 2006: THE REGIONAL SETTING

9:30 – 10:00 Welcoming remarks
Stephen P. COHEN, The Brookings Institution, Washington D.C.
Christophe JAFFRELOT, CERI-Sciences Po, Paris
Pierre LEVY, Ministry of Foreign Affairs, Paris

Session 1 10:00–11:30
India, Pakistan and outside powers' approaches to South Asia
Chair: W. Pal SIDHU, Centre for Security Policy, Geneva
Speakers: John H. GILL, NESACenter for Strategic Studies, Washington D.C.
Jean-Luc RACINE, Center for South Asian Studies, CNRS-EHESS, Paris

Session 2 11:30–13:00
The PRC as a factor in South Asia
Chair: Rajesh S. KADIAN, independent scholar, Washington D.C.
Speakers: William MALEY, Australian National University, Canberra
François GODEMENT, Asia Centre, Paris

Lunchtime talk: Richard BOUCHER, Department of State, Washington D.C.

Session 3 14:30–16:00
The India-Pakistan nuclear balance and its regional consequences
Chair: T.V. PAUL, Mc Gill University, Montreal
Speakers: Bruno TERTRAIS, Fondation pour la Recherche Stratégique, Paris
Peter LAVOY, Naval Postgraduate School, Monterey

Session 4 16:30–18:00
South Asia's periphery as a source of tension: Afghanistan, Nepal, Sri Lanka, Bangladesh
Chair: Ralf HORLEMANN, Federal Foreign Office, Berlin
Speakers: Howard SCHAFFER, Georgetown University, Washington D.C.
Frédéric GRARE, Carnegie Endowment for International Peace, Washington D.C.

DAY TWO – Friday 30 June, 2006: THE GLOBAL PERSPECTIVE

Session 5 10:00–11:30
US – Europe – India (1): the nuclear factor
Chair: George PERKOVICH, Carnegie Endowment for International Peace, Washington D.C.
Speakers: Thérèse DELPECH, CERI-Sciences Po, Paris
Hilary SYNNOTT, International Institute for Strategic Studies, London

Session 6 11:30–13:00
US – Europe – India (2): the economic dimension
Chair: François HEISBOURG, Fondation pour la Recherche Stratégique, Paris
Speakers: Teresita SCHAFFER, Center for Strategic and International Studies, Washington D.C.
Christian WAGNER, Stiftung Wissenschaft und Politik, Berlin

Lunchtime talk: Hervé LADSOUS, Ministry of Foreign Affairs, Paris

Session 7 14:30–16:00
The EU-India strategic partnership two years later
Chair: Tomasz KOZŁOWSKI, Council of the European Union, Brussels
Speakers: Michael SWANN, Council of the European Union, Brussels
Vincent GRIMAUD, European Commission, Brussels

Session 8 16:30–18:00
Japan's policy towards South Asia
Chair: Alexander EVANS, Foreign and Commonwealth Office, London
Speakers: Takako HIROSE, Senshu University, Tokyo
Isabelle SAINT-MEZARD, Ministry of Defence, Paris

PARTICIPANTS

Mariam ABOU ZAHAB, CERI-Sciences Po, Paris

Mariam Abou Zahab, a specialist on Pakistan, is a researcher affiliated with the Centre d'Etudes et de Recherches Internationales (CERI) and a lecturer at Sciences Po, Paris and at the Institut National des Langues et Civilisations Orientales (INALCO). Her research focuses on Pakistan, particularly Shiism, sectarianism and jihadi groups. As well as participating in international meetings and conferences, she has published several book chapters and articles in journals. She is co-author with Olivier Roy of *Islamist Networks. The Afghan-Pakistan Connection*. Hurst, London/Columbia University Press, New York, 2004.

Arnaud d'ANDURAIN, Centre d'Analyse et de Prévision, Ministère des Affaires Etrangères, Paris
Career diplomat. Served in South and South-East Asia. Presently in charge of Asia at the Centre d'Analyse et de Prévision, Ministère des Affaires Etrangères.

Richard BOUCHER, Department of State, Washington, DC

Richard A. Boucher was sworn in as the Assistant Secretary of State for South and Central Asian Affairs on February 21, 2006. Over the course of his career, he served as the Department of State's Spokesman or Deputy Spokesman under six Secretaries of State and has served as Chief of Mission twice overseas. In 2005, Ambassador Boucher became the longest-serving Assistant Secretary for Public Affairs in the Department of State's history. He began his most recent tenure as Spokesman for the State Department in May of 2000 under Secretary Albright and continued as Spokesman throughout the tenure of Secretary Powell and for Secretary Rice until June of 2005. He had previously served as the Department's Deputy Spokesman under Secretary Baker, starting in 1989, and became the Spokesman for Secretary Eagleburger in August of 1992 and for Secretary Christopher until June of 1993. Ambassador Boucher's early career focused on economic affairs, China and Europe. From October 1993 to June 1996 he served as US Ambassador to Cyprus and from 1996 to 1999 he headed the US Consulate General in Hong Kong as the Consul General. He led US efforts as the US Senior Official for Asia-Pacific Economic Cooperation (APEC) from July 1999 to April 2000.

Stephen P. COHEN, The Brookings Institution, Washington DC

Stephen P. Cohen has been Senior Fellow in Foreign Policy Studies at the Brookings Institution since 1998. He has served on numerous study groups examining Asia sponsored by the Asia Society, the Council on Foreign Relations, the Asia Foundation, and the National Bureau of Asian Research; he is currently a member of the National Academy of Sciences Committee on International Security and Arms Control and a trustee of the Public Education Center. Dr. Cohen has written, co-authored, or edited ten books, including *The Idea of Pakistan* (2004), *India: Emerging Power* (2001), *The Pakistan Army* (revised edition, 1998), and *The Indian Army* (revised edition, 2000). He received BA and MA degrees in Political Science from the University of Chicago, and a Ph.D. in Political Science from the University of Wisconsin. He has conducted research in China, Britain, India, Pakistan, the former Soviet Union, and Japan, and serves as a consultant to numerous government agencies.

Claudia DELMAS SCHERER, French Embassy, Washington, DC

A career diplomat, Claudia Delmas-Scherer graduated from Sciences Po, Paris, before joining the French Foreign Service in 1990. She served, in particular, in Beijing (1993-1996), The Hague (1996-1999) and Colombo (1999-2002). After a period spent at the Ministère des Affaires Etrangères in Paris between 2002-2005 (Strategic, Security and Disarmament Affairs), she is currently posted in Washington, DC as Counselor following US-Asia relations.

Thérèse DELPECH, CERI-Sciences Po & Commissariat à l'Energie Atomique, Paris

Thérèse Delpech is currently Director for Strategic Studies at the Atomic Energy Commission of France (CEA) and Senior Research Fellow at CERI, Sciences Po. She is also the French Commissioner at the UN for the disarmament of Iraq (UNMOVIC), and member of the International Institute for Strategic Studies' Council as well as of RAND Europe's Advisory Board. She served as Advisor to the French Prime Minister Alain Juppé for politico-military affairs (1995-1997). She also served as permanent consultant to the Policy Planning Staff, French Ministry of Foreign Affairs (1991-1995). Thérèse Delpech is the author of five books: *L'Héritage nucléaire* (Complexe, 1997), *La Guerre Parfaite* (Flammarion, 1998), *Politique du Chaos* (Le Seuil, 2002), *L'Ensaucagement* (Grasset, 2005), and *L'Iran, la bombe et la démission des nations* (Autrement/2006). She has written numerous articles in journals such as *Politique Etrangère*, *Commentaire*, *Politique Internationale*, *Internationale Politik*, *Survival*, *International Affairs* and *Washington Quarterly*.

Alexander EVANS, Directorate of Strategy and Information, Foreign and Commonwealth Office, London

Alexander Evans is a Strategic Policy Advisor at the FCO. He has worked as 1st Secretary Political in New Delhi. He was previously research director at Policy Exchange, and was at Chatham House, UNAMA, King's College London and the Stimson Center. A BBC World TV commentator for five years, he also used to write a column for *The Banker*. He writes on South Asia, most recently in *Foreign Affairs*.

Christine FAIR, United States Institute of Peace, Washington, DC

Christine Fair is a senior research associate in USIP's Center for Conflict Analysis and Prevention, where she specializes in South Asian political and military affairs. Prior to joining USIP in April 2004, she was an associate political scientist at the RAND Corporation. Much of her research has been concerned with security competition between India and Pakistan, Pakistan's internal security, analyses of the causes of terrorism, and US strategic relations with India and Pakistan. She is a graduate of the University of Chicago, where she earned a Master's from the Harris School of Public Policy and her Ph.D. in South Asian Languages and Civilizations.

Laurent GAYER, CERI-Sciences Po, Paris

Laurent Gayer earned a Ph.D. in Political Science/International Relations from Sciences Po, Paris in 2004. His dissertation dealt with the internationalization of Sikh and Mohajir nationalist movements. Since 2005, he is a research associate at the Centre d'études de l'Inde et de l'Asie du Sud (CEIAS). In 2006, he joined the Centre de Sciences Humaines (CSH, New Delhi), where he is presently heading the International Relations department and where he is the coordinator for an international research program on the transformations of Islam in Asia.

John H. GILL (Jack), COL, USA (ret), NESACenter, Washington, DC

John H. Gill (Jack) is an Associate Professor on the faculty of the Near East-South Asia Center. A former US Army South Asia Foreign Area Officer, he has been following South Asia issues from the intelligence and policy perspectives since the mid-1980 in positions with the US Joint Staff, US Pacific Command, and other assignments. His publications include an Atlas of the 1971 India-Pakistan War and chapters in *Strategic Asia 2003-04* and *2005-06*. He is an internationally recognized military historian and has authored several books and numerous papers on the Napoleonic era.

François GODEMENT, Asia Centre, Paris

François Godement is professor at Sciences Po, Paris and permanent consultant with the Centre d'Analyse et de Prévision (Policy Planning Staff) of the French Ministry of Foreign Affairs. He also serves as Director of the Asia Centre in Paris. He specializes in the study of history and reforms in contemporary China, international relations in East Asia and regional integration processes.

Camille GRAND, Ministère de la Défense, Paris

Camille Grand joined the cabinet of the Minister of Defense, Ms Michèle Alliot-Marie, in 2002 and still serves there as the Minister's adviser for international affairs. He previously worked as research fellow at the Institut des Relations Internationales et Stratégiques (IRIS, 1994-1998), associate research fellow at the Institut Français des Relations Internationales (IFRI, 2000-2002) and associate professor at the Ecole Spéciale Militaire de St Cyr-Coëtquidan (1995-2002). From 1999 to 2002, he also worked at the Technology and Armaments division of the Délégation aux Affaires Stratégiques of the Ministry of Defense. He lectures at Sciences Po, Paris and is the author of several books, monographs and articles on contemporary strategic issues. A graduate of Sciences Po, Paris, Camille Grand holds an MA in Defense Studies and a Master's degree in International Relations.

Frédéric GRARE, Carnegie Endowment for International Peace, Washington, DC

Frédéric Grare is a visiting scholar at the Carnegie Endowment for International Peace. From 2003 to 2005, he worked as Counselor for cooperation and culture at the Embassy of France, Islamabad. Before his service in the Embassy, he was director of the Centre de Sciences Humaines, New Delhi. His most recent publications include *Pakistan: The Resurgence of Baluch Nationalism* and *Pakistan: The Myth of an Islamist Peril*.

Anne GRILLO-NEBOUT, Ministère des Affaires Etrangères, Paris

Anne Grillo-Nebout is Deputy Director for South Asia at the Asia and Oceania Directorate of the French Ministry of Foreign Affairs. The unit she is responsible for covers the following countries: India, Pakistan, Afghanistan, Bhutan, Maldives, Nepal, Sri Lanka and Bangladesh.

Vincent GRIMAUD, External Relations Directorate General, European Commission, Brussels
As an EU civil servant in the European Commission, Vincent Grimaud is currently the Assistant to the Deputy Director-General in charge of relations with Asia and Latin America, and, in that capacity, focuses among other things on relations with strategic partners (China, India). He was previously responsible for international trade in financial services negotiations (WTO, bilateral agreements). Before that, he worked with the investment bank Lazard in the government advisory activity and with the French Treasury in China. He received degrees from HEC and Sciences Po, Paris, and speaks French, English, Italian, German and Chinese.

François HEISBOURG, Fondation pour la Recherche Stratégique, Paris
François Heisbourg is Special Advisor with the Fondation pour la Recherche Stratégique (FRS), Paris, Chairman of the Foundation Council of the Geneva Centre for Security, and Chairman of the Council of the International Institute for Strategic Studies, London. He previously served as Head of Interagency Working Group (Groupe de Travail Interministériel) on the study of international relations, strategic affairs and defense issues in France (1999-2000), Director of the FRS from 2001 to 2005, and Director of the IISS from 1987 to 1992. He is the author of and contributor to a number of articles and books on foreign and strategic affairs, including *La Puce, les Hommes et la Bombe*, Hachette, Paris 1986 (with Pascal Boniface); *Les volontaires de l'An 2000*, Balland, Paris 1995, *The Future of Warfare*, Weidenfeld, London 1997, *Hyperterrorism: la nouvelle guerre*, Odile Jacob, 2001 and *La fin de l'Occident? L'Amérique, l'Europe et le Moyen-Orient*, Odile Jacob, Paris, 2005.

Takako HIROSE, Faculty of Law, Senshu University, Tokyo
Dr. Takako Hirose is a Professor in South Asian Politics and International Politics at Senshu University, Tokyo. She obtained a Ph.D. in International Relations from the University of London. She has published *Two Asian Democracies: A Comparative Study of the Single Predominant Party Systems of India and Japan*, 1994, and edited a number of books including *Indo Minshushugi no Henyo* (The Transformation of Indian Democracy: A Comprehensive Analysis of the 14th Lok Sabha Elections), 2006, *Juokunin no Minshushugi* (A Billion People's Democracy: An Analysis of the 13th Lok Sabha Elections in India), 2001, *Afghanistan: Nansei Asia Jyousei wo Yomitoku (Afghanistan and South Asia)*, 2002 and *Islam Shokoku no Minshuka to Minzoku Mondai* (Democratization and Ethnic Problems in Islamic Countries), 1998. She has also published a number of articles in academic journals, monthly magazines and newspapers.

Ralf HORLEMANN, Federal Foreign Office, Berlin
Ralf Horlemann is presently Deputy Director for South Asia in the German Foreign Office. His previous assignments included Political Counselor in Washington, Vice-Consul in Hong Kong and Chargé d'Affaires in Pyongyang. In the Foreign Office he mostly dealt with East Asian Affairs and European Security Policy. Among his publications are *Hong Kong's Transition to Chinese Rule. The Limits of Autonomy* (Routledge/Curzon, 2003), and various articles on East-Asian affairs. He has a Ph.D. in Political Science.

Christophe JAFFRELOT, CERF-Sciences Po, Paris
Christophe Jaffrelot is Director of CERF at Sciences Po, Paris. He teaches South Asian politics to doctoral students at Sciences Po. His most recent publications are *The Hindu nationalist movement and Indian politics, 1925 to the 1990s*, London/ Hurst, New York/Columbia University Press, New Delhi/Penguin India, 1996 and 1999, *India's Silent Revolution. The Rise of the Low Castes in North India*, New York/London/Delhi, Columbia University Press/Hurst/Permanent Black, 2002, *Dr Ambedkar and untouchability. Analysing and fighting caste*, London/Hurst, New York/Columbia University Press, New Delhi/ Permanent Black. He has edited *Pakistan, Nationalism without a Nation?*, Delhi, Manohar, 2002 and *A History of Pakistan and its Origins*, London, Anthem Press, 2004. He has also co-edited with Blom Hansen, *The BJP and the compulsions of politics in India*, Delhi, Oxford University Press, 2001 and, with Alain Dieckhoff, *Revisiting Nationalism. Theories and Processes*, London/ Hurst, New York Palgrave, 2005.

Rajesh S. KADIAN, independent scholar, Washington, DC
Dr. Rajesh Kadian is an independent scholar; he is the author of a number of books of South Asian military history; and is an adviser to the Indian military project at The Brookings Institution.

Tomasz KOZŁOWSKI, Policy Unit of the High Representative, General Secretariat of the Council of the European Union, Brussels
Tomasz Kozłowski is the Head of Asia Task Force, Policy Planning Unit, General Secretariat of the Council of European Union, Brussels. Before joining the Policy Unit in 2004, he had served for the Polish diplomatic service. He was posted in Embassies of Poland in Jakarta, Kuala Lumpur and Islamabad. Ambassador of Poland in Pakistan, 2001-2003 (since 2002 accredited also as Ambassador to Afghanistan); Asia Director at the Ministry of Foreign Affairs, Warsaw, 2003 - 2004.

Ewa KULESZA, CERI-Sciences Po, Paris

Ewa Kulesza is Deputy Director of the Center for International Studies and Research (CERI) and Senior Lecturer in International Relations at Sciences Po, Paris. Her current research and teaching interests include EU enlargement, the external policies of the European Union and transatlantic relations.

Natalie LA BALME, The German Marshall Fund of the United States, Paris

Natalie La Balme is program officer in the Paris office of the German Marshall Fund of the United States and a lecturer at Sciences Po, Paris. Her main fields of expertise are the domestic factors that contribute to foreign policy decision-making with an emphasis on the impact of public opinion. Since 2002, she is the scientific director for the annual survey conducted by the German Marshall Fund and the Compagnia di San Paolo on European and American public opinion towards foreign policy (Transatlantic Trends).

Hervé LADSOUS, Ministère des Affaires Etrangères, Paris

Hervé Ladsous is Director for Asia and Oceania at the French Ministry of Foreign Affairs. He holds degrees in Law and in Chinese and Malay from the National School of Oriental Studies, Paris. After joining the French Foreign Service in 1971, he served as Vice-Consul and Deputy Consul in Hong-Kong (1975-1981), at the Economic and Finance Affairs Department of the Ministry of Foreign Affairs in Paris (1981-1983), as Counselor at the French Embassy in Canberra (1983- 1986) and Beijing (1986-1990) and First Counselor at the Permanent Representation to the UN, Geneva (1990-1991). Deputy Director of the America Department of the Ministry between 1991 and 1992, he was Chargé d'Affaires a.i. in Port-au-Prince (1992-1997), Minister-Counselor and Deputy Permanent Representative to the United Nations, New York (1997- 2001), Ambassador, Permanent Representative to the OSCE, Vienna (2001-2003) and Ambassador to Jakarta and Dili (2003-2005) and Director for Communication and Spokesman of the Ministry of Foreign Affairs. He was appointed Director for Asia and Oceania in March 2005.

Peter R. LAVOY, Center for Contemporary Conflict, Naval Postgraduate School, Monterey

Peter R. Lavoy directs the Center for Contemporary Conflict at the Naval Postgraduate School. In the NPS Department of National Security Affairs, where he has been since 1993, Dr. Lavoy teaches graduate courses and supervises Master's theses on nuclear strategy, weapons proliferation and counter-proliferation, and South Asian politics and security. He co-edited *Planning the Unthinkable: How New Powers Will Use Nuclear, Biological and Chemical Weapons* (Cornell University Press, 2000). His newest books are *Learning to Live with the Bomb: India and Nuclear Weapons, 1947-2002* (Palgrave-Macmillan, forthcoming, 2007) and *Asymmetric Warfare in South Asia: The Causes and Consequences of the Kargil Conflict* (forthcoming, 2007). He served in the Office of Secretary of Defense in 2000 as Principal Director for Requirements, Plans and Counterproliferation Policy, and for two and a half years before that as Director for Counterproliferation Policy. He has a Ph.D. in Political Science from U.C., Berkeley.

Pierre LEVY, Centre d'Analyse et de Prévision, Ministère des Affaires Etrangères, Paris

Pierre Lévy is currently Director of the Policy and Planning Staff (CAP) at the French Ministry of Foreign Affairs. Counselor of foreign affairs, he was until February 2005 head of the Service for Common Foreign and Security Policy (CFSP). Deputy Director of the cabinet of Pierre Moscovici, Minister for European Affairs between 1997 and 2002, he has previously held various positions in Paris and abroad (Germany and Singapore). Pierre Lévy is lecturer in international relations at ENA and at Sciences Po, Paris. He holds degrees from the European School of Management (*Ecole Européenne des Affaires*, ESCP-EAP), Sciences Po, Paris, and a Master's degree in economics (DEA). He is a former student of the ENA.

William MALEY, Asia-Pacific College of Diplomacy, Australian National University, Canberra,

Dr William Maley is Professor and Director of the Asia-Pacific College of Diplomacy at the Australian National University, and has served as a Visiting Professor at the Russian Diplomatic Academy, a Visiting Fellow at the Centre for the Study of Public Policy at the University of Strathclyde, and a Visiting Research Fellow in the Refugee Studies Program at Oxford University. A regular visitor to Afghanistan, he is author of *Rescuing Afghanistan* (2006), and *The Afghanistan Wars* (2002); and edited *Fundamentalism Reborn? Afghanistan and the Taliban* (1998).

Dan MARKEY, Department of State, Washington, DC

Daniel Markey is responsible for South and Central Asian Affairs on the Secretary's Policy Planning Staff at the US Department of State. Dr. Markey joined Policy Planning from Princeton University, where he taught courses in American foreign policy and theories of international politics as a Lecturer in the Department of Politics, and where he was also the Executive Director of the Research Program in International Security. He received his Ph.D. and M.A. in politics from Princeton University, his B.A. in international studies from The Johns Hopkins University, and held an Olin postdoctoral fellowship at Harvard University.

T.V. PAUL, Department of Political Science, McGill University, Montréal

T.V. Paul is James McGill Professor of International Relations in the Department of Political Science at McGill University, Montreal, Canada, where he has been teaching since 1991. He specializes and teaches courses in international relations, especially international security, international conflict and conflict resolution, regional security and South Asia. He received his undergraduate education in India, M.Phil from Jawaharlal Nehru University (JNU), New Delhi, and Ph.D. in Political Science from the University of California, Los Angeles. He has published 8 books, including *India in the World Order: Searching for Major Power Status* (Cambridge University Press, 2002, with B. Nayar); *Power versus Prudence: Why Nations Forgo Nuclear Weapons* (McGill-Queen's University Press, 2000); and *Asymmetric Conflicts: War Initiation by Weaker Powers* (Cambridge University Press, 1994). He is currently working on two book projects: *The Tradition of Non-use: Nuclear Taboo in World Politics*; and *Globalization and the Changing National Security State*.

George PERKOVICH, Carnegie Endowment for International Peace, Washington, DC

George Perkovich is the vice president for studies at the Carnegie Endowment for International Peace, where he oversees the entire research program. His personal research has focused on nuclear strategy and nonproliferation, with a focus on South Asia; and he has authored and co-authored many articles and books, including *India's Nuclear Bomb*, and *Universal Compliance: A Strategy for Nuclear Security*. Before he joined Carnegie in 2001, Perkovich was the director of the Secure World Program at the W. Alton Jones Foundation, a \$400 million philanthropic institution located in Charlottesville, Virginia. At the time of the Foundation's division in 2001, he also served as Deputy Director for Programs.

Jean-Luc RACINE, Centre d'Etudes de l'Inde et de l'Asie du Sud, CNRS-EHESS, Paris

Jean-Luc Racine is Senior CNRS Fellow at the Center for South Asian Studies, School for Advanced Studies in Social Sciences, Paris. His research is focused on India internal dynamics of change, on India's strategies of integration in the world order and on South Asia security issues. His latest books, authored, edited or co-edited, deal with identity in South Asia, Kashmir, and Pakistan. He is editor of *Transcontinentales*, and in the board of *Hérodote* and *India Review*. He is also the head of the International Programme of Advanced Studies run by the Fondation Maison des Sciences de l'Homme, Paris, with Columbia University.

Nicolas REGAUD, Secrétariat Général de la Défense Nationale (SGDN), Paris

Nicolas Regaud holds a Ph.D. in Political Science from Université de Paris 1. From 1990 to 1992, he was research fellow at Paris 1 specializing in strategic issues in East Asia; he published several books on South-East Asia and numerous articles on politics and security in Asia. Between 1994 and 1996, he served as head of the Asia Bureau at the Délégation aux Affaires Stratégiques (DAS) of the Ministry of Defense, and was posted at the French Embassy in Tokyo; he was Research Fellow at the Japan Institute of International Affairs in Tokyo in 1996-97. Deputy Vice-Director for regional issues at the DAS (1997-2000), then Deputy Director for weapon exports control at the Secrétariat général de la défense nationale (SGDN) from 2000 to 2005, he is, since June 2005, Deputy Director for international crisis and conflict monitoring at the SGDN.

Isabelle SAINT-MEZARD, DAS, Ministère de la Défense, Paris

Isabelle Saint-Mézard is currently working as a South Asia analyst at the Délégation aux Affaires Stratégiques (DAS) in the French Ministry of Defense. She was previously based at the Centre of Asian Studies, the University of Hong Kong, where she coordinated the China-India Project (2003-2006). Her research interests cover India's external relations and defence policies. She defended a Ph.D. thesis at Sciences Po, Paris on the topic of India's Look East policy.

Howard SCHAFFER, Institute for the Study of Diplomacy, Georgetown University, Washington, DC

Howard Schaffer is a retired US Foreign Service Officer who spent most of his thirty-six years in diplomacy either in South Asia or in positions in Washington that dealt with US South Asia policy. Among his assignments were Ambassador to Bangladesh, Political Counselor in India and in Pakistan, and Deputy Assistant Secretary of State for South Asian Affairs. Since his retirement in 1991 he has written two books about American statesmen who were involved in South Asia diplomacy: *Chester Bowles, New Dealer in the Cold War* (Harvard University Press, 1993) and *Ellsworth Bunker, Global Troubleshooter, Vietnam Hawk* (University of North Carolina Press, 2003). He is now director for studies at the Institute for the Study of Diplomacy at the Georgetown University School of Foreign Service, where he teaches undergraduate courses in US foreign policy and the practice of diplomacy.

Teresita SCHAFFER, South Asia Program, CSIS, Washington, DC

Teresita Schaffer came to CSIS in August 1998 after a 30-year career in the US Foreign Service. She devoted most of her career to South Asia and to international economic issues. From 1989 to 1992, she served as deputy assistant secretary of State for South Asia; from 1992 to 1995, she was the US ambassador to Sri Lanka; she served as director of the Foreign Service Institute from 1995 to 1997. Her earlier posts included Tel Aviv, Islamabad, New Delhi, and Dhaka, as well as a tour as director of the Office of International Trade in the State Department. She spent a year as a consultant on business issues relating to South Asia after retiring from the Foreign Service. Her publications include "Sri Lanka: Lessons from the 1995 Negotiations," in *Creating Peace in Sri Lanka* (Brookings, 1998), two studies on women in Bangladesh, CSIS reports *Pakistan's Future*; *Rising India and US Policy Options in Asia*; and several reports on the HIV/AIDS epidemic in India, as well as articles in several scholarly and popular publications.

W. Pal SIDHU, Geneva Centre for Security Policy, Geneva

Waheguru Pal Singh Sidhu is a faculty member at the Geneva Centre for Security Policy. He has written extensively on regionalism and the United Nations as well as arms control and South Asian politics. His recent publications include: "A languid but lethal arms race," *Disarmament Forum*, India and Pakistan: Peace by Piece, no. 2 (2004), and "Terrible Tuesday and Terrorism in South Asia," *South Asian Survey* 10 no. 2 (December 2003). He is the co-editor of *Kashmir: New Voices, New Approaches*; and *Arms Control after Iraq: Normative and Operational Challenges*. Dr. Sidhu earned his Ph.D. from the University of Cambridge, for his dissertation on *The Development of an Indian Nuclear Doctrine Since 1980*. He holds a Masters in International Relations from the School of International Studies, Jawaharlal Nehru University, New Delhi and a Bachelor's degree in History from St. Stephen's College, Delhi University, India.

Bernard SITT, Centre d'Études de Sécurité Internationale et de Maîtrise des Armements (CESIM), Paris

Bernard Sitt has served as director of the CESIM (Centre d'Études de sécurité Internationale et de maîtrise des armements, Center for International Security and Arms Control Studies) since the creation of the center in 1999. He is an expert on nuclear military issues, WMD proliferation, disarmament and arms control. A former director in charge of international security issues at the CEA, associate professor at the Université de Marne-la-Vallée from 1991 to 2004, co-founder and director of the Master's program (DESS) in Arms Control and Disarmament, he is also a member of the Board and of the Editorial Committee of AFRI (Annuaire Français de Relations Internationales, French Yearbook of International Relations), a member of CSCAP-Europe and of the Board of the PICT (Centre on Policy, Intelligence, Counter-Terrorism) of Macquarie University, Sidney.

Antony STOKES, Head South Asia Group at the Foreign and Commonwealth Office, London

Antony Stokes is Head of South Asia Group at the Foreign and Commonwealth Office (FCO). Head of Bangkok Tsunami Response Team in 2005, he previously served as Political Counselor in Seoul, accredited to the Republic of Korea (2000-2003), First Secretary and Head of Political Section, Bangkok, accredited to Thailand and the People's Democratic Republic of Laos (1996-1999), and Desk Officer, European Security, Security Policy Department, FCO (1994-1996). Dr Stokes holds a Ph.D. in Fibre-Optics from University College London and a BA and MA in Electrical Sciences, Queen's College, Cambridge University.

Michael SWANN, Council of the European Union, DG E V - External relations, Brussels

Michael Swann has worked for the Council of the European Union (EU) since March 2000, when he joined the General Secretariat in Brussels as a career member of staff. In November 2004 he took responsibility within the Secretariat for relations between the EU and the countries of South Asia. Prior to that he was part of the team advising the EU rotating Presidency on relations with countries of the CIS, where he particularly covered the countries of the South Caucasus and Central Asia. Before moving to Brussels he worked in London for the UK National Audit Office. He holds degrees from the Universities of Exeter, Paris II (Panthéon-Assas) and Paris I (La Sorbonne).

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Part II: POLICY-RELEVANT CONCLUSIONS

The most significant conclusions that emerged from the conference were:

India, Pakistan and outside powers' approaches towards South Asia

1. The question of the West putting too much faith in President Musharraf was a major topic of discussion throughout the conference. Of special interest was the question as to when and how Musharraf might give up his position as head of the army (while perhaps continuing on as President). Should the US and other countries set the stage for his retirement from the military? The timing and fairness of the forthcoming Pakistani elections were also discussed. How did outside powers view this election? What would international reactions be if Musharraf were to steal the elections? There was widespread discussion about the need to think beyond President Musharraf, to broaden the Pakistan-US relationship, and to promote the role of non-state entities (such as the political parties and NGOs) in the Pakistan-US to supplement state-to-state ties.

2. The US-Pakistan and the US-India relationships have profound consequences for regional security. Participants saw these relationships as posing a grave problem, given the possibility of Pakistan's change in political direction and that of India turning out to be a spoiler. It was asserted that India-US relations may have an important impact on the maintenance of stability in the region. This requires sustained senior-level policy attention to avoid the trap of the US being a balancer of India-Pakistan relations.

The PRC as a factor in South Asia

3. China has fallen back on her more accommodating attitude of the late 50s. This attitude is borne out of concern over India's rise and the development of Delhi's new strategic relationship with Washington. China's relations with South Asia will also be shaped by the rise of India and China as economic powers and China's continuing and deep engagement in Pakistan, something that is now underestimated. China is most likely to pursue its relations with countries of South Asia through bilateral rather than multilateral relationships. China is going to edge away from the terrorism problem both in South East and South Asia. It was also noted that China is practicing a self-professed valueless foreign policy (therefore posing fewer problems for prospective partners) with an emphasis on soft power, notably trade and business ties, and an expansion of overseas development assistance with few strings attached.

The engagement of the US in South Asia

4. Many participants observed that India is keenly aware of the risks of being used by the US as a buffer regarding China, or for any other strategic reason whatsoever. While it was pointed out that New Delhi understands that it can never be an ally of Washington in the same way as the U.K., and that India is well aware that the US will not jettison Pakistan, it was also pointed out that the US-India tie serves important Indian interests, notably strengthening its economic relations with the US freeing itself from the restrictions imposed because it is a non-signatory of the Non-Proliferation Treaty (NPT), and, potentially, a limited strategic relationship.

In light of this, it was suggested that India will play a careful game by simultaneously cooperating with Russia, China, and European countries. In this way, India would neither solely depend on, nor necessarily walk hand in hand with the US. In formulating policy towards India, it is important to keep in mind India's major policy shift from non-alignment to multi-alignment.

5. Linking Central Asia and South Asia seemed to some participants from the US as a win-win situation and a vital link to provide a collective space for new options in energy, telecommunication, trade and a better political climate. Afghanistan, they said, has been a barrier between Central and South Asia. Efforts should be made to stabilize Afghanistan and make it a focal point of American and European efforts because the US and the EU are both confronting terrorism and narcotics in Afghanistan. This brought mixed reactions from European participants, highlighting the uncertainty in having a unified US-EU voice on the issue.

The India-Pakistan Nuclear Balance and its regional consequences

6. It was suggested that there might be a second round of nuclear tests in South Asia to usher in a small but operational arsenal in the next five years. The reasons offered for the initiative could be: a/ because of a temptation to develop compact nuclear weapons for delivery by missiles or cruise missiles; and b) because India (and subsequently Pakistan) might not be satisfied unless they had developed reliable thermo-nuclear missiles, something that would require further nuclear testing.

7. After extensive discussion, the following recommendations were identified regarding policy towards South Asia:

- Pursue the economic and strategic advantages of close relations with India without undermining regional security or non-proliferation of region;
- Balance interests in political stability with political reform in Pakistan;
- Learn to deal with India and Pakistan as states with nuclear weapons;
- Determine the next steps after the US-India nuclear deal;
- Learn to insulate India-Pakistan rivalry from other strategic problems.

South Asia's Periphery as a Source of Tension: Afghanistan, Nepal, Sri Lanka and Bangladesh

8. Tensions in Bangladesh, Sri Lanka and Nepal cannot be confined within these countries' borders. New problems due to this 'spill-over' phenomenon could emerge, and include: a) the Nepalese Maoists joining the mainstream of Nepal's political life, and instability in Nepal coming to bear heavily on China and India-China relations; b) a breakdown of the cease-fire agreement in Sri Lanka reviving the flow of Tamils into India; c) Further weakening of states in Central Asia (including Afghanistan), with possible expansion of poppy cultivation and production of narcotics in Central Asia. The Central Asian and Russian markets for narcotics is increasing in size; d) Bangladesh could become the same kind of haven for terrorists as Afghanistan did before 2001. If that happens, the issue would be a source of tension amongst South Asian states, and a potential for intervention by outside powers. It is already difficult for India to contain the 'spill over' effect, as it is still perceived a regional bully, not a state whose leadership is welcomed by its neighbours. In this instance, outside powers would have to walk a fine line between protecting their interests (should a state like Bangladesh become a haven for terrorists), and be seen by India (and perhaps other states) as intruding in the South Asia region.

PART III: ANNOTATED SUMMARY OF CONFERENCE PROCEEDINGS¹

1. INDIA, PAKISTAN AND OUTSIDE POWERS APPROACHES TOWARDS SOUTH ASIA

Overview

The subject at the onset raised three sets of questions:

Which outside powers are significantly engaged with India and Pakistan? What is the role of the US, Europe, Canada, the G4 countries, ASEAN, the Shanghai Cooperation Council, and Gulf Cooperation Council? What role do non-state actors play, such as the Pugwash meetings on Kashmir, and other Track II activities?

What are the approaches to be considered? Unilateral, bilateral, multilateral, or all of the above? Political, diplomatic, economic, military or all of the above?

Where should the approaches be implemented? In the capital cities of countries? At sub-regional level (for instance, resolution of the Kashmir issue in Srinagar)? In the corridors of the powers outside of South Asia?

The conversations that ensued however mostly discussed in length who these outside powers were, the role played by them and the issues that instigate such intervention. The approaches to be considered and their mode of implementation, was not explored in depth.

The issues

India, Pakistan

There are deep regional implications of India's rise as a major economic and even military power. There are especially important consequences for Pakistan as traditional Pakistani goals (i.e. pressuring India on the Kashmir issue, holding back India's growth, etc) would be all the more difficult for Pakistan to realize. Participants at the meeting felt that for this, solutions have to be found within Islamabad itself.

Further, participants debated whether Pakistan was part of the problem or the solution in the region. Pakistan's place as the sick man of South Asia was evident, the issue was frequently posed in this way: "is Pakistan 'managing' its jihad problem, i.e. maintaining a level of support for the jihadis operating in Afghanistan and Kashmir, or is it serious about ending such support?" Is Pakistan's economy hollow or is it sustainable? Further, it was observed that there is a new attitude in Pakistan which views President/General Musharraf as a charismatic leader, projecting Pakistan as a country of moderation and modernity. Yet paradoxically there were participants observed that there is a rise in defense expenditure and negotiations on Kashmir were stagnating. Does the West put too much faith in President Musharraf? It is even more difficult to gauge the situation since much depends upon hard-to-find information regarding Musharraf's inner circle, and Pakistan's support for jihadis and

¹ These are derived from notes taken during the meeting; discussions on most issues have been combined to provide a more coherent narrative.

extremists. This information, when available, is also subject to different interpretation and analysis. There was widespread agreement, among both critics and supporters of the Pakistan regime, that this is a country that merited profound protracted senior level attention.

There was much discussion during the meeting regarding preparations for Musharraf's giving up his position as army chief, and how the US and other countries could help set the stage for that. How do outsiders view the elections? If President Musharraf were to steal the elections, what would be the international reaction? Pakistan's election results are also important for the challenge of promoting democracy. But the election results are part of the bigger issue of learning to think beyond President Musharraf, of broadening the Pakistan-US relationship beyond the part played by President Musharraf, and of promoting the role of non-state actors in the Pakistan-US relationship as an alternative to negotiations between governments.

The significance of communication between the West and South Asia was highlighted in the discussions. Communication with Pakistan, it was observed, is often much more difficult than it is with India, as Pakistan often might misread communication especially in disentangling past and future plans. There is also a concern for conditionality in Pakistan. For instance, Pakistan is often worried that the US would abandon her once terrorism is rooted out.

A participant also commented that the India-Pakistan relations are not a 'rapprochement'. It is instead a dialogue, which is now reaching a plateau. Will this plateau be sustainable? One of the responses was that as long as Pakistan is not changing its opinion on the Line of Control (LOC), the de facto arrangement would continue. But this de facto arrangement, it was predicted, will not be converted in to a full-fledged agreement, as it is too risky for Pakistan. It was thought that it would be very difficult for any Pakistan government to change policies on the LOC, whatever be the results of the elections.

India, Pakistan and the nature of engagement of other powers

First, there is a qualitative reordering of powers in Asia. India is rising; China has risen with a simmering counter-reaction in countries like Japan. While India's rise is being widely accepted, China's rise is perceived as a threat. The management of India's rise and the Indian government's role in the US-India relationship will determine India's stake in world affairs and her relations with other powers like China.

Second, the lack of regional security in South Asia was highlighted. Three issues in this context were identified which determine the nature of outside intervention in the region:

The Kashmir issue. Here several futures were identified:

- ordinary tension;
- a consensus amongst outside powers to diffuse tension, an initiative not always coming from the West;
- periods of acute tension, such as in Kargil in July 1999, where outside powers are engaged;
- periods of dialogue where all countries are engaged in diplomacy and dialogue.

Beyond this, it was observed, no outside power supports Kashmir's independence or self-determination, nor do any support Pakistan's position even though they might support President Musharraf. In fact there is no significant pressure on India because of human rights violations (except for Kashmir-related issues, and this is very mild). There is not much pressure on Pakistan to eradicate Jihad, nor any pressure on the *Hurriyat* Congress towards Kashmir, nor on President Musharraf to press for democracy.

Responsible State. Here India is fast emerging as a responsible nuclear state as well as a responsible neighbor to China. China was seen as a threat in 1998 by Indian Prime Minister Vajpayee, but such visions were supplanted by the BJP itself (led by Jaswant Singh and then Vajpayee), with the present Congress-led government signing a significant MOU with China in June 2006². India's nuclear posture has continued to draw international attention and engagement in the form of sanctions on India in 1998, and paradoxically now a move for nuclear cooperation in 2006 as part of the US-India nuclear energy deal.

The India-Pakistan Asian order. The Asian order should be seen as a global order, especially ever since the recent growing Indo-US relations.³ India being a democracy is an important factor in this. In this context, parallels can be drawn between the India-US agreement of February 2006 and the India-EU Joint Action Plan of September 2005. Both hail Indian democracy as a cornerstone of cooperation.

Who are the other outside powers?

Asia is becoming complex, and the rise of India and China receives considerable international attention. The issue is far more subtle than the idea that India's role is merely that of a counter-balance to China.

It was widely agreed upon by participants that the US and China are the most important outside powers regarding South Asia. Russia remains significant, but the significance is confined largely to its role as a supplier of weapons and energy. There are other powers, such as Japan, who are involved in the India-Pakistan dispute, and there are countries like Afghanistan and Iran involved that are not 'powers'. NATO, ASEAN and the Shanghai Cooperation which should be perceived as 'tools' in making decisions, cannot be placed in the same category as those noted above, although NATO now plays an important role in Afghan security.

It was observed that very little has been written about Saudi Arabia and Israel's role vis-à-vis India and Pakistan. Pakistan has had close military and intelligence services related relations with Saudi Arabia. In the past, Pakistan used Saudi Arabia as an intermediary for its relations with the US. That role of Saudi Arabia may return.

It was also observed that there is often an absence of discussions in this context, on the role played by the United Nations. This absence should be especially highlighted now, as there is a change in perception of the role of the United Nations by India. With India now having a General Secretary candidate for the Security Council, can she afford to ignore the United Nations? Contrarily, it was noted that in the past India has indeed been active in the United Nations.

² China and India have signed a Memorandum of Understanding (MOU) on their defense cooperation. The MOU was signed during Indian Defense Minister Pranab Mukherjee's visit to China in June 2006.

³ The official US statement read: "to encourage India's emergence on the world scene" at the Hearing on US-India Civil Nuclear Cooperation Initiative, Washington, 2 November 2005.

Regarding the engagement of the European Union in the region, discussions concluded that the EU maintains a low profile in South Asia, but its implications are high as India-Pakistan issues are being considered by the European Parliament.⁴ The emphasis on the EU's part is less on security related questions, but more in nuclear deals and technology.

However, it was noted that South Asia is not placed on top of the EU's agenda. India certainly does not figure even in the first circle (consisting of, for instance, regions such as the Caucasus, Africa etc...) of the EU's interests.⁵

The EU has a clearly defined strategy towards India, emphasizing on economy and technology, yet it was asserted that there is a discrepancy to be found in all issues related to trade and technology. Further the India-EU Joint Action Plan of September 2005 was considered by most participants as being long-winded and highly unspecific.⁶

It was also widely agreed that India and Pakistan do not understand the EU. They instead recognize individual member countries, and there indeed is in India an expression of interest and at least some expertise for different regions of Europe.

A few questions emerged out of the discussion: Within Europe, is there a difference in consensus between Britain, France and Germany towards South Asia? A huge fascination for India has been evident in America, so what does Washington expect from Europe regarding India and South Asia as a whole? What is India's and Pakistan's reaction to US and E.U. perspectives?

In this context, the engagement of the US in India and Pakistan was discussed in great detail. A historical context of the US-India relationship was offered:

- There was a period of relative neglect about South Asia by the United States between the 1960s and 1980s. The US's involvement in South Asia at that time was only episodic and dramatic.⁷
- During the Clinton and later Bush presidency in the 1990s, there had been highs and lows in the relationship, but a high profile security crisis remained. There was international speculation where China and Russia were added factors.
- Between 2000 and 2002, India and Pakistan gained prominence. The United States was successful in de-hyphenating US-India relations from India-Pakistan relations. But there was a tendency on the part of the United States to look at short term rather than long term ends.

All participants agreed that India is indeed poised to rise, but some feared that there are many stakes involved and India could even stumble and fall. However, they agreed that most of the US interest in India is positive, there is a potential for security cooperation, and the US is now taking a longer-term view than it has done in the

⁴ The role of lobby groups at the European Parliament pleading for more EU role in Kashmir by organizations such as the Kashmir Centre at Brussels, should be mentioned here.

⁵ Afghanistan is a specific case in Asia, which is managed via the NATO and other coalition forums.

⁶ It was suggested by a participant that a comparison of the India-US agreement of 2006 and the India-EU Joint Action Plan of September 2005 shows that the two are misnomers: India and the US have an action plan, while the India and the E.U. have a very long statement.

⁷ This meant that there would be attention given to India-Pakistan by the US only during a crisis, which would fade out once the crisis was solved.

past. India is seeing her role changing, and things are indeed moving in the right direction. However, one cannot completely negate the possibility that India might become a spoiler rather than an asset.

For Pakistan, it felt more difficult to predict. Pakistan's economy is fragile, and there is the risk of a collapsing State as Pakistan has narrow definitions of strategy. The US' interest in Pakistan is negative with stakes in security instead of trade. Pakistan's relations with Afghanistan are reinforcing negative security arrangements between Pakistan and the US

The US-Pakistan and the US-India relationships therefore have profound consequences on regional security. It poses a grave problem given Pakistan's changing trajectories coupled with the possibility of India turning out to be a spoiler. The Indo-US relations are thus moving from being bilateral relations towards having an important impact on the maintenance of stability in the region. This requires sustained senior level attention to avoid the trap of the US being a balancer of India-Pakistan relations.

In this context a participant commented that:

- the US is becoming increasingly more engaged in South Asia;
- the US and other countries need to shape South Asia;
- South Asia provides an ideal region for the US to work on with other countries (notably with its closer allies plus China and Russia). But it was debated as to whether the US is (and should be) outsourcing its policy towards South Asia to India (for instance in crisis resolution in the case of Nepal).

Scope of relations between India, Pakistan and the outside powers

The discussions regarding the scope of relations between India, Pakistan and the outside powers examined whether or not Pakistan and India overestimate the role that the US can play in each other's capitals. Participants felt that this would be linked to an over confidence in the India-US current relations, which could prove dangerous. Participants also felt it useful to think about what the price of the US nuclear deal for India would be; and about what the effect on Pakistan would be.

The overall scope of policy of the outside powers towards South Asia was identified as follows:

- demilitarization of the region by major powers (nuclear issues, jihad, terrorism);
- stabilization of the region by emphasizing the role of an emerging India, and helping Pakistan to return from a near-failed state to a stable one;
- major powers acting as balancing powers;
- India-E.U. strategic dialogue increasing in importance;
- major powers engaging in the energy requirements of the region (energy plays an important role in India-US relations, India-Russia, India-E.U. relations).

II. THE PRC AS A FACTOR IN SOUTH ASIA

Overview

It was agreed by all participants that China has changed enormously in recent times. While some participants emphasized the impact of this change within China on

South Asia, others warned against the pitfalls of over-estimating China as a factor in Asia. But there was agreement that other states within South Asia have changed enormously in the past few years also. This has produced a redefinition of the potential of states providing for a possibility of reorganization of China's relations with states in South Asia. Three triangles were identified, around which much of the discussions centered:

- the US-China-India triangle;
- the Pakistan-China-India triangle;
- the ASEAN⁸-China-India triangle.

The Issues

Change in China and its implications for the region

China is changing and some participants believed that this change has had an strategic and economic impact on China's relations with several states in South Asia, notably India. The following points emerged during the discussions:

The current changes in China demonstrated very little of its revolutionary past. This pattern of change in China has been a key element in the recent changes of its relationships in South Asia, because the States of South Asia have themselves undergone change too. There have been therefore new opportunities for China's relations with the region.

The re-shaping of the region to China's west after the disintegration of the Soviet Union after 1991 has played a role in determining China's relations with Asia. New states, which led to patterns of new relationships between those states and the states of South Asia provided opportunities for relationships in which China could take part. This was previously not possible, given the nature of the relationship between the Soviet Union and China that existed from 1960 until 1989.

The recent mobilization of militant Islamist groups in parts of Central and South Asia has been a cause of concern for China's leadership. This concern is borne not out of fears regarding the Chinese Muslim minority community, but out of fear for rebel and separatist groups⁹ which have played a role in bombings in Beijing. There have been recent groups in Pakistan with links to Islamists in China (however it was discussed elsewhere in the discussion that China has solved its Islamic problem), as there were during the Taliban regime between Pakistani and Afghani groups.

China's relations with States in South Asia are also being shaped by China's other external relationships, especially by that of China's deteriorating relations with the United States. It is a concern for India as India may be confronted with a rather unpleasant choice of partnership of siding either with China or with the United States.

The softening of relations between India and China is a major historical and geo-political development, which has an impact on the entire region.

⁸ ASEAN as a regional forum, was described as being a lesser strategic, but rather a more diplomatic triangle.

⁹ These groups are seen by China's leadership as terrorist groups.

China and India

The India-China war in 1962 produced an estrangement between the two countries, though this was not symmetrical. China's contempt towards India was greater. For a very long time since then, China thought it would be the only power to rise and that India would not be a force to reckon with. A French participant explained that it is fascinating how moving from this cultural estrangement, China now returns to its Maoist vocabulary of the late 70's regarding the need for practical arrangements and realism regarding the need for territorial compromise: China has publicly proclaimed (which it rarely does) that if India is ready to have a compromise on its east then China will reciprocate with similar compromises on its west. It is important to bear in mind that China has made many compromises in the past (for instance, China's compromises on Burma, Bangladesh, Pakistan and India). But this compromising attitude is borne out of insecurity and not self-empowerment. India's rise and the development of Delhi's strategic relationship with Washington is a very disquieting phenomenon for China. China has therefore fallen back on an attitude, which was her attitude of the late 50's. She is retreating to a culture of compromises.

Points of convergence:

On the issue of territorial dispute. China and India agree to quit referring to the colonial past as a source of future legitimacy. They are searching for a common vocabulary to articulate the present situation, and there indeed is a possibility that a consensus on the issue of territorial dispute could be arrived at. The posture of India in world affairs has changed after the 1998 nuclear tests. This changes India's relations with China on issues like that of territorial dispute because India now feels much more secured.

Migration: Chinese and Indian migration is both less politically significant than they are economically. However, the Indian diaspora is more apolitical as compared to the Chinese. Another view was offered by participants who noted that the factors characterizing the diaspora, its degree of organization and the pressure that it exerts on the originating country's government should not be generalized. However a participant also noted that interestingly both Indian and Chinese diaspora remain separated from each other at the grass root level in their countries of migration.

India rising: It was agreed by participants that the 1998 tests and the anti-terrorist alliance has had an effect on India's role in South Asia, and consequentially on China's impressions of India. China looks for hard adversaries and partners, not soft ones. In Chinese official documents, India now is being constantly mentioned with US and Russia as strong powers, and the rise of India as a hard tactical rise of a nation. China therefore is far more interested in India now than in previous years.

Trade: Conversely, there is an Indian fascination for China. Indian business leaders have battled down defense establishments to get closer to China.¹⁰

Points of divergence:

Trade proportion: Even if trade figures are increasing in terms of growth percentage, it should be borne in mind that India-China trade is only a meager amount of China's total foreign trade. In fact even for India, trade percentage figures with China are decreasing. Further there is a trend of business only between the big companies of the two countries, while the SMEs get left behind.

¹⁰ Even the India-US accord gives room for trade between India and China. The North-Eastern States are pressurized to open up roads for trade towards the Bay of Bengal.

There is a difference in the institutional setup of trade in the two countries: In China, trade is dependent on the state, while in India trade is increasingly more independent of the state.

Third parties: Friction could arise. It was suggested by participants that the most likely area of competition between India and China would be when the two support two different parties in a third country. For example, if India and China give military support to separate groups in Pakistan. However, the issue was debated by participants who suggested that China and India are very similar in their ways of supporting the more powerful State. But it was also observed that a point of friction or a war by proxy might indeed develop in Myanmar -- this would have been unlikely in the Soviet days.

Growth pattern: China's relations with India will depend upon the form of economic rise of the two countries. China indeed feels insecure with India's rise.¹¹ On one hand China is rising and giving a perception of threat. On the other hand, India is rising and is being welcomed by the world. Therefore India's own economic changes will affect her potential relationship with China. India's growth rate will be more sustained than that of China's due to population projections. This might shake up the China-India relationship. But on the other hand, economics may now contribute to the amelioration in the political tensions between the two countries who have had strained relationships in the past.

Democracy: Today India, the world's largest democracy is reaching out to the world's largest dictatorship, China. India is not a militant democracy. The Indian democratic model is not a model that can be exported, as it is a model only for Indians. Therefore it is not encumbered by issues related to issues of democracy in the Asian framework. An example of democracy issues in Asia was offered by a French participant recalling that the December 2005 East Asian summit chose to issue the declaration on Democratic values and intervention to domestic affairs, probably as a symbolic gesture of defiance to China. Democracy and political values are used strategically in the countries of this region, but it was debated if they indeed are the prime issues.

China and Pakistan

Participants discussed in what ways China's relations with South Asia will depend on Pakistan. It was suggested that the China-South Asia relations would depend upon relations between extremist groups in China and Pakistan. When the Soviet-China dispute was resolved by the Gorbachev visit, China's relationship with Pakistan balanced out India's relations with the Soviets. That Pakistan-China relationship is continuing. Participants also discussed the degree of dependence of China's relations with Pakistan, on China's relations with India. It was suggested by some participants that China's relationship with Pakistan is more distant today than what it was earlier. Since this seems very surprising from a strategic point of view, participants debated why.

This point was challenged by some participants who noted that China's current engagement in Pakistan is underestimated, and that their relations are not distant. For instance Pakistan is said to be giving information regarding nuclear proliferation to the US (including information related to Pakistan and China's nuclear plans). China is helping Pakistan to talk less and do more. China has radical Islamist terrorist problems and cooperates with Pakistan on this.

¹¹ A participant observed that aall Asian countries feel insecure of China, but India's neighbors feel insecure of India.

It was also suggested by other participants that in this context, Pakistan could benefit paradoxically, by appearing as an unstable country. This relationship is indeed evident between Pakistan and China, but it is not clear to what extent China is concerned about Pakistan's ultimate stability. To judge China-Pakistan relations, the exact role of AQ Khan in nuclear matters involving China needs to be better understood. Economic and political objectives cannot be separated, hence participants recalled that the geo-economic factor in this context needs to be kept in mind too.

A participant also highlighted the continuation of trade between the two countries as there will be future Chinese investment in textile and consumer goods in Pakistan.

The enduring character in China-Pakistan relations was also discussed. It was observed by some that Pakistan in fact has feelings of gratitude towards China, and looks at China as one of Pakistan's oldest friends. However the significant change in China's attitude towards Pakistan has been on Kashmir, where China's pro-Pakistan stand has changed. Participants were also reminded that in each of the India-Pakistan wars, China was not ready to actively favor Pakistan.

Finally it was suggested that China's relations with Pakistan will also depend on the military situation between China and India, as well as on China's position on Iran.

China and South Asia

Participants reflected upon the possible future trends of China's role in South Asia. Some of them were:

Bilateralism vs. multilateralism: China is most likely to pursue its relations with countries of South Asia bilaterally rather than multilaterally, even if there are embryonic multilateral organizations like ASEAN which are in the interests of China. This is because maintaining a bilateral focus helps insulate the regional architecture from entanglement in regional disputes such as Kashmir, which has, on previous occasions proved disastrous in terms of developing effective regional cooperation.

Terrorism: China is going to edge away from the terrorism problem both in South East and South Asia, as China today feels less threatened by terrorism than it did in the late 90's. Participants argued that China has managed to solve its terrorism problem. Others said that China feels less threatened by terrorism today because much more important is the energy and security game for China with the Middle East, with Central Asia and possibly with Africa, and her competition with other Asian countries for limited energy resources.

Values: China has had to renounce strategic action and strategic use of its partners in South Asia. This may have been a dream in 1989 when the Chinese prime minister wished to build an axis from Central Asia to South East Asia. What we have today is the echo of this same dream in the soft power policy by China. When we talk about soft powers in China, it doesn't mean values. On the contrary it is self professed valueless foreign policy, therefore posing less problems for prospective partners. China's soft policy means business, economy and more ODA without too many prerequisites.

3. US ENGAGEMENT

Overview

It was observed by an American participant that France and the US may have similar engagements with South Asia, since the interest for both in South Asia is in human resources especially in its youth and their ambitions. South Asia is part of a democratic and economic change in the world, and the US's engagement was said to be towards strengthening democratic security and promoting regional government by working with governments as well as associations. The central assumption of this approach is to overcome terrorism between countries within the region in Asia.

Issues

The discussions regarding American interest in South Asia brought out concern for the following parts of the region:

India

India's growth is the most interesting development in the region, and worries are misplaced (for instance in the case of the Mittal steel issue) and opportunities should be emphasized. Ties between India and the US became stronger after the Bush-Manmohan Singh visits. There were agreements in various domains like agriculture, clean energy, science and technology, US-India civil nuclear energy. The civil nuclear cooperation agreement raised questions, and it was hoped by the American participant that the US Congress would support the negotiations. But there were questions that emerged during the course of the discussions. What would be the implications of the India-US relations on Pakistan? Will there be a lesson for Pakistan in the sense that she will start behaving like a 'normal' State? How does this pose a challenge to the NPT? What would be the impact of accepting India as a responsible country?

Pakistan

Pakistan was considered by the American participant as a key partner for the US to counter terrorism. Pakistan is important for security and stability in South Asia. President Musharraf is determined to overcome security threats and Pakistan's relations with India are improving too. However the credibility of President Musharraf was discussed as when some participants said that the US was satisfied with the progress made by President Musharraf to resolve terrorism in the region post 9/11. Afghanistan is considered by the US as a very different issue, and the US feels that President Musharraf is making satisfactory progress here too as the infiltration on the Line of Control has decreased. It was emphasized by an American participant that there is perhaps no other country that has done more against Al Qaeda than Pakistan has. As a result of these efforts, there is now cooperation in tripartite commissions of US, Pakistan and Afghanistan, especially because Pakistan is afraid of the *Talibanization* of their own area. The issue was debated by participants.

Central Asia

America's relations with Central Asia are related to its engagements in South Asia. Linking Central Asia and South Asia seems to Washington to be a win-win situation. It

is a vital link to provide a collective space for new options in energy, telecommunication and trade. In fact this would also provide for better political climate.¹² However, Afghanistan has been a barrier between Central and South Asia. Efforts should be made to stabilize Afghanistan and make it a focal point of American and European efforts because the US and the EU are both confronting terrorism and narcotics in Afghanistan. In fact in the 1950s and the 1960s Afghanistan was the poorest country in the region, which makes the development of Afghanistan not an easy task. It would take time, but it is also important to remember that a lot of progress has been made.

Other concerns in South Asia

Other issues in South Asia of significance to the US were the following: the need for restoration of democracy in order to get Nepal in to a global environment was highlighted; the forthcoming elections in Bangladesh was said to be another test for democracy and security in the region; in Sri Lanka the issue of the Tamil tigers was declared by participants to be of prime concern, as Sri Lanka a democratic government is being faced by security threats.

4. THE INDIA-PAKISTAN NUCLEAR BALANCE AND ITS REGIONAL CONSEQUENCES

Overview

The discussion on the subject centered on how India and Pakistan are learning to live with their Nuclear Weapons. Participants felt that it still is an incomplete process and there is a lot more learning to do. There were presentations on the challenges and implications of normalizing the nuclear weapons program from India's and Pakistan's point of view, and also the challenges that it would pose for Asia as well as the Western countries.

Issues

Strategic military posture

India

India's strategic posture was described in the following way:

- in the past the program was characterized by ambiguity and ambivalence, and the covert program was very small, although India's nuclear infrastructure was extensive;
- after the nuclear tests of 1998 there was a relaxed nuclear posture with a 'no first use' doctrine;
- subsequently, nuclear readiness has grown slowly, with the apparent intention of building operational missiles, and a naval nuclear capability;
- India is now building strategic capabilities designed to deter Pakistan and China.

India's nuclear command has civilians in command of the structure, with the military playing a small but growing role. India's plan to separate civilian and nuclear facilities will place 14 power reactors under safeguards, and 8 operational or planned power reactors will be excluded from international safeguards. The impact

¹² The participants emphasized that this collective space will not be exclusive for the US. The participants said that the US would want Central and South Asian countries to continue their relations with Europe.

of this on India's nuclear bomb program could be that India would produce substantially more fissile material, but the question remains: how many more weapons will India want to produce?

The issue of whether the US can achieve a better deal in negotiating with India was explored. In this context, the question of national security, energy security and the organizational culture of India's nuclear capacities were discussed:

- in terms of national security, India's concerns of her missile stocks was highlighted;
- in issues regarding her energy security, India's intense fear of over-dependence on foreign supply of nuclear facilities was noted. However India's long track record of regarding sanctions was also stressed;
- India's nuclear organizational culture was both insular and long-privileged. This may be challenged by the US-India nuclear deal.

Opening up the Indian system to international scrutiny and higher standards was regarded as a good outcome by at least one participant.

Pakistan

The following characteristics of the Pakistani military program were highlighted:

- Pakistan believes that nuclear weapons and missiles are needed to deter foreign threats to national survival;
- Pakistan's nuclear posture is designed to specifically deter an Indian attack, prevent conventional military escalation, and, during peacetime, avoid Indian coercion;
- Pakistan has a robust conventional military capability.

Pakistan was a nation that was born insecure. Then after 1974, there were Indian military and diplomatic threats to Pakistan's military program. In 1979, Pakistan feared US sabotage or an air attack against Kahuta¹³. Further, Israel's 1981 attack on Osirak¹⁴ prompted fear. Those remain today, aggravated by the 1998 nuclear test crisis, and BJP's aggressive rhetoric. The US policy reorientation after 9/11 created fears of an India/US attack on Pakistan. It was felt by participants that there is today a new fear of an Indian pre-emptive attack, as well as a wariness of closer US-India relations.

Nuclear Program

India

The survivability of India's nuclear program was described by the American participant as a three tier system consisting of:

- a minimum deterrence doctrine consisting of non deployed, unmated weapons reducing pressure on others to pre-empt;
- an adequate weapon stockpile;
- secrecy and compartmentalization of information.

Pakistan

Some participants noted that Pakistan prioritizes conventional military readiness for deterrence and war. If this fails then one participant said that Pakistan would consider first-use of nuclear weapons, although the timing and the type of attack would be kept ambiguous.

¹³ The primary Pakistani fissile-material production facility is located at Kahuta, employing gas centrifuge enrichment technology to produce Highly Enriched Uranium [HEU].

¹⁴ Osirak is the French built nuclear plant near Baghdad in Iraq.

It was observed that there is an increasing realization amongst Pakistanis that India wants to live with a stable Pakistan. But the India-US nuclear deals was said to have had an impact on Pakistan. Pakistan is therefore now concerned about ability to produce enough material and weapons for minimum deterrence. But there is a greater concern about her arsenal survivability.

Challenges

There was considerable discussion about internal and organizational strategic challenges faced by both India and Pakistan. Both try to develop an institutionalized, strategic architecture. Both sides have problems in integrating civilian and military into their strategic architecture, Pakistan solving this by its military-dominated command and control system. However, Pakistan faces an additional challenge in terms of insulating its nuclear program from potential domestic instability; hence the role of the military is likely to be central in nuclear matters.

Regional challenges for both parties were identified as well: there is a growing recognition that strategic stability requires political stability in the region. The Kargil war provided for lessons at the tactical level, but not the strategic level, such that there was no fundamental strategic lesson learnt. India pursued an assertive military strategy, contributing to the 2001-02 military stand off. India and Pakistan saw the crisis differently, each claimed dominance.

Other challenges facing the international community were discussed: It was suggested by a participant that there might be a second nuclear test in South Asia which would be a small but operational arsenal because of a need to develop smaller warheads, that could be missile-delivered, and because India might not be satisfied unless it possessed reliable thermonuclear weapons. Participants asked whether these tests would be initiated in the region, or if they would be a reaction to tests elsewhere, that might open the door for India. It was judged by some that nuclear tests would be conducted within South Asia itself in the next five years.

There was some discussion regarding the transition period of the India-Pakistan peace negotiations, which some participants said would be a dangerous and difficult period. This could come about if Pakistan felt that its own deterrent was not satisfactory, and if India felt that it was secure against Pakistani retaliation. Further, it was noted that there might be a threat to Pakistan for two other reasons: not satisfied with its own deterrence, and if India has a combination of factors. First, Iran might acquire a nuclear capability, and second, there might be a breakdown in US-Saudi Arabia relations.

In this way, for the international community the challenge of facing the following three meta-scenarios for year 2020 were predicted:

- a pan-American alliance;
- an Islamic nuclear alliance, and
- a new era of South Asian coexistence with evolving partnerships and peaceful competition.

The discussion of nuclear matters concluded with a question for which there was no certain answer: will the US continue to play a balancing role in diffusing future India-Pakistan crises, or will the existence of two nuclear-armed states itself deter or prevent such a crisis

5. SOUTH ASIA'S PERIPHERY AS A SOURCE OF TENSION: AFGHANISTAN, NEPAL, SRI LANKA AND BANGLADESH

Overview

The discussion focused on the way the three Nations on South Asia's periphery - Bangladesh, Sri Lanka and Nepal - have contributed to the region's tensions. All of these three countries are poor, face enormous and well-publicized problems and are nominal democracies.

Issues

Sources of tension

Nepal lacks the political institutions required for stability in governance. The king's efforts to restore monarchy melted in disaster for the royal dynasty. Leaders of the country's democratic parties have come to an agreement with the Maoist rebels in the country's long civil war to develop the country's constitutional setup. Whether they will be able to fashion any stable political framework remains an open question. The next few months will be crucial as hurried attempts will be made to develop a new constitution, to hold a referendum, and to hold elections. At the same time, the Maoist opposition must be somehow integrated into an exceedingly fragile political framework, whose leadership, as noted by participants, has demonstrated ample incompetence over the past ten years. It was judged unclear how the army would fit into this: the army has traditionally looked to the king for leadership, and now the parliament is in charge of the army. It is not clear how the political parties will successfully integrate the Maoist forces into the regular army, and this could be a difficult process.

This is less the case with Sri Lanka whose political institutions extend only to the regions which the government controls, and whose employees in these political institutions have become incompetent over the years. Here there is a nominal cease-fire. Violence still exists between the Sinhalese-dominated government and the separatist Tamil Tigers. Recent clashes have re-ignited the war that began more than a quarter century ago. Neither side seems prepared to meet the requirements needed to reach a settlement. The government efforts to do so have been hampered by its coalition partnerships with two extremist Sinhalese parties that are ready to torpedo any compromise should the tiger offer one, which seems most unlikely. Both sides have retreated basically from the agreement they reached in 2002, and the Tamil Tigers again seem to be defining self-governance as independence.

In Bangladesh, Islamist movements have posed increasing challenges in which some of their adherents have found places in the governments, while others have resorted to terrorist tactics. These groups have contributed to a fraying of relations between the majority minority relations in Bangladesh and the country's Hindu and Christian minorities. All aspects of Bangladeshi government and civil society have been almost overtly politicised. Unless the country's parliamentary elections which have been

scheduled for next January are conducted in a fair manner, it could lead to severe problems for a land that already has too many of them.¹⁵

Afghanistan: It was suggested by a participant that the most dangerous security threat in the region may be the combination of drugs and the Taliban, as any acceleration in its proliferation could be very dangerous for the entire region. Stability can be brought about by development projects, development assistance, and not just military operations. One participant was of the opinion that if the drugs network could be rooted out of Turkey and Pakistan, then the same could be done in Afghanistan.

Some participants argued otherwise, especially because the situation in Afghanistan had recently deteriorated badly. It was not the threat of the Taliban, they said, but the corruption and bad governance at the domestic level. President Karzai perhaps promised too much and there is disillusionment and frustration with the lack of results amongst the people.

In fact different regions of Afghanistan were observed to have experienced different situations. The Northern and Western parts of Afghanistan have most benefited from the post-Taliban situation. But there are regions which, though apparently peaceful, hold the potential to be a problem in the future as there has been no development of the region.

Regional implications of domestic tension

It was observed that developments in Bangladesh, Sri Lanka and Nepal cannot be confined within these countries' borders. The implications of these developments is therefore mostly into the neighboring country of India.

The spillover: These troubling situations in South Asia are tension producing in themselves and the phenomena of impact on the neighboring countries, according to one participant, could be called the spillover effect. This can take several forms. In Bangladesh, it is reflected in the long term flow of illegal immigrants into bordering areas of India.¹⁶ Communal tensions in Bangladesh have also contributed to this flow. This was famously the case during the 1971 war when some 10 million people, mostly Hindus fled to safety in India. Although it is no longer a major factor, it could become one, as political Islam's appeal rises in Bangladesh and Minority groups feel threatened and begin to flow across the Indian border in sizeable numbers. Perhaps more important than its impact in contiguous areas of India, the migration has contributed to tensions between the Indian and Bangladeshi governments. The problems have been magnified by the refusal of the Bangladeshi government to admit that illegal migration exists at all. It has therefore been in a state of total denial

¹⁵ Bangladesh has a unique election system, three months before the elections, the political government steps down; a caretaker government, whose sole responsibility is to conduct elections, replaces it. Up till now that system has worked very well. At this point though for the forthcoming elections, the opposition is claiming that those people who will be in the interim government will be favourable to the present political government. Therefore the opposition claims that the elections will be unfair and they threaten to boycott them.

¹⁶ Currently, this migration is prompted mostly by economics as Bangladesh continues to search for greater economic opportunities in the nearby areas in India especially in the relatively under populated and less developed North Eastern Indian states. The movement has been going on for decades and actually predates the cessation of Bangladesh from Pakistan in 1971, facing angry resentment from non Muslim Indians.

for the last twenty years, while this illegal migration and smuggling have also contributed to clashes between the paramilitary forces along a border which has been implemented but not altogether demarcated.

The spillover effect from Nepal on India has been in the relations between Nepal's Maoist powers and like-minded Indian counterparts generally known as the Naxalites. The extent of the links is not clear but it has been a cause for major concern for the Indian government. Two problems that have not yet existed but could emerge are: a) the Nepalese Maoists could join the main stream of Nepal's political life; b) the impact of instability in Nepal on China and the Sino-Indian relations¹⁷.

Up till now, the spillover effect is less pronounced in Sri Lanka. It had been a major source of tension in the 1980s and in the 1990s when large numbers of Tamils fled to the Indian mainland because of the political tension in Sri Lanka. However, the problem has been less important since the assassination of Rajiv Gandhi by a Tamil Tiger woman activist in early 1990, a development that alienated the Tamil opinion and made it much more difficult for the Tigers to use South India as a base. Nonetheless, certain developments could reverse this. For instance: a) A breakdown of this very tenuous cease fire agreement would lead to hostilities leading to refugee flights to South India (as had occurred in the 1980s). This would have repercussions in India and in the South Indian state of Tamil Nadu where these refugees would go. b) Tension could be built by a battle at sea between the navy of the Tamil tigers and the Indian Navy.

Regarding the proliferation of narcotics, participants debated the need for an effective state structure, which Afghanistan currently clearly lacks, for the war on drugs to be won. It was suggested that the problem can be eradicated only if all nation-states of the region are strong enough to impose order. But in Central Asia states are weakening. Consequentially, the possible success of the eradication policy of the other states in the region will push the cultivation of narcotics towards Central Asia. Europe, which has constituted most of the market for the Afghan opium in the past, is relatively stable now, and at least not increasing. The Central Asian and Russian market is getting bigger, but indeed the profit generated here is much lesser than that generated in Europe.

Anti-India sentiments: India's enormous size and the central geographical position and its aspiration to become the security arbitrator have also been a source of tension over the years. For the smaller neighboring countries, India is a power in the region that can not be ignored. Despite recent efforts, India is still perceived to be a regional bully, and not a country whose leadership is welcomed. This has implications for the United States. This was a more serious problem during the cold war than it is now that the US and India have formed a virtual strategic partnership.¹⁸ As a consequence, there is an anti-India sentiment breeding in the region. Indians still remain concerned about Pakistan's exploitation of this anti-Indian sentiment to develop anti-Indian networks; it is also worried by recent Chinese activity. Anti-

¹⁷ There does not seem to be significant evidence that the Chinese have been involved in the problems of Nepal. But it is possible that if there's a prolonged period of tensions on the Southern border, the Chinese will become more concerned and could conceive to play a role in Nepal which the Indians would find unsettling.

¹⁸ Indians have come to realize, that a US naval visit to Chittagong doesn't threaten them. They are less prone to find evidence of American intrigue than they were in the 1970s and 1980s, when they routinely accused the United States of encroachment in South Asia's smaller states.

Indianism plays a major role in the domestic politics of Bangladesh and Sri Lanka. The anti-India card comes into play outside the election campaign as well. Bangladeshi leaders hesitate in adopting any policies that their opponents claim are favorable to India or make Bangladesh more dependent on India than it already is.¹⁹

Ethnic groups: Tension is also created by the presence of people in India who share an ethnic kinship with people in the neighboring states, for instance the Bangladeshis and the Bengalis of India's West Bengal, the Tamils of Sri Lanka and the Tamils of Tamil Nadu in India. The political leaders in these states want to play a role in policy making in the neighboring states and their views sometimes differ from the central government. It could create more tensions now particularly since the government in both Kolkata and Chennai are run by parties not belonging to those of the central government.

Political Islam: The rise of Political Islam and Islamic inspired terrorist activities in Bangladesh also plays a worrisome role. Bangladesh is a soft but badly governed state, and Islamic political parties have taken advantage of the failure of the two major secular parties that have been in government. Bangladesh's political arithmetic which makes political parties dependent upon small Islamic ones for victory at the polls suggests that political Islam will continue to increase its power and influence. How closely these parties are connected with terrorist activities is a source of bitter dispute, within Bangladesh. It was suggested by participants that Bangladesh could in fact provide the same kind of haven for terrorists that Afghanistan did before 2001. If that happens, the issue would be a source of tension amongst South Asian States where outside powers would need to intervene.

¹⁹ For instance the offer of the TATA group to build steel and fertilizer plants (estimated to cost three billion dollars) was put on hold. Similarly, the natural gas pipeline gas project from Myanmar through Bangladesh into India was struck by hurdles because of its India connections.