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“INDIA’S STRATEGIC PERSPECTIVE”

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SPEAKER:

**THE HONORABLE PRANAB MUKHERJEE,
MINISTER OF DEFENSE, INDIA**

INTRODUCTION:

**JESSICA T. MATHEWS, PRESIDENT,
CARNEGIE ENDOWMENT**

MODERATOR:

**ASHLEY J. TELLIS, SENIOR ASSOCIATE,
CARNEGIE ENDOWMENT**

*Transcript by:
Federal News Service
Washington, D.C.*

JESSICA MATHEWS: (applause) This is the most polite Washington audience I think I've run into in memory. My name is Jessica Mathews, I'm the president of the Carnegie Endowment and it's my great pleasure to welcome you, Mr. Minister, and your delegation to the endowment, and a warm welcome, as well, to our good friend, Ambassador Sen and to the members of your mission here.

We're delighted to host this address by Minister Mukherjee on India's strategic perspective on the occasion of the minister's first official visit as defense minister to the United States. We're looking forward to hearing your views on this subject with great interest, given the tremendous transformation in U.S.-Indian relations that has occurred over the past few years and indeed, over the past few months. Your visit and that of Prime Minister Singh's next month have raised great expectations that relations between our two countries are in for a period of great deepening and transformation.

Mr. Minister, as you undoubtedly know, the Carnegie Endowment has a very active interest in the Indian subcontinent. Our work on South Asia spans the issues of security, of economic growth and social change. We have authors here of three seminal books related to Indian and regional security: our vice president for research, George Perkovich, author of "India's Nuclear Bomb;" your good friend, Ashley Tellis, author of "India's Emerging Nuclear Posture;" and now, just being released in the next week or two, Husain Haqqani's historical treatment of Pakistan and Islam – "Pakistan: Between Mosque and Military."

I know you are also aware, Mr. Minister, of the work that Ashley is doing on the transformation of U.S. strategy towards India and on U.S. regional strategy, and in addition, our program on trade, equity and development, headed by Sandra Polaski, has just released a policy outlook paper on agricultural negotiations at the WTO entitled, "First Do No Harm," which I'm sure a great many in India will find of particular interest.

And of course for Indian strategists, of whom I know there are many in this audience, China and Russia and Central Asia are of great importance, as they are for us here at the endowment. We now have Washington's largest collection of experts on China – several of them here with us today – on China's governance, its economy, and its security policy. We have a new office in Beijing, which we'll be expanding in the coming year.

In Moscow, our Carnegie Moscow Center is home to some of Russia's most eminent policy researchers and is the leading independent think tank in Russia.

India's importance in the foreign and economic policies of all these states – of China, of Russia and of the Central Asian states – is increasingly reflected in our work. My point is that though we are used to hearing the phrase "China rising," India is rising as well, and its prominence on our analytic horizon is steadily growing, and so we are particularly delighted to learn more from you about India's strategic perspectives.

And so without more ado, let me welcome you to the endowment and to this podium, and we look forward to your talk.

MINISTER PRANAB MUKHERJEE: My dear Jessica Mathews, president of the foundation; my dear friend, Ashley J. Tellis, moderator of this program; honored guests, ladies and gentlemen, it is a great privilege for me to be here in Washington before this distinguished gathering at the Carnegie Endowment for International Peace to speak on India's strategic perspectives. I would like to thank Carnegie Foundation President Jessica Mathews for the opportunity, and Ashley Tellis for the initiative and arrangement.

Friends, I have been in public life for over 40 years, a good part of it in government at different times as Minister of Finance, Commerce and External Affairs. I have been here in my capacity as each of these.

Times have certainly changed. The last time I was here in Washington, in 1995, the world was very different. Public discourse on India-U.S. relations was dominated by the baggage of the past rather than by a vision of the future. It was a perennial puzzle: how could two democracies -- one the oldest and the other the largest -- be so much at odds in their perception of the world?

Today we see an objective convergence in many areas, in the area of values as well as interests, not least over the big issues of the day: democracy, fundamental freedoms, economic vitality, on the one hand; and terrorism, proliferation of weapons of mass destruction, maritime security and international peace and stability on the other.

India's strategic perspectives have been shaped by geography, history, our own native culture and vision, and geopolitical realities and imperatives. Geographically, a few facts are particularly relevant. First, that India is both continental and maritime nation with a territory of over 3 million square kilometers, a land frontier of 15,000 kilometers, a coastline of 7,500 kilometers, and a population of 1.1 billion, the second largest in the world.

Second, its location at the base of continental Asia and the top of the Indian Ocean gives it a vantage point in relation to both West, Central, Continental and Southeast Asia, and the littoral States of the Indian Ocean from East Africa to Indonesia.

Third, India's peninsular projection in the ocean which bears its name, gives it a stake in the security and stability of these waters. A long time ago, Jawaharlal Nehru once said – I quote -- "I look at India. On three sides, the sea, and on the fourth, high mountains. History has shown that whatever powers control the Indian Ocean has, in the first instance, India's seaborne trade at her mercy, and in the second, India's very independence itself."

Fourth, it shares borders with eleven neighbors, most of whom do not share borders amongst themselves.

Fifth, it is an energy deficient country located close to some of the most important sources of oil and natural gas in the Gulf and Central Asia and adjacent to one of the most vital sea lanes through which 60,000 ships transit every year.

Its natural features, particularly the high wall of the Himalayas to the north and the vast Indo-Gangetic plain, incline natural movements to and from the northwest of India, from West and Central Asia to the plains. Curiously, while the plains attracted invaders, conquerors, and military campaigns, from Greece – Alexander -- to Central Asia – Babur -- the reverse was not true, though the 4th century B.C. Mauryan emperor Ashoka did leave his mark in Afghanistan through his edicts eschewing war and exhorting Buddhist non-violence and peace.

Historically, India has been a fundamentally open society. It has received and absorbed major influences from outside, like Islam and Christianity, and radiated cultural influences outward. It was, with the Arab, Persian and Sinic civilizations, a source of cultural influence in Asia. India was one of the great wellsprings of human intellectual and spiritual achievement, of the metaphysical insights of Hinduism, and the pacific mission of Buddhism.

It is customary to talk of strategic perspectives in terms of hard power. Our strategic perspectives were those of trade, religion, culture, spirituality, and the arts; and later, the political morality of Gandhi.

I am skipping some of the paragraphs as I understand all of you have the copy.

AUDIENCE MEMBERS: No. No, we don't.

MIN. MUKHERJEE: Then I am reading it. (Laughter.) Okay, no problem.

Developments from the 17th century onwards fundamentally altered these traditional orientations and moorings of India's external relations with the outside world in profound ways. European mercantilism grew into the maritime domination of the Indian Ocean, disrupting traditional trade and contacts between India and its regional maritime partners to the east and west. Further north, in mainland Asia, it introduced relationships of domination and rivalry between imperial powers where earlier only local powers played out their dynastic destinies.

(Pause.)

Several developments in the 20th century, with their roots in imperial history, affected India's relationships with its historical neighbors in Asia. Perhaps the most fateful was the partition of India and the emergence of hard frontiers in the form of a hostile and revanchist Pakistan to the west and east of India. As a result, for the first time in its 4000-year history, India found itself physically separated and shut out from its historical, cultural and commercial surroundings to the northwest of India and vice versa.

Viewed from this perspective, it can be argued that the 20th century has been a decided aberration in the pattern of India's historical and traditional relationship with the outside world. On the economic side, the historical experience of the British East India Company and imperialism in general left India suspicious of foreign trade. Post-independence, this found expression in efforts to build a self-reliant economy wary of integration to the world economy.

The model stood us in good stead for a while. It helped set up a technical and industrial base, and turn from a food-deficit to a food surplus country. Self-reliance gave us self-confidence.

While colonialism disrupted our traditional historic links, the Cold War delayed their restoration. In retrospect, this was an era of shadow boxing, a hall of mirrors. The breakdown of the Berlin Wall and the end of the Cold War liberated India and much of the developing world from the false problematic of East and West. It provided an opportunity to recover our traditional, historical reflex atrophied in the chilly theatre of Cold War, and rediscover our real interests.

The end of the Cold War coincided with a balance of payment crisis, the liberalization of the Indian economy and the phenomenon of globalization. The revolution in information and communications technologies offered us the opportunity to transcend the limitations imposed by colonialism and its legacy of hard frontiers of the 20th century. Educated sections of our society found themselves in a good position to take advantage of globalization though -- in parenthesis -- it is ironic that shrinking of the world as a result of technology and communications should be accompanied by an evolution of border controls that all but chokes travel and movement for the peoples of the developing world.

Over the last two decades, India has recorded an average annual growth of around 6 percent and is now the fourth largest economy in the world in terms of purchasing power parity. Foreign exchange reserves have gone up from 1 billion U.S. dollars in 1991 to \$140 billion U.S. dollars today. The size of the economy has since doubled. We hope to redouble it by 2010 by a sustained annual growth of around 8 percent. Several recent studies suggest that India will be one of the three largest economies in the coming two-and-a-half decades.

Our demographic trends and our human resource base constitute two of our strongest assets. Our over-population liability of yesterday is now an asset. Some 550 million Indians out of our trillion -- billion-plus-strong population are below the age of 25. The middle class of over 300 million is rising steadily. We have the second largest reservoir of trained manpower. Our universities and centers of higher education turn out over two million under-graduates every year. Our IT workforce is 650,000 today and will exceed two million by 2010.

Our capabilities in high technology areas, including developing our own supercomputers, complete nuclear fuel cycle facilities and placing our own satellites in orbit, are now proven. India's comparative advantage in knowledge-driven areas of economic activities has made it attractive both for outsourcing IT-enabled services and as a research and development hub. One hundred ninety out of the 500 Fortune companies already outsource to India.

We have to maintain our comparative advantage in areas well into this century. The IT segment of the Indian economy itself is expected to grow from U.S. 1.5 billion (dollars) in 2002 to U.S. \$17 billion in 2008. We are trying to replicate this achievement in areas of biotechnology, biogenetics and pharmaceuticals.

It would be prudent to bear in mind that we have achieved what we have achieved within a largely unfavorable social, economic, technological and international environment, and mostly on

our own effort, without the benefit of special relationships and access to markets that most other major economic powers -- other than China -- have had.

But notwithstanding these achievements and prospects, the economic challenges are many and daunting, and remain: unconscionable levels of poverty; wide income and economic disparities; regional imbalances; a large and largely backward rural and agricultural sector; infrastructure constraints; chronic shortage of energy resources; and lack of adequate access to markets in the region and beyond. India's share of world GDP is less than its share of the world population by 9 percent.

Nevertheless, seen in the long term, even our relative backwardness can be turned to our advantage. As we address the high levels of poverty and illiteracy in India, given our demographic profile and economic trajectory, there is a good chance that long after other countries plateau economically, we will still be growing.

I would like to set out some of our key strategic priorities against this background. These can be addressed in terms of what we can call -- to take a leaf from the Chinese book, the "Four Deficits" -- a historical deficit, a security deficit, an economic deficit, and a global decision-making deficit.

One of our primary strategic challenges is to restore our traditional linkage with the region and to re-integrate ourselves to our immediate and extended neighborhood, especially the region west of India to Central Asia and beyond; what I have called a strategic historical deficit.

Advances in information and communications technologies have helped us overcome physical barriers to mass culture and access to IT-enabled business, but land routes remain the primary medium of trade with our neighbors to the west and east. We would like to see India well connected with Afghanistan and beyond in the north, and Bangladesh, Myanmar and beyond to Southeast Asia, taking advantage of India's huge market through a network of roads, trade and transport corridors, gas pipelines, tourism and communications, et cetera, in a zone of co-prosperity.

With this in mind, we have been active in trying to take advantage of arrangements like SAARC, ASEAN, BIMST-EC, the Mekong-Ganga Initiative, and trilateral cooperation with Thailand and Myanmar. We realize that not all our neighbors may be comfortable with this vision and India's place in it. Bearing that in mind, we have been ready to enter into normal, preferential, asymmetrical and free trade and development arrangements with those of our neighbors who are willing, provided of course our security concerns are not compromised.

The biggest challenge to this vision comes of course from our western neighbors. Our quest for a return to the grain of historical contacts to India's northwest gives us a vested interest in peace with Pakistan. It is not an accident that virtually every major initiative for peace -- be it Simla or Lahore, or Agra, or Srinagar -- has come from India.

There have been several positive developments in our relations with Pakistan over the last one year and a half. The cease fire of November 2003 is holding. The composite dialogue has

entered a second round. People-to-people exchanges have acquired a momentum of their own. The Srinagar-Muzaffarabad bus service started despite terrorist threats and attacks.

At the same time, we cannot still say for sure that the peace process is entrenched. The infrastructure for terrorism in Pakistan and Pakistan-controlled territory remains. We do not hear of operations, like the ones being conducted by Pakistan in cooperation with the U.S. against the war on terrorism, at its western frontiers towards its eastern borders with India.

More importantly from the point of view of our strategic interests, trade and transit with and through Pakistan remain highly circumscribed. It is only when India and Pakistan resume direct, bilateral trade and transit that there will be a vested interest in peace in both countries.

Trade and transit with Pakistan would be good not only for our two countries but also for Afghanistan and Central Asia. India has had a traditional and longstanding relationship in Afghanistan. Today, Afghanistan needs economic support, markets and assistance. India has committed more than 500 million U.S. dollars to reconstruction in nearly every region and province in Afghanistan. India has also made modest contributions to the Afghan National Army. India could do much more if normal relations and trade and transit through Pakistan could flourish. We are concerned about signs of the resurgence of the Taliban, and the growth in drug cultivation in, and trafficking from, Afghanistan.

The restoration of traditional links with Central Asia is not important only for the sake of trade and economy. Traditionally, Central Asia has been at the crossroads of trade and culture, a major hub in the Silk Route. This is the region through which Buddhism spread as far as Mongolia and Korea. It is also the region through which Islam enriched India. Today, it is a theatre in the battle between fundamentalism and tolerance, extremism and moderation in Islam with fundamentalist outfits actively trying to destabilize the secular governments of the region.

India has a secular polity that shares with liberal democracies values of democracy, fundamental and religious freedoms. It is -- by virtue of this inherited historical character, composition, size, population, economy and military strength and experience -- a natural bulwark against fundamentalist extremism and a factor for peace and stability in Asia. By nature, India is not inclined to export ideologies, even ideologies it believes in and follows. India would rather promote democracy in the region by precept and example. Freer traffic between India and Central Asia would be a factor in favor of moderation and democracy there.

Beyond the immediate region, India has vital interests in the Gulf and Southeast Asia. The Gulf forms parts of our strategic neighborhood: an important source of energy, home to over the 3.5 million Indians, and a major trading partner. Parts of it are also a source of ideology, funding and recruits to the cause of Islamic radicalism and terrorism. Iraq remains volatile. Iran's nuclear intentions and the response of the international community have introduced a new factor of uncertainty in already highly disturbed region.

Southeast Asia, too, plays an important role in our strategic perceptions as a dynamic partner in our growing economy and on account of our ethnic and cultural ties. We also have a vital interest in preserving the traditions of peaceful coexistence and syncreticism amongst their

diverse ethnic and religious communities against the intrusion of dogmatic, alien, fundamentalist and extremist religious tendencies.

Let me now turn to our security deficit. Twenty-first-century India faces peculiar security challenges. We live in a dangerous neighborhood. Few other countries in the world face the full spectrum of threats to their security as India does, from low intensity conflicts to an unfriendly nuclearized neighborhood. Our response to such an environment has been anything but militaristic.

First, India is located at the centre of an arc of fundamentalist activism, terrorism and political instability between North and East Africa and Southeast Asia that has witnessed some of the most dramatic acts of terrorism over the last decade: from the US embassy bombings of Nairobi and Mombasa, through incidents in Morocco, Egypt, Turkey, Saudi Arabia, Bali and Jakarta, not to forget the Bombay blasts of 1992. In the catalogue of terrorist events, it is not often realized the Bombay blasts were, arguably, the original act of mass terrorism, eerily similar in modus operandi and targets to 9/11 in its synchronized, serial character and targeting of state and economic symbols.

Second, though innately pacifist through its history, India has, since independence, faced aggression and conflict with its two largest neighbors. At least one has been openly hostile and adventurist through the entire period. There are unresolved territorial and boundary issues with the other. Talks have commenced with both, but the situation is not yet such that we can lower our guard.

Third, India faces on a daily basis a proxy war from across its borders using terrorism and local insurgencies. There are also spillovers of internal conflicts in neighboring countries and threats to internal security from extremist movements from within.

Fourth, India is faced with an unfavorable nuclear and missile environment. Apart from two declared nuclear weapon states with whom we have had a history of aggression and conflict, and proliferation emanating from and to the region, we have to contend with the possibility of weapons of mass destruction falling into the hands of terrorists and non-state actors in our vicinity.

Fifth, we have to contend with instability and failing states in our neighborhood providing the breeding ground for terrorists and other non-state actors.

Last, the maritime security environment requires more attention. As already indicated, the Indian Ocean region from East Africa to Southeast Asia is an area busy with fundamentalist, terrorist, and militant, separatist and extremist organizations, and criminal syndicates involved in trafficking of drugs, arms and humans, and piracy. Sixty thousand ships and much of the energy from the Gulf to East Asia transit through the Straits of Malacca every year.

It has important ports and three vulnerable choke points at Bab-el-Mandab, Persian Gulf and the Malacca Straits. As the recent tsunami and countless cyclones of the past have shown, it is also a region prone to disasters.

These security concerns are not unique to India. To some degree, most nations face them in some degree or the other. But few face them all together like India does. But what they underline is a convergence of our security concerns with those of the international community at large, and with the U.S. in particular, over fundamentalism and terrorism; proliferation of weapons of mass destruction; security of shipping, energy and the sea lanes in the Indian Ocean region; and peace and stability in Asia. In all these, India finds itself in the frontline.

We do not have the time to dwell on each of these at any length, but I would like to touch briefly on our approach and our role in maritime security in our region. Our approach to it is essentially cooperative. We now have coordinated maritime patrolling arrangements with Indonesia, Thailand and Sri Lanka. Our Navy has been providing hydrographic assistance to Indonesia, Seychelles and Mauritius, and maritime security cover for summit conferences in Mozambique. The coast guard and navy have been active in anti-piracy, disaster relief, and environmental management and response operations. The Navy has also been conducting joint exercises in the Indian Ocean with the U.S., France, Singapore, Russia and Oman, amongst others.

In 2002, we provided escort operations for high-value U.S. naval assets passing through the Malacca Straits. The Indian Navy holds the MILAN Naval Exercises off Andaman and Nicobar Islands every two years. On the security of Malaccas, we are comfortable with its management by the littoral states and would be happy to join a regional initiative, if necessary, and if the littoral states are comfortable with our participation.

I would like to highlight three aspects of our economic deficit. First, the energy deficit: India is a heavily energy deficient country. Of all the variables that could hinder India's economic progress, energy scarcity and dependence are probably the most serious. Seventy percent of our crude oil is imported. Per capita energy consumption presently is only 1/5th of the world average. Considering a high growth rate of around 8 percent of GDP per year in the coming years, growth of oil demand is projected to be 6 percent per annum. If so, dependence on oil imports could rise from 70 percent to 80 (percent), to 85 percent over the next two decades.

It is therefore imperative for us to look for cost-effective and long-term alternatives to meet our energy requirements. Indian oil companies are currently actively involved in a search for energy in the form of oil and gas fields, pipelines, LNG, and other new and non-conventional sources. But most hydrocarbon resources underline our dependence on limited reserves and others for this critical requirement. They also carry scope for avoidable strategic energy rivalries.

If indeed India is to realize its economic potential, India needs alternative sources of energy. Foremost among those available is nuclear energy. India has indigenously developed technologies for nuclear energy. But, as in many other areas of dual use or high technology, India faces serious impediments of access to materials and components. India's nuclear tests were a response to an increasingly untenable security environment. We have already announced a restrained and responsible doctrine for its role in our security. Our nuclear energy and security programs are separate. Restrictions against India's nuclear energy program are anachronistic. U.S. and India have now commenced a dialogue through the NSSP and the energy dialogue to address some of these restrictions. Their easing will impact favorably on our economic prospects over the next two to three decades.

The second constraint is a technology deficit. Technology control regimes going back to the Cold War and restrictions on transfer of dual use, nuclear and space technology imposed after our first atomic test in 1974, remain. One of the reasons for the economic gap between India and other comparable countries is the restrictive and discriminatory technology regimes imposed against India for 30 years. If India is to play its part as an engine of growth and factor of stability in Asia, it should be in the interest of the U.S. and others that such regimes are liberalized as quickly as possible.

The third is the agricultural deficit. Agriculture is still India's chief livelihood. From a chronically famine-prone and food-deficit country, India has moved to becoming first self-sufficient, and now a food-exporting country. Yet most agriculture in India is still that of subsistence farmers. While they do not have the benefit of access to and integration with the world economy, they suffer from the vagaries of both nature and the globalized market.

This is an area where the interests of the rich countries and their farmers, both traditional and commercial, diverge. We are trying to address the issue of a fairer deal to the problems of this vast agricultural sector in the WTO. Unless this issue is addressed as an issue of livelihood that affects 600 million people in India alone, we run the risk of a schizophrenic economy where one half prospers from the globalization and the other suffers. This would neither socially nor politically sustainable.

The last issue that I would like to touch on is the global decision-making deficit or India's place in the major decision-making bodies of the world. If globalization is inexorable, multilateralism has to be its life-sustaining mechanism. The world has changed dramatically since the constitution of the United Nations and its present composition of Security Council members.

In the interim, the bipolar, confrontationist edifice of the Cold War has collapsed. The Cold War structure of the global governance stands dismantled, but an enduring replacement that can address the economic and security challenges of our times and the future is not in place.

As a new order struggles to be born, the obvious reality in our increasingly globalized world is the growing interdependence among nations. No one country, whatever its economic, technological, and military eminence, can take on the exclusive responsibility of ensuring peace and order in the whole world. In Asia alone, new powers like China and Japan have emerged. The European Union may have suffered a jolt, but the idea remains powerful. Russia may be facing problems of transition, but is too important to ignore. A uni-polar world is clearly not a sustainable proposition in the long run.

India's vision of a multi-polar world is one of partnership among the nations. It does not visualize the creation of poles in opposition to one another. It has sought geometries across continents, like the India-Brazil-South Africa (IBSA) Forum, the Russia-China-India consultations, the Group of Four for United Nations Security Council Reform. The early reform and the reinvigoration of the United Nations system to reflect changed ground realities acquire a certain urgency in this context. By any criteria - size, population, economy, military power, role in

international peacekeeping, responsibility in international affairs, future prospects, et cetera -- India is a natural candidate.

I have today, highlighted those factors that prevent India from realizing its potential to contribute to international peace, stability and development. Asia hosts a diversity of political experiences and experiments ranging from monarchies and military dictatorships to nascent and established democracies. The region also faces the menace of terrorism and trafficking in and proliferation of arms and drugs.

In the midst of this, India stands as a bulwark against fundamentalism and extremism, a centre of economic gravity, a beacon of democracy despite challenges of human diversity, poverty and economic disparity, a bastion of stability, and a symbol of peaceful coexistence and non-violence.

India is not an aggressive country. It does not harbor any territorial ambitions. It does not espouse or export any particular ideology except the spirit of peace, co-existence and tolerance. It has a strong military only to defend itself and protect its territorial integrity. It is one of the world's oldest civilizations, but a new nation; the largest democracy and a bewildering mix of people and populations that has learned to accommodate and assimilate over the ages. It is a country with the second largest population of Muslims in the world, who have suffered loss of political power to the Europeans, and partitioned after that to embrace a secular constitution. It does not provide recruits to a global jihad. Today, when a more mobile world looks for models of co-existence where minorities live abroad as immigrants or expatriates, India's historical experience of co-existence could be a valuable reference point.

Which brings me to my last point this evening: India-U.S. relations. The U.S. and India have often been referred to as “estranged democracies.” Perhaps history itself is to blame. It is a striking historical coincidence that India came under the grip of colonialism just as the U.S. found its independence. The last battle in which the Indian rulers lost – that was in 1757—and within 28 years, the U.S. become independent. When India gained independence, the world entered the period of the Cold War. As if destined to ignore each other, the U.S. and India looked in different directions. Today, more than ever, the U.S. and India realize that they share common values, security concerns, and that there is an objective convergence of interests. It is crucial that India and the United States work together with the international community to find a new order for the 21st century.

The United States has the richest collection of strategic think tanks in the world. We are here in one that has made a big contribution to the literature of international relations and the practice of conflict resolution. I look forward to a closer partnership, not only at the level of government, but also the scholars, thinkers and people in general.

Thank you, ladies and gentlemen. I hope I have not taken up too much of your time. I will be happy to take some of your questions. Thank you.

(Applause.)

MR. TELLIS: We are operating on a very tight schedule this evening, so if -- we have also some microphones circulating around the world. So if you have questions, raise your hands. Please identify yourself for the benefit of the minister. And I will give you a chance to answer questions. Yes, sir.

Q: Raghav Goyal for Asia Today. So my question is that -- you said that India is in the middle of two hostile nations, China and Pakistan, and both have a history of attacking India and also now there is a concern for military buildup by both countries. What is India going to do in the future as far as -- perhaps by China and Pakistan towards India?

MIN. MUKHERJEE: We are engaged in constructive dialogue to resolve the conflicts through peaceful means. (Audio break, tape change) -- the military solution.

MR. TELLIS: Yes, sir. Khalid.

Q: Khalid Hasan, Daily Times. I heard that there has been some confusion, some controversy about India's position -- non-position -- (inaudible) -- criticized from the U.S. Would you kindly clarify your position?

MIN. MUKHERJEE: In fact, these are just confusion in the news with that. There is no confusion either in the giver or in the taker -- (laughter) -- because the whole process has yet to start. Certain companies have responded to our request for proposals and those will be sorted out and when the country negotiation takes place between the receivers and the givers.

Q: Thank you.

MR. TELLIS: Over there.

Q: Mr. Minister, in the course of India's military modernization, you will be acquiring -- you'll be doing a major defense acquisition. Let me ask you how you view issues related to defense acquisitions. Specifically, is it mostly should be viewed as a business transaction getting the best equipment at the best price, or should it be viewed in broader strategic perspective? And insofar as it is the latter, what are some of these strategic issues that you bear in mind as you make your choices?

MIN. MUKHERJEE: In fact, when I came, I was asked by some journalists what is the purpose of your visit to USA. And I told them that I am not going with a shopping list. I am going to expand our relationship between these two most powerful democracies -- one the oldest and the other the largest -- and also to take advantage of the new ambient which is building in the U.S. establishment today so that we can expand our relationship, widen it. Of course the acquisition of weapons and platforms are being carried out as part of the well-laid-out policies in both of these countries. But as we are going to have the weapons and platforms from USA for the first time, therefore it is necessary to understand each of those procedures in more details.

The second point – in the morning, I addressed a business gathering in the U.S. Business Council. There also I advised the industrialists about this country to have deeper understanding and closer interaction so that these transactions can become easier as and when it is necessary.

MR. TELLIS: Yes, right over here. The gentleman with the pink shirt.

Q: I am Kumar from Amnesty International. Minister, as you are aware, Indian armed forces are involved in massive human rights abuses in the Northeast of India and in Kashmir. What steps you are planning to take to discipline them? My second question is do – immediately after Indira Gandhi was killed, numerous Sikhs were killed throughout India, especially in Delhi. There are reports that some of them are in the higher post in the government, in the current government. Is it true, and if so, what steps are you planning to take to deal with that? Thanks.

MIN. MUKHERJEE: As far as the violation of human rights by Indian armed forces are concerned, we are an society, there is independent judiciary, there is fiercely independent and vigilant press, and whenever certain violations take place, immediate actions are being taken as part of the law of the land. It is applicable to the northeastern part of the country; it is applicable to Jammu and Kashmir, to almost every part of the country wherever such (violations ?) and divisions have brought to the notice.

The persons guilty have been penalized. Quite of a few of them have been court-martialed. Some of them have been sentenced to jail through the normal court proceedings, apart from the court-martial proceedings. Therefore this is a regular mechanism in which we are sensitive to this issue. Moreover in our training program, we have in-built – (inaudible) – so that this type of – (inaudible) – and violations of human rights are avoided.

In respect to your question, a commission of inquiry was set up to look into the causes of the riot in Delhi 1984 and also to find out the responsibilities. The commission of inquiry has submitted its report. The report is under the examination of the government and if anybody is mentioned as guilty, normal legal action will be taken against them irrespective of whether they occupy any high office or not.

MR. TELLIS: The gentleman in pink at the very end of the room, with the pink shirt. Thank you.

Q: All right this is Murtaza from Voice of America. MR. Defense Minister, my question is in the post-election scenario in Iran, how far can India go in terms of getting this Iran-Pakistan gas pipeline materialized?

MIN. MUKHERJEE: Talks are going on and I must say the initial discussions indicate positive signals.

MR. TELLIS: Michael Krepon. Mike.

Q: Michael Krepon, Stimson Center. Is infiltration across the Kashmir divide growing?

MIN. MUKHERJEE: In fact, the recent figures available to us, infiltration from the other side of the border has been reduced, though efforts have been made, but vigilance and surveillance of the security forces have prevented them. But we are too keeping our fingers crossed because the passes are yet to be opened after this – (inaudible) – so we shall have to see what happens in the next few months.

But I am happy to point out that the people-to-people contact has created an atmosphere where the terrorists are more and more isolated, and sometimes in their frustration, when they cannot catch the security forces, they are violating against the innocent children or innocent persons, which makes them more isolated from the people.

Q: Gopal Ratnam, reporter with Defense News here in Washington. You talked about the restrictions on the dual-use technologies that remain, and you said those regimes should be quickly liberalized. I am wondering if that is an issue on the agenda for your visit here and whether the liberalization of the dual-us-technology regime is necessary for the defense cooperation to continue with the United States?

MIN. MUKHERJEE: We feel that dual-use technology – there should not be any restrictions and particularly in the case of India, where our – (inaudible) – maintaining confidentiality is well-proved over the years, and we can assure that it will never fall in the wrong hands.

MR. TELLIS: Gentleman here.

Q: Thank you. Akbar Khawaja. Mr. Prime Minister, Mr. Manmohan Singh has recently hinted that there will be a withdrawal from Siachen Glacier, making the zone of peace. How soon do you see a Kashmir Valley a zone of peace; that means a total demilitarization?

MIN. MUKHERJEE: Yes, Prime Minister Dr. Manmohan Singh visited Siachen this year. That right. The doctors advised him not to take that risk but he went there and he wants that the composite dialogue, the part of composite dialogue, which we are engaged with Pakistan. That should be expedited particularly on Siachen. Very recently, the defense secretary of both these countries agreed. And we have substantial convergence on views and it could be possible after another, a couple of rounds meetings, but has to arrive at a constructive solution to the problem.

In respect of the whole valley, perhaps you are aware sometimes we act unilaterally, we reduced the number of troops in Jammu Kashmir. As and when the situation improves definitely there will be a withdrawal of troops, and I do hope the initiatives which we have taken, if it is equally responded from the other side, it will be possible to have total peace in Jammu and Kashmir.

MR. TELLIS: I think we have time for probably one more question.

Q: John Shissler from Johns Hopkins applied physics laboratory. Mr. Minister, given India's strategic position and previous statements by Indian Navy flag officers, what is the new government's position with regard to fielding a maritime nuclear deterrent?

MIN. MUKHERJEE: Will you please repeat the question?

Q: What is the new government's position with regards to fielding a maritime nuclear deterrent?

MIN. MUKHERJEE: In fact, we are engaged in dialogue with it and this needs to be taken after some time.

MR. TELLIS: Okay, we can we do one more question.

Q: Michael Sirak with Jane's Defense Weekly. And I'm wondering what the potential sale of U.S. fighter aircraft to India if co-production is a prerequisite for that sale. I know that is a desire of your country and I believe a model that you followed in the past. I'm wondering in this particular case that that would be a precondition for any sale to go through.

MIN. MUKHERJEE: In fact, they mentioned that it is still at a very early stage. But we are interested in having co-production, transfer of technology, and joint marketing also. And as there are two sides, both sides will have to agree. And when it will be finalized perhaps we will be able to achieve that.

MS. MATHEWS: Ladies and gentlemen, the minister has a dinner to go to and we promised not to make him late. I want to thank you for a definitive and informative statement and great candor in answering an enormous number of questions in a short period of time. I hope you will join me in thanking Mr. Mukherjee – (applause) – and we look forward to your return. (Applause.)

(END)