

469A Bukit Timah Road
#07-01, Tower Block, Singapore 259770
Tel: 6516 6179 / 6516 4239
Fax: 6776 7505 / 6314 5447
Email: isassecc@nus.edu.sg
Website: www.isas.nus.edu.sg



Hillary Clinton Visits India: Understanding the Unstated

S. D. Muni¹

Abstract

United States Secretary of State Hillary Clinton visited India on the third leg of her Asian 'farewell' tour after discussions in China and Bangladesh. This short visit to India was important in three aspects. It reemphasized the US resolve to promote its strategic partnership with India in the wider context of Asia-Pacific region. It brought into public domain the persisting differences between India and the US on two critical issues of US priorities in relations with India i.e. isolating Iran and creating a 'level playing field' for the American companies in India's civil nuclear energy field. Thirdly, the visit also underlined the emerging dimensions of the US approach towards India and Asia. In India Mrs. Clinton appeared comfortable in directly broaching the sensitive issues of India's federal and regional (in relation to immediate neighbours) affairs with the provincial leadership. And in Asia, the US, appearing to have failed in coping with the imperatives of China's rise and assertion, is trying to hedge through engagement in 'mini-laterals'; triangular consultations involving other Asian majors and China's regional competitors like India and Japan.

¹ Professor S. D. Muni is Visiting Research Professor at the Institute of South Asian Studies (ISAS), a research institute at the National University of Singapore. He can be reached at isassdm@nus.edu.sg. The views expressed in this paper are those of the author and do not necessarily reflect those of the Institute.

The US Secretary of State Hillary Clinton's hopping visit to India, as formally projected, was to bid farewell to her Indian interlocutors. She has made it clear that even if President Obama wins his second term, she would not be the part of his team. Ostensibly, the visit was also to revamp and stimulate, what is critically remarked as, the sagging pace of Indo-US strategic partnership. Thus it was the occasion not only to reiterate the basics of the "strategic partnership" but also to push the issues of mutual differences affecting American interests directly.

Converging Interests

For the visiting American stateswoman, the best way to reiterate the importance of India to the US was to recall President Obama's famous statement that it was the "defining partnership of 21st century", and add that India and the US have "increasingly convergent interests" in various fields. The growing economic cooperation between the two countries was underlined by Mrs. Clinton by flagging the growth of bilateral trade between India and the US which from a low level of US\$ 9bn in 1995 has grown to US\$100bn at present; with tremendous potential of its further growth still remaining untapped. In the area of defence, bilateral cooperation has fast paced since the conclusion of the Defence Cooperation Agreement in 2005 and this is indicative of the 'unprecedented nature of exercises' being undertaken by the two countries. Only a couple of weeks back, US Assistant Secretary of State for Political-Military Affairs had said that that "the level of our willingness to share technology with India has never been higher". He disclosed that in the past decade, defence trade between India and the US jumped from nil to US\$ 8bn and added that in the "next decade, sky is the limit. We think we have the best defence products in the world. India is interested in modernizing its military across all services. We think we have competitive technology and defence articles that would be able to serve their needs for each of their services".² The US it seems is trying its best to ensure that in future it does not lose lucrative deals like its failed bid last year for Medium Multi-Role Combat Aircraft (MMRCA).

Strategically, Mrs. Clinton highlighted the importance of regular dialogue between the two sides where "we talk everything and nothing is left to be brought on the table". The significance of Indo-US convergence in the Asia-Pacific region was emphasized and India's "Look-east policy" was appreciated. With an eye on the revival of the Asian "Silk Route", India was asked to pay greater attention to building trade and economic cooperation with Bangladesh and Burma. In taking Burma forward on the road to democracy and economic reforms, a special role was seen by her for India. Afghanistan came for a special reference as both India and the US have by now, their respective "Strategic partnership" Agreements in place with Afghanistan. That both India and the US are also consciously dealing with the challenges of security in South and Central Asia was disclosed by the visiting dignitary. The

² *The Daily Pioneer*, (New Delhi) 27 April 2012

US resolve to cooperate with India in fighting terrorism in this region was also reaffirmed, and to comfort India, Pakistan was blamed for not doing enough in this respect. Mrs. Clinton told Pakistan that ‘we need stronger and more concerted effort’ on its part in the field of counter-terrorism, recalling US bounty for relevant and credible information to book terrorists like the former Lashker-e-Toiba chief Hafiz Saeed.

Persisting Differences

While highlighting the areas of convergence with India, the US Secretary of State did not leave persisting differences between the two countries unattended. The issues of India’s imports of Iranian oil and the inflexibility of Nuclear Liability law passed by the Indian parliament with regard to civil-nuclear deal figured prominently in her discussions with the Indian leaders, including Prime Minister Manmohan Singh and the ruling United Progressive Alliance (UPA) President Sonia Gandhi. On the Iranian issue, the US side accepted that India has been moving forward in reducing its dependence on oil imports. India imported 410,000 barrels per day (bpd) of Iranian crude in March 2012, but in April 2012, this came down to 260,000bpd. While some years ago, Iran accounted for 14 percent of India’s energy needs but now this has been brought down to only eight percent, according to Finance Minister Pranab Mukherjee.³ India was now importing more oil from Saudi Arabia, which would be supplying 32 million tonnes of crude in 2012-13 as against 27 million tonnes a year back. India’s State owned Mangalore Refinery and Petrochemicals Ltd as well as the Essar Oil Ltd have been informally asked to cut back on Iranian imports. Mrs. Clinton also assured India that the US is trying to get more oil released in the market by major producers like Saudi Arabia and Iraq and as such, energy starved countries like India would have no dearth of available supplies in the market. She explained that the US was asking India to do more in reducing Iranian oil imports in order to put greater pressure on Iran for negotiating positively on the nuclear issue.

India, however, urged upon the visitor that the question of India-Iran relations was much bigger than the oil imports as Iran, besides having civilizational synergy with India was also an important strategic player in the Persian Gulf region as well as in Afghanistan and Pakistan. In India’s assessment any escalation of conflict in the West Asian region on Iranian nuclear issue was not in India’s or anyone else’s interest. This region has a high concentration of India’s migrant labour force and, therefore, a source of substantial remittances. Foreign Minister S. M. Krishna, in the press conference address with Mrs. Clinton, urged for a “peaceful settlement of the Iranian nuclear issue through diplomacy”. He also made it clear that Iran was a key country for India’s energy needs and that despite the differing ‘positions’ and ‘perspectives on energy security’ of India and the US, this issue was “not a source of

³ S. Samuel C. Rajiv, “India and the US: Squaring the circle on Iran”, Institute for Defence Studies and Analyses Comments, May 10, 2012. http://idsa.in/idsacomments/indiaandtheUSSquaringtheCircleonIran_sscrajiv_100512

discord between our two countries”.⁴ And how can there be ‘discord’ when both the sides were playing this issue cautiously. While emphasizing its foreign policy autonomy in dealing with Iran, India appeared amenable to further reduction in its oil imports from Iran.⁵ The details of India’s scaling down of oil imports from Iran may be further discussed during the US Energy Coordinator Carols Pascual’s visit to India in coming weeks. The US on its part, as noted earlier, was sensitive to India’s energy needs while asking for cooperation in pressurizing Iran.

On the Nuclear Liability legislation, India’s position is that if other countries like France and Russia can work within its parameters and invest in India’s civil nuclear industry, why are the US companies shying away from it. Mrs. Clinton explained that unlike in other countries, the US nuclear companies are entirely private and have no backing by the US State to cover their risks and support their businesses. She accordingly asked for ‘a level playing field’ for the US companies in this respect.⁶ India was willing to address the concerns of the US companies by showing flexibility in its procedures and administrative rules but it was not possible to change the law passed by the Parliament. The possibility of this issue also being discussed, so as to make it more comfortable for the US companies to come forward with investments, during the visit of the US Energy delegation cannot be ruled out.

Mediating India’s Federal and Regional Affairs

Perhaps, more than Mrs. Clinton’s discussions in New Delhi, there was greater media hype on her visit to Kolkata and discussions with the firebrand Chief Minister of West Bengal, Mamata Banerjee. In these discussions, while there were images of great warmth between the two leaders, there arose controversies on two of the prominent issues. One was the question of Ms. Banerjee’s opposition to opening of the Indian markets for Foreign Direct Investments (FDI) in multi-brand retail sector. As a result of this opposition, the UPA government at the Centre had to withdraw its decision to open the retail (multi-brand) sector for FDI, affecting US interests adversely. Mrs. Clinton publicly announced soon after her landing in Kolkata, that she was going to raise this issue with the West Bengal Chief Minister.⁷ Perhaps she did so as was disclosed by the US Consul General in Kolkata after the talks between the two ladies. However, soon after Mrs. Clinton’s departure from Kolkata, the State Finance Minister Amit Mitra wrote to the Consul General that the multi-brand retail FDI was not mentioned by Mrs. Clinton and that it should not be so stated by the US side.⁸ It is possible that Mrs. Clinton raised the issue of investment in broader terms with Ms. Banerjee, urging

⁴ The live press conference on May 07, 2012 was telecast by the NDTV.

⁵ *The Hindu*, May 09, 2012, (Editorial).

⁶ Joint Press Conference on May 07, 2012. Ibid.

⁷ This was disclosed by Mrs. Clinton in her more than an hour long interaction with young people of Kolkata under the NDTV’s “We the people” programme anchored by Ms. Barkha Dutt on May 06, 2012.

⁸ Headline News, (New Delhi based TV Channel), May 07 2012.

upon her that while her resolute political mobilization to defeat the communists in her state was credible, she would not be able to advance her economic agenda for the people of West Bengal without facilitating greater investments and economic opening. Behind Mr. Mitra's denial on FDI was, if at all a linguistic technical point driven by the political constraints of Ms. Banerjee and the ruling Trinamool Congress Party in West Bengal. The Trinamool Congress of Ms. Banerjee had highlighted its opposition to opening the FDI in multi-brand retail in its election manifesto in 2011 elections. It would be politically expensive now to admit that the issue was discussed by the Chief Minister with the top American diplomat. But the fact that investment issue was discussed with Mrs. Clinton and that Ms. Banerjee was looking for investments in her state was admitted by Ms. Banerjee. After her talks with Mrs. Clinton, the Chief Minister said: "This is a matter of pride that a US Secretary of State has come and talked to us here for the first time after independence...We are all happy, and we think that West Bengal should be a destination for investment".⁹

The second issue was that of the Teesta river's water sharing between India and Bangladesh. Here again, the Central Indian government had all planned to resolve this issue and sign a Treaty during Prime Minister Dr. Manmohan Singh's visit to Bangladesh in September 2011. But Ms. Mamata Banerjee's last minute opposition to the Teesta deal and her refusal to accompany the prime minister led Indian delegation to Dhaka not only embarrassed Dr. Singh but also frustrated the Bangladeshi side.¹⁰ The US is now toying with the idea of supporting the old Asian 'Silk route' for which it wants greater cooperation among the countries of the region like India, Bangladesh, Burma, China etc.¹¹ This will enhance economic opportunities for the region and also the US. Greater understanding between India and Bangladesh is also a part of the agenda shared by both India and the US as it will integrate the South Asian economies and curtail China's growing influence in the region. It is not publicly known as to how strongly Mrs. Clinton put forth the Bangladesh and Teesta issues to her hosts in Kolkata, but her emphasis on India's 'Look-east policy' was clear and forthright and in this context she talked about developing Kolkata port and laying down oil pipelines for smooth flow of energy in the eastern region of India. Mrs. Clinton was obviously playing on Ms. Banerjee's 'vision' for an economically dynamic and prosperous West Bengal.

It was not for the first time that a prominent US leader has focused so much attention on an Indian state and assertive regional leaders during official visits to India. Nor was such a state visit first on Mrs. Clinton's itinerary as she visited Tamil Nadu to greet another strong woman regional leader of India, Jayalalithaa last year in July 2011. There also Mrs. Clinton

⁹ Nirmala Ganapathy, "3-party talks with India, China essential: Clinton", *The Strait Times* (Singapore), May 08, 2012, p. A10.

¹⁰ For the background on this issue see, *The Times of India*, September 07, 2012; *The Hindu*, September 08, 2012; Iftexhar Ahmed Chowdhury and M. Shahidul Islam, "Manmohan Singh in Bangladesh: The Visit Revisited", ISAS Working Paper no. 134, 13 September 2011.

¹¹ Syed Tashfin Chowdhury, "Clinton draws Dhaka in the Great Game", <http://www.atimes.com/atimes/South Asia/NE12Dfo3.html> (Accessed on May 12, 2012).

had talked of India's relations with Sri Lanka, the neighbour across the Palk Strait, its 'Look-east policy' and its fast growing stakes in the Asia-Pacific region.¹² Mrs. Clinton's regional forays in India and her statements and discussions with these regional leaders were obviously focused on the issues of American interests. Besides this, many observers have also seen these side visits as her respect for empowerment of women in India and South Asia. In her interaction with the younger people in Kolkata, she admitted that though the women in the US have advanced in education and social equality, they are still far behind their Asian and Indian counterparts when it comes to their place in the country's power structure. She hoped that she would be able to see a woman President of the US in her life time.

Inherent in these state visits within India and parleys with the strong regional leaders in India is a strong indication of the emerging and rather significant aspect of American approach towards India and the Indo-American relations. This clearly underlines the US lack of hesitation in mediating in India's federal affairs and sensitive relations with the neighbours. The US cannot be unaware of the changing political context in India where not only strong regional leaders have emerged but they have also succeeded in stalling major policy initiatives of the Central government, even if they are in alliance with that government. In the context of this political shift within India, the US approach is an attempt to cope with the imperatives of sustaining strategic partnership with India. What is however debatable, and even questionable in some respects is the implied endorsement, even active acceptance, of this new US approach by New Delhi. India and the US have for the past more than five years, been regularly consulting and coordinating their initiatives and responses to the developments in India's immediate neighbourhood under the rubric of their "regional strategic dialogue". But the US initiative in mediating neighbourhood relations and extending such initiatives even to federal relations with India's connivance if not declared acceptance point towards the intensity of this dialogue that may be a matter of serious debate and discussion in India. It points towards a contradiction of India's assertion of foreign policy autonomy as was demonstrated on the Iranian and civil nuclear issues.

US-India-China Trilateral Engagement

Yet another dimension of the new US approach, involving India but encompassing the whole of East Asia and the Asia-Pacific and having long term implications for Asian relations, sounded by Mrs. Clinton in Kolkata was the proposal of initiating a trilateral consultation between the US, India and China. In her public interaction in Kolkata, Mrs. Clinton making this proposal said that she was working on "building constructive relationship not only bilaterally but among our three countries in fact. The trilateral connection among China, India

¹² This was stated in her speech at the Anna Centenary Library. See *The Hindu*, July 20, 2011; *The Times of India*, July 20, 2011.

and the United States will be essential in the future as well.”¹³ The rationale behind this trilateral connection was that the problems of 21st Century, like those of climate change and world trade could not be solved without cooperation among these countries. And the significance of this statement lies in the fact that Mrs. Clinton had come to Kolkata after her talks with the Chinese leaders. Mrs. Clinton discussed this aspect with the Indian leaders in Delhi also but there was no formal Indian reaction to this. The media though quoted some unknown official for saying that “Let the US and China talk to each other and then we will take a decision. We are open to the idea”.¹⁴

This was not for the first time this trilateral consultations proposal was made. Mrs. Clinton sounded the proposal first in New Delhi in July 2011. Outlining the proposal in a statement in October 2011 in Washington DC, she said that “a strong and constructive” relationship between India, China and the US was necessary for addressing the “pressing issues of 21st century”. She admitted that

this will not always be easy. There are important matters on which we all disagree, one with the other. But we do have significant areas of common interest... Ultimately, if we want to address, manage or solve some of the most pressing issues of 21st century, India, China and the US will have to coordinate our efforts.¹⁵

Senior US diplomats have subsequently followed this up. Speaking at a national conference of World Affairs Councils of America, Deputy Secretary of State William Burns said:

Let me explicitly state that (in) the 21st century Asia-Pacific (what) we seek is one in which India, the United States and China all enjoy good relations. Whatever our differences, we know that as this century advances, fewer and fewer global problems will be solvable without constructive cooperation among our three great countries... I have no doubt that Asia and the world are big enough for the three of us- if we want them to be.¹⁶

Again in December 2011, Assistant Secretary of States for East Asian and Pacific Affairs Kurt Campbell said: “We believe that it is absolutely critical that the three great States of the 21st century – United States, China and India – begin closer consultation.” He also disclosed that the “US was in active consultation with Chinese friends” on this proposal and a similar order of consultations between the US, China and Japan.¹⁷

¹³ Nirmala Ganapathy, *The Strait Times*, May 08, 2012, op.cit.

¹⁴ *ibid*

¹⁵ *Jagran Post*, October 09, 2011. <http://post.jagran.com/Clinton-proposes-relationship-between-IndiaChina-US-1318159>. Accessed on May 10, 2012.

¹⁶ *Jagran Post*, Nov.05, 2011. <http://post.jagran.com/india-China-and-the-US-should-together-resolve-global-problems-1>. Accessed on May 12, 2012.

¹⁷ *Jagran Post*, December 16, 2011. <http://post.jagran.com/US-for-closer-consultations-with-India-China-1324044743>. Accessed on May 10, 2012.

India's response has been positive to the idea of such trilateral consultations. India's Foreign Secretary Ranjan Mathai speaking at a major American think-tank, the Centre for Strategic and International Studies in Washington DC in February 2012 endorsing the Clinton proposal said that;

There are a number of global and regional challenges on which India, China and the United States must work together...China is our largest neighbour, a major country in the Asia-Pacific region and a country with great global influence. We have considerable challenges in our relations, but also enormous opportunities for mutually beneficial partnership at the bilateral and global levels...We will continue to invest in building a stable and cooperative relationship with China that is mutually beneficial and also a source of regional stability and prosperity.¹⁸

India hopes that such trilateral consultations will considerably improve the prospects of reducing conflict and enhancing cooperation with China. This mechanism may also help consolidate India's regional position in South Asia by blunting many of the fault-lines between India and its immediate South Asian neighbours, including Pakistan, and limit the scope of these neighbours playing China against India for their own narrow advantages. The idea of trilaterals also takes away India's fears about a possible China-US coordination (G.2) on critical Asian strategic affairs. China kept silence on the proposal for a long time. Perhaps it did not look forward to sitting at the same table with its Asian neighbours like Japan and India, preferring instead to sit separately with the US to discuss critical global and Asian strategic issues. Of late, however, there is some change in the Chinese position as the Chinese Assistant Minister of Foreign Affairs Le Yucheng accepting the proposal in principle said that China was "open and positive towards such mechanism" as "we believe dialogue is better than confrontation".¹⁹ It was perhaps the positive Chinese response to the proposal that prompted Mrs. Clinton to repeat it during her recent visit. It however, remains to be seen if the shift in the Chinese position on this proposal is more tactical or real. The details of the structure and mechanism of the proposed trilateral are yet to be worked out and surely China, as also India and the US, will have definite views on what issues are put on the table and what not.

The US proposal to initiate trilateral consultations that include China and Japan as also China and India is a reflection of its own dilemma in dealing with China's burgeoning power, influence and assertion in the Asia-Pacific region and global affairs. This has been brought out clearly in a Brookings Institute Study released in March 2012 on the strategic distrust

¹⁸ Foreign Secretary was speaking at the Statesmen's Forum of the Centre on February 06, 2012. The Text of his speech was circulated by the Indian Embassy in Washington DC.

¹⁹ *The Hindu*, April 11, 2012, "In Shift: China backs trilateral talks with India and US" by Anantha Krishnan.

between the US and China.²⁰ The US seems to be aiming at a number of objectives by institutionalizing such trilateral consultations or the “mini-laterals” to engage China. This will blunt any possibilities of the US being excluded from regional gatherings, as could be seen in past attempts by China and Malaysia on the membership of the East Asia Summit. There are a number of strategic “mini-laterals” that keep the US out like, BRICS, India-Russia-China meetings and now China, Japan South Korea Free Trade Area. While explaining the rationale of such trilateral consultation, the US Assistant Secretary of State Kurt Campbell had reiterated: “we see none of these venues as in any way exclusive or exclusionary...we are interested in supporting a range of interlocking, overlapping dialogues in Asia going forward”²¹. These triangular mechanisms will also facilitate US cooperation including in defence and strategic affairs with its Asian allies and partners without invoking the respective mutual suspicion and tensions towards each other. It will alleviate China’s suspicion also that US was trying to contain the Chinese interests and influence in Asia by promoting its Asian competitors like India and Japan. The Brookings Study in this respect had suggested “such trilaterals may reduce the chances of developing strategic cleavages that puts US on one side and China on the other and other countries in the region in a position of having to choose sides”.²² In fact the trilaterals will reinforce the US Asia-Pacific Strategy of “pivot”, and of hedging against China and keeping it constructively engaged. It will place the US in a position to balance China with its Asian rivals by moderating their mutual differences and areas of prospective conflicts. The India-China-US trilateral also contains the promise of facilitating the US approach towards post-withdrawal Afghanistan and the persisting uncertainty about Pakistan’s role in countering terrorism in the region and the world. The extent to which these US objectives will really be advanced would depend upon the manner in which the agenda and structures of these trilaterals will be finalized and their functional dynamics will gradually evolve.

.....

²⁰ Kenneth Lieberthal and Wang Jisi, “Addressing US-China Strategic Distrust”, John L. Thornton China Centre Monograph, No.4, March 2012, Brookings Institute, Washington DC.

²¹ Op.cit, n.14.

²² Lieberthal and Wang, op.cit, n.17, pp. 12, 47-48.