To what extent has the 123 Agreement between the USA and India strengthened the latter's “degree of strategic autonomy” and how has this impacted on the balance of power in the region?

In 1998, India's foreign minister, Jaswant Singh declared that developing nuclear weapons had given India, “a degree of strategic autonomy by acquiring those symbols of power […] that have universal currency.”¹

Advances in defence and weapons systems are at the core of Indian views of strategic autonomy. Comments made recently by Shivshankar Menon, the National Security Advisor, reflect this; “talk of strategic autonomy has little meaning unless our defence production or innovation capabilities undergo a quantum improvement.”²

Strategic autonomy is the ability of a state to pursue its interests with little, if any, interference from others. The term has different applications in different countries, but in India the policy of non-alignment has been the norm since independence in 1947. This was a Cold War position favoured by many former colonies and based upon five principles.³ India sought to “avoid external entanglements or outside restraints on [its] freedom of choice and action.”⁴ Developing nuclear weapons was a logical step towards a defence policy without the need to rely on the Soviets or Americans for security. Strategy is the means of achieving power with the resources available. A state’s military is thought of as the traditional resource, but good strategy will also utilise other forms of resource, such as diplomatic or economic pressure.

The fact that the 123 Agreement between the US and India is a civilian deal may, prima facie, lead to a misunderstanding of its strategic importance. However, the implications of the deal can be felt in international relations and the enforceability of the nuclear non-proliferation regime. Or more specifically, the perceived enforceability. Under Article III(2) of the Nuclear Non-Proliferation Treaty (NPT), “each State Party to the Treaty undertakes not to provide: (a) source or special fissionable material… to any non-nuclear-weapon State for peaceful purposes” unless the material is

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² Menon, Shivshankar, “India and the Global Scene” Lecture 16 to The Prem Bhatia Memorial Trust delivered 11.08.2011
³ These five principles are “(1) mutual respect for each other's territorial integrity and sovereignty, (2) mutual non-aggression, (3) mutual non-interference in each other's internal affairs, (4) equality and mutual benefit, and (5) peaceful co-existence.” They are included in the preamble of the 1954 Agreement on Trade and Intercourse between India and China. Registered with the UN Treaty Series in 1958, Vol. 299, No. 4307 p.70
⁴ Menon, “India and the Global Scene”
covered by IAEA safeguards. The definition of a nuclear-weapon state in Article IX clearly provides that India is a non-nuclear-weapon state. As a party to the NPT, the US could not, therefore, supply India with any nuclear materials, as India was not covered by any IAEA safeguards. However, in the 123 Agreement, “the United States... assured India of its ‘commitment to the reliable supply of fuel.’”

The Agreement required the approval of the IAEA, the Nuclear Suppliers Group (NSG) and the US Congress. India was required to establish IAEA safeguards on transferred materials, on fourteen of its reactors and on any new facilities built. The implications of the Agreement on the non-proliferation regime are a matter of debate elsewhere, but the imposition of IAEA safeguards goes some way to satisfy the USA’s obligations under Article III of the NPT.

While the strategic consequences may not be immediately obvious, the effect can be seen in the resulting actions of states in the region. From Iran's relentless pursuit to develop a nuclear bomb, to the recent news that Saudi Arabia might follow suit. Pakistan has called for a similar agreement, suggesting that favourable treatment of India has given it an unfair advantage. Pakistan's Prime Minister, Yousuf Raza Gilani, was quoted as saying; “as far as the civil nuclear cooperation is concerned, the US has given this facility to India and we think they should give a similar facility to Pakistan to maintain the balance in this region.”

Gilani identifies an important point; that of a balance of power in South Asia. The three greatest players in South Asia are India, Pakistan and China. The use of the 123 Agreement as a means of balancing the power of China can be seen to advantage both India and the US. The US strengthens a country that it hopes will distract China from the Asia-Pacific theatre and builds better relations with a potential ally that can field as many conventional armed forces as China. India benefits from better relations with the West, technology sharing, a legitimisation of its nuclear power status and by having much of its civilian nuclear materials provided for it. Indeed, this last point has often

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5 Treaty on the Non-Proliferation of Nuclear Weapons 1970, Art. III(2), IAEA is the abbreviation of International Atomic Energy Agency adopted as the NPT watchdog in Article III(1)
6 Ibid. Article IX(3) states that “For the purposes of this Treaty, a nuclear-weapon State is one which has manufactured and exploded a nuclear weapon or other nuclear explosive device prior to 1 January, 1967.”
8 Ibid.
been touted, most prominently by Pakistan, as dangerous to the region's security. “Foreign nuclear fuel supplies would free up India’s relatively limited domestic supplies to be used exclusively in its military nuclear sector.”\(^{11}\) From Pakistan's point of view this clearly unbalances the region, but the region was already weighed in New Delhi's favour. The disparity in size, training and equipment of the military forces of each side is an indicator that India should be able to defeat Islamabad with its conventional forces alone. Further nuclear advancement by India is not going to disproportionally disadvantage Pakistan.

It is clear that India going nuclear was a response to China. Since India's humiliation in 1962, China has been an ever-present shadow over New Delhi's foreign and defence policy. The shock of China's successful nuclear tests in 1964 prompted India to seek a 'minimal deterrent' of its own. This would enable India to avoid “bullying and further aggression akin to the 1962 débâcle.”\(^{12}\) As India has grown and its military forces, both conventional and nuclear, have developed there is certainly an argument that New Delhi and Beijing have been balanced. With examples of India asserting itself in Nepal and Sri Lanka to prevent Chinese influence reaching New Delhi's immediate neighbours. One neighbour, in which India cannot stop Beijing's influence, is Pakistan. Closer nuclear cooperation between Islamabad and Beijing provides the greatest concern to India. Pakistan's desire for an arrangement similar to the 123 Agreement between India and the US, may have been realised. “The International Atomic Energy Agency granted its approval of two new nuclear reactors that China is planning to build at Chashma in Pakistan... In addition to the two that Beijing is already engaged in developing at the same site.”\(^{13}\)

During the Cold War, Pakistan was the regional ally of the US. Following the Soviet occupation of Afghanistan, Pakistan became strategically important. For this reason the US was unwilling to enforce non-proliferation as much as it could have done. Consequently, Pakistan developed nuclear weapons, but did not test them, for fear of forcing the US to act. There were a number of reports however stating that “Pakistan was 'two screwdriver turns' away from having an assembled atomic bomb.”\(^{14}\) Such reports were strategically important for Pakistan, as they established the idea that Islamabad would be able to use a nuclear strike if required. Whether or not Pakistan was that close

\(^{11}\) Ban, Kimball, Staples et al. “Decision Time on the Indian Nuclear Deal: Help Avert a Nonproliferation Disaster” Open letter to German Foreign Minister, Dr. Steinmeier. 15.08.2008.


\(^{14}\) Hagerty, David, “The Consequences of Nuclear Proliferation, Lessons from South Asia”, Belfer Center for Science and International Affairs (1998) p.89
to having nuclear weapons is not a matter for consideration. A nuclear deterrent only requires other states to think that there is a chance, no matter how slim, that there will be swift and deadly retribution for any aggression.

The subsequent impact on India's strategic thinking makes it difficult to imagine a repeat of New Delhi's involvement in the 1971 Bangladesh Liberation War. Indeed, during the Kashmir crisis in 1990 (before either side had publicly tested nuclear weapons\textsuperscript{15}) CIA deputy director, Richard Kerr labelled it as “the most dangerous nuclear situation we have ever faced since I've been in the U.S. government... It was far more frightening than the Cuban missile crisis.”\textsuperscript{16} Kashmir has acted as a separate battlefield where India and Pakistan are able to skirmish, diffusing tension in the area without causing a full scale armed conflict. This is likely to continue, but as Pakistan develops an increasing number of short ranged ballistic missiles the strategic implications must once again be considered.

India's position is very clear. A no first use policy, but devastating retaliation if any nuclear devises are used against it; “premised on retaliation only after first-use by the adversary – [it] is based around the retaliation being massive, irrespective of the yield or target chosen by the adversary.”\textsuperscript{17} Therefore, a picture of the stalemate appears. Pakistan needs nuclear weapons if it is ever to defend itself from an Indian attack, but India’s promise of a potentially disproportionate nuclear response negates the usefulness of the Pakistani nuclear deterrent.

Regardless of the asymmetry between the conventional and nuclear forces of India and Pakistan, if relations between these states were to deteriorate to the point of escalation to an armed conflict, it is unlikely that it would remain solely an Indian-Pakistani conflict. India may have strategic autonomy, but that does not mean New Delhi would be left unchallenged if it attempted to disrupt the balance afforded by the stalemate. “Future Sino-Indian relations will hinge decisively on whether Indo-Pakistani animosities escalate. China probably would not stand by and watch passively if India sought to neutralise Pakistan through military action.”\textsuperscript{18} Beijing is, after all, unlikely to allow an Indian hegemony covering the whole of the subcontinent.\textsuperscript{19}

\begin{itemize}
\item \textsuperscript{15} India's 1974 test was of a “peaceful device” not a nuclear weapon.
\item \textsuperscript{16} Quoted in Hagerty, "The Consequences of Nuclear Proliferation" p.154
\item \textsuperscript{17} Sethi, Manpreet, “Pakistan’s Misguided Nuclear Sign” published in The Diplomat 26.04.2011 correct as of 13.12.2011
\item \textsuperscript{18} Tow, William, “Asia-Pacific Strategic Relations, Seeking Convergent Security” Cambridge University Press (2003) p.27
\item \textsuperscript{19} Malik, J. Mohan, “India's Relations with China post-Soviet Union: More Competition, Less Cooperation” Deakin
\end{itemize}
Preventing hegemony is an important part of maintaining a balance of power. Chinese prevention of an Indian hegemony on the subcontinent is played against Indian and American attempts to prevent a Chinese hegemon in the Asia-Pacific. Tow asserts that “China is the most obvious candidate for hegemonic status in the [Asia-Pacific] region.” If China were to achieve such power, India would become the main focus of the People’s Liberation Army. Therefore to maintain a balance of power, New Delhi and Beijing must constantly strive to prevent the other’s expansion, while at the same time, furthering its own position in the area. One way in which China is allegedly pursuing these aims, is through the construction of a “string of pearls” around the Indian Ocean. This is a great concern of New Delhi. Indian officials and naval officers deciphered “Beijing’s efforts to develop harbours such as Gwadar, in western Pakistan, as the seaward component of a strategy intended to encircle and fetter India.” Such a strategy would be difficult and costly and would require China to offer a lot in return to the countries in which it is trying to establish these bases. “Today, the conventional wisdom seems to be that China will settle for access to ‘places, not bases’ [...] If so, Beijing is negotiating agreements that grant Chinese vessels the right to call at ports [...] to rest, refuel, and perhaps refit.” Beijing’s active engagement and funding of developments in Pakistan and Burma among others are given as examples of this attempt to curry favour with Indian Ocean states.

Fear of containment led India to assert its strategic autonomy and intervene in several of its neighbours in an attempt to improve its own position. For example, New Delhi executed a trade war on Nepal in the late 1980s, “when Kathmandu signed an agreement with Beijing to purchase weapons soon after a report that China had won a contract for constructing a road in the western sector to connect China with Nepal.” India’s intervention in the civil war in Sri Lanka was another attempt to further New Delhi’s influence in the region.

India is not alone in seeking to contain Chinese expansion. As the geopolitical world shifts away from the West, Washington is watching China apprehensively. To ensure that its power in the Asia-Pacific region is sufficient to counter a growing Chinese fleet and advances in missile technology, the US has made attempts to strengthen its sphere of influence. This includes closer relations with

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University Centre for Asian and Middle Eastern Studies (1994) p.147
20 Tow, “Asia-Pacific Strategic Relations” p.197
22 Ibid.
the dominant power to the south of China; India. The expansion of China combined with a deteriorating relationship with the US's ally, Pakistan, show clear reasons for desires to woo New Delhi. Its geographical size and its population makes India the natural counterweight to China's ambitions. “[Realists] believe that the... region cannot remain at peace without the Americans actively balancing Chinese power through the establishment of effective counter-coalitions.” 24 Thus, the 123 Agreement can be seen to be strategically important for the Americans and Indians alike.

With the US and NSG now supplying uranium (an element, in which India is poor) for civilian use, India can direct more resources to converting its large supply of thorium into fissile material. As much as 13% of the world's thorium is in India. 25 This offers a key strategic advantage. There are clear indications that India intends to exploit this advantage. The development of the Advanced Heavy Water Reactor (AHWR) shows the freedom India now enjoys in its nuclear development. Although it must be noted that the AHWR is intended for civilian power supply, it shows research and development that is geared towards thorium-based enrichment. 26 The AHWR also provides a good example of the impact that the 123 Agreement is having on India's developing nuclear plants. “The AHWR is being designed to incorporate many passive systems/elements in order to facilitate the fulfilment of safety functions.” 27 This increased freedom and the strategic advantage it affords is a matter of great concern for Pakistan and one which they argue disrupts the balance of power in the region. The asymmetric nature of power between India and Pakistan, however, is unaffected by this increased freedom. It may very well be 'unfair', but that is the nature of a world where state sovereignty is a core principle. Pakistan can't force the US into a similar deal, just because it may be unfair that the US is showing preference to India. Indeed one might argue that Pakistan had its fair chance, but because of its lax controls on nuclear proliferation it squandered the conditions required for such a deal to take place. A. Q. Khan and his networks are a case in point.

The 123 Agreement is presented as an example of the slowly approaching death of the nuclear non-proliferation regime. “The certainties of the Cold War, when nuclear weapons were concentrated in the hands of a few […] have been replaced by a far more unpredictable array of threats. We are facing a new era of nuclear insecurity that, left unchecked, could lead to the unravelling of the

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24 Tow, “Asia-Pacific Strategic Relations” p.197
26 Ibid. The AHWRs will get “about two thirds of their power from the thorium”
NPT.” The growth of proliferation and the lack of punishment for states supportive of it is clear. Iran has been conducting research for at least two decades. Further, North Korea's controversial use of Article X of the NPT has not been followed by any legal challenge, despite an IAEA resolution stating that there was “non-compliance.” Indeed, confidence in the regime is so low that Saudi Arabia recently announced that it is considering developing nuclear weapons itself. This has serious implications for the security of the Near East. The NPT regime may not yet be dead, but unless something is done soon to actively prevent proliferation, the perception will be that it is a weak, unenforceable treaty and states, such as Iran and Saudi Arabia will withdraw. “The US [...] tamely accept[ed] the Chinese move to extend nuclear cooperation to Pakistan... despite a clear violation of the international guidelines on nuclear trade. Indeed, the US assistant secretary responsible for South Asian affairs even defended the deal by highlighting Pakistan’s energy deficit.”

Out of this arises the issue of whether other nuclear related treaties will suffer. States may take the example of the 123 Agreement and conclude that there is no need to sign a treaty if a better deal can later be negotiated. For example, “the US, China, Egypt and others have not ratified the CTBT, while India and Pakistan have not signed it. Thus a legally binding global ban on nuclear testing is not in place.” This, coupled with more states seeking nuclear weapons, makes the world a less predictable place. An unpredictable, nuclear world is a dangerous one.

Taking everything into consideration, it is indeed clear that possessing nuclear weapons has given India a greater degree of strategic autonomy. However, the 123 Agreement and the general deterioration of the non-proliferation regime has, or in the next few years will have, made it harder to judge the geopolitical situation and, therefore, the right strategic route to take. The balance of power in the region is affected by this. “India, for its part, is trying to come to grips with an ever-more assertive China in its vicinity and needs US support if it is to protect and enhance its vital national interests.” As India positions itself more openly against China, it is likely that this will push China towards an eager Pakistan in an attempt to balance Indian assertion. “Indeed, it might

29 Ibid.
30 Section e(3) IAEA Board of Governors resolution GOV/2003/14 12.02.2003
31 Sethi, “A Curious Pakistan Nuclear Policy”
32 Perkovich, George, “Principles for Reforming the Nuclear Order” published in Proliferation Papers, IFRI Security Studies Center, Fall (2008)
33 Pant, Harsh V. “India’s Continuing Search for Strategic Autonomy”; published in ISN Zurich 18.05.2011 correct as of 13.12.2011
not only be Pakistan and China who drift closer together—India’s other regional neighbours might seek increased political, economic and defence cooperation with China as a counterweight to an increasingly powerful and offensive India.” 34

Therefore, it seems to be the case that India's strategic autonomy has led it to overexert itself. The concentration on military advancements has reversed the focus of the region leading to India being seen as the potential hegemonic power in the region. “It seems that India has, by default, opened the way for an increased Chinese influence in South Asia, something that’s likely to keep it bogged down in a regional quagmire and hurt its global power aspirations in the process.” 35 For now however, the subcontinent appears to be balanced.

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35 Ibid.