ACRONYMS

ASEAN ___ Association of Southeast Asian Nations
BJP _____ Bhartiya Janata Party
BSF _____ Border Security Force
CANDU ___ Canada Deuterium Uranium (Pressurized Heavy Water Reactor)
CIDA ____ Canadian International Development Agency
CTBT ___ Comprehensive Nuclear-Test-Ban Treaty
DFAIT ____ Department of Foreign Affairs and International Trade
FDI _____ Foreign Direct Investment
HDI ____ Human Development Index
NPT _____ Treaty on the Non-Proliferation of Nuclear Weapons
NRI _____ Non-Resident Indian
ODA ____ Official Development Assistance
PAC _____ Provincial Armed Constabulary
PIO _____ Person of Indian Origin
SAARC ____ South Asian Association for Regional Cooperation
UNDP ____ United Nations Development Program
FOREWORD

The Asia Pacific Foundation of Canada is proud to sponsor the publication of the Canada in Asia Series on the Foreign Policy Dialogue. This series is a collection of papers that the Foundation commissioned in early 2003, in response to a dialogue on Canadian foreign policy initiated by Minister of Foreign Affairs Bill Graham. As Canada’s leading think-tank on Asia, the Foundation is at the forefront of policy analysis on Canada-Asia relations, and we periodically draw on the expertise of Canadian scholars to help us in our work. I am delighted Professor Reeta Chowdhari Tremblay of Concordia University has prepared this paper on the “broadening and deepening” of the Canada-India relationship and am confident that her insights and recommendations will inspire further thinking on Canada’s role in Asia.

The task of rethinking Canada-Asia relations does not end with the Foreign Policy Dialogue. The Foundation produces a range of print and electronic products that provide insight on key developments in Asia. Our flagship publication — the Canada Asia Review — is an annual stock-taking and report card on major aspects of the trans-pacific relationship. We also publish a daily news service, weekly business intelligence bulletin, monthly investment monitor, quarterly economic and political outlook, and periodic commentaries on critical policy issues. In addition, the Foundation is the Canadian focal point for major Pacific Rim business and economic cooperation networks. I invite you to sample our products at www.asiapacific.ca and to join us in further dialogue and debate on the future of Canada-Asia relations.

John D. Wiebe
President and CEO
Asia Pacific Foundation of Canada
The Dialogue on Canadian Foreign Policy, launched by Minister of Foreign Affairs Bill Graham in January 2003, represents a modest but important effort to review key developments in the world since the government’s last major policy statement in 1995 — known as Canada in the World. The intervening years have been momentous, especially the events surrounding 11 September 2001. With the conclusion of the dialogue and release of the official report in July 2003, the stage is now set for a more far-reaching and in-depth debate on the re-orientation of Canada’s foreign policy priorities.

In Asia no less, the period 1995-2002 has been one of dramatic change. The Asian Miracle of the 80s and early 90s gave way to the Asian Crisis of 1997-98, triggering waves of political change, economic restructuring and social transformation. Against the backdrop of leadership transition, China not only avoided the Asian Crisis, but has also emerged as a formidable economic power and a skilful practitioner of international diplomacy. Japan, on the other hand, has experienced economic stagnation through this period. Written off by so many commentators, the “sick man of Asia” still happens to be the richest and most technologically sophisticated kid on the block, by a large margin. Structural reforms in Japan that strike at the core of Japanese economic, political and social organization have gone largely unnoticed.

For its part, India has completed a decade of fitful, but largely successful economic reforms and is anxious to take its place as a global and regional power. India tested nuclear weapons in 1998, followed shortly after by Pakistan, raising the spectre of nuclear war in the sub-continent. Southeast Asia is going through its own identity crisis. Having largely shaken off the stigma of the Asian Crisis, it now has to compete with China for the affection of global investors, while fending off unsavoury images of the sub-region as “the second front in the war on terrorism.” More broadly, there has been a proliferation of bilateral trading arrangements and a resurgence in East Asian regionalism, led by China. These cross-currents, in addition to many other recent developments in the region, provide ample complexity for a serious re-evaluation of Canada’s foreign policy toward Asia.

As a contribution to the Dialogue on Canadian Foreign Policy, the Asia Pacific Foundation of Canada commissioned seven papers to look at key issues in the Canada-Asia relationship. There were three country-specific papers — on China, Japan and India. Two papers dealt with regional issues — nascent East Asian cooperation and the post-September 11 security environment in Southeast Asia. The remaining two papers looked at different sides of the Asian demographic in Canada — the supply of skilled worker immigrants from Asia, and implications of the growing Asian population for Canada’s international relations. We also launched a web forum on Canada-Asia relations, based on the seven papers, and held a workshop in Ottawa on 27 March 2003. The Foundation’s official submission to the foreign policy dialogue, available at <http://www.asiapacificresearch.ca/caprn/discussion/papers/apfc.pdf>, is the product of collective wisdom from the commissioned papers, workshop discussion, in-house research, and other expert input.

The purpose of this publication series is to make the seven commissioned papers more widely available and to extend the ideas and recommendations beyond a foreign policy dialogue into foreign policy formulation. I would like to express my personal gratitude to the authors for their contributions and for helping the Foundation in its mission to deepen the awareness and critical thinking of Canadians on our relations with Asia.

Yuen Pau Woo
Vice President, Research and Chief Economist and Series Editor
Asia Pacific Foundation of Canada
South Asia is a region vital to Canadian interests which Canadian policy-makers cannot afford to ignore, economically or strategically. Following a short honeymoon with India (and to a lesser extent Pakistan) early in their relationship, Canadian foreign policy vis-à-vis South Asia has ranged from indifference to neglect over the last four decades, interrupted by a short-lived period of engagement in the mid-1990s. Until recent renewed efforts at engaging India, it would not have been an exaggeration to echo Ashok Kapur’s comments in the early 1990s that “South Asia has fallen off the Canadian agenda” and become “a black hole in the minds of Canadian diplomatic and academic practitioners.” Since the mid-1980s there have been instances of Indian and Canadian cooperation on a variety of domestic and international issues but these efforts have been sporadic: the two countries signed an extradition treaty in 1987 over concerns that the Sikh diaspora was involved in the Khalistan movement, worked together to end apartheid in South Africa, and encouraged Canadian investment in India through a Team Canada visit in 1996. While Canada made serious efforts at redirecting its policy toward the Asia Pacific region in the mid-1990s, particularly in trade and investment, South Asia did not form part of this initiative.

A major difficulty has been India’s nuclear program, which detonated its first device in 1974 using plutonium from a research reactor built by Canada in 1960. From that point on it was clear that if India detonated another device, bilateral relations would be seriously damaged since such a program would almost certainly draw on additional CANUO technology provided for peaceful purposes during the 1960s. It therefore came as no surprise when relations reached an all-time low after India’s next series of nuclear tests in 1998. Besides concerns over human rights violations, Canada’s support for the universalization of the NPT and CTBT have kept relations frosty over the last decade.

Not long after Western sanctions were imposed as punishment for these tests, nations like the United States, Australia, and Israel began to re-engage India. They recognized new realities in the country: a large educated middle class, one of the world’s most extensive consumer markets, the end of reliance on Moscow for security guarantees in the wake of the Soviet Union’s collapse, and the initiation of economic liberalization. Canada, however, remained attached to its “human and soft policy” and neglected to consider India’s relevance in strategic and economic terms. The US State Department’s constructive engagement of India since 1998, featuring reciprocal visits by President Bill Clinton and Prime Minister Atal Bihari Vajpayee, has been predicated on policy convergence in the areas of counter-terrorism, economic liberalization, and strategic interests in Southeast Asia. Meanwhile, Canada’s interest in India and the exploration of new ways to improve bilateral relations (exemplified by the Team Canada mission) have been overtaken by India’s nuclearization. Canada, which considered these tests a serious threat to international security, joined several nations in imposing economic sanctions, suspending non-humanitarian development assistance, and banning military exports. But while most other Western states began to re-engage India, Canada stood virtually alone in its intransigence. The cooling of the relationship resulted in Canada being taken off India’s foreign-policy radar and considered increasingly irrelevant to India’s foreign policy concerns.

During his tenure as foreign minister, John Manley made serious attempts at re-engaging India economically and politically while reiterating Canada’s commitment to the NPT and CTBT. 2002 and 2003 witnessed visits to and from India by several key ministers and officials: Fisheries Minister Herb Dhaliwal was preceded by Intergovernmental Affairs Minister Stéphane Dion, International Trade Minister Pierre Pettigrew, Deputy Prime Minister John Manley, and Minister of Citizenship and Immigration Elinor Caplan. Ottawa’s reasoning appears to have been that if good economic relations were established, it would facilitate the resolution of contentious matters like the nuclear issue.
This begs the following questions. Is re-engagement purely opportunistic or is there potential to build a positive long-term political and economic relationship with India? Will Canadian foreign policy continue to turn a deaf ear to its own practitioners, who have constantly emphasized the need to counter terrorism and militancy from Chechyna to the Philippines? By engaging India in a limited manner, through commerce and development programs, will Canada deny itself the influence it could have as a mediator in regional conflicts such as Kashmir or as a protector of human rights? Will Canada be content not to exert its influence while the world’s major players try to engage India in these areas? These questions have become increasingly significant in light of new realities in India, and in addressing them, this paper suggests a re-orientation of Canada’s foreign policy toward South Asia.

OBSTACLES TO PARTNERSHIP

It is generally assumed in Canadian (and some Indian) circles that the two countries should have a strong relationship given their commonalities: a colonial history; a commitment to democratic values, federalism, and multiculturalism; parliamentary institutions; and a desire to broaden the international peace and security agenda. This assumption may have been true in the 1950s and 60s but it is no longer sufficient grounds to ensure vibrant relations in the early 21st century. A major part of the problem lies in the fact that geopolitical realities in South Asia have changed during the last three decades. India has emerged as a confident nuclear and regional power with a burgeoning economy, which seeks bilateral relationships on issues of mutual interest. Canada’s persistent reluctance, if not refusal, to recognize this new status leaves it few options but to promote common value-structures as the basis of a relationship even though India considers this insufficient. India no longer wants to be perceived as an aid-seeking or aid-dependent country. Nor will the present (or likely any future) government welcome moral admonitions about its nuclear agenda. Canada’s re-engagement with India can only be successful if it acknowledges India’s nuclear status and conducts diplomacy on a peer-to-peer basis.

India’s demand for an equal or partner-like standing is evident in the difficulties faced by the Shastri Indo-Canadian Institute, heretofore the product of a successful academic and cultural relationship. For the past 30 years, India and Canada have collaborated closely on cultural and academic matters, and the Shastri Institute – founded in 1968 and funded by both governments (via CIDA and DFAIT in Canada) – has led the way through an active exchange program. In Canada, Indian Studies have benefited substantially from sending faculty and graduate students to do research and learn languages in India. Canadian university libraries have benefited from a book-purchase plan to import texts from India. Similarly, Indian scholars have benefited from the Shastri Institute’s Canadian Studies initiative. However, the Indian government has refused to sign a memorandum of understanding with the Institute until it recognizes an equal partnership between India and Canada in all its governing structures.

From Canada’s point of view, the goal of an equal partnership is predicated on India maintaining a secular democratic society. In this respect, Canadian foreign policy-makers cannot ignore recent outbreaks of communal violence. 2002 featured the worst-ever flare-up in Gujarat, where more than 2,000 citizens lost their lives: a three-day retaliatory killing spree by Hindus saw Muslim women raped and burned alive, Muslim property destroyed, and religious sites, dargahs, and masjids decimated. Most of the Indian press agreed that these activities were preplanned and had the unofficial sponsorship of the BJP in Gujarat state. The groups most directly responsible included the Vira Hindu Parisad, the Baring Dal, the ruling BJP, and the umbrella organization Rashtriya Swayamsevak Sangh (National Volunteer
 Corps) who collectively form the sangh parivar, or “family,” of Hindu nationalist groups.

Hindu fundamentalism has been growing in India. Indeed, the rise of the Hindutva philosophy, espoused by the BJP, has resulted in a lack of tolerance for minority communities, especially Muslims and Christians. In December 1992, the sangh parivar mobilized the Hindu population to destroy the Babri mosque in the city of Ayodhya to reverse the actions of the Mogul ruler Babar, who according to local legend built the mosque to replace the temple of Ram. The mosque’s destruction has come to signal a shift in the national discourse away from secularism toward fundamentalism, as embedded in the concept of Hindutva. Hindutva suggests that there can be only one identity in the Hindu nation, that the country can have only one Hindu culture, and that there can be “many flowers but one garland; many rivers but one ocean.” This concept has understandably made non-Hindus, particularly the 12% of the population which is Muslim, politically and religiously insecure. Long-standing and still-festering communal issues remain a cause for concern. The recent outbreaks of violence and BJP’s Hindutva agenda can be perceived as a constraint to government-to-government and people-to-people diplomacy.

However, it should also be noted that the BJP government appears to be guided by two related considerations: the maintenance of its political power, and effective governance. For example, while the BJP has not compromised its nationalist ideological agenda, it has forged coalitions with regional parties such as the Dravida Munnetra Kazhagam and its offshoots in Tamil Nadu, the Akali Dal in the Punjab, and the national conference in Jammu and Kashmir (hereafter Kashmir) – parties which have all demanded maximum autonomy within the Indian federation. The BJP government has skillfully maintained on the one hand an ideological association with the sangh parivar, and on the other a political alliance with regional parties, ensuring its political power and support is maintained while moderating its ideological uniformity. In order for India to expect an equal partnership with Canada (or any other Western democracy), the BJP government cannot allow India’s secular credentials to be in doubt.

What follows is a discussion of Canadian foreign policy toward India along three related fronts which I believe will define the policy context for the foreseeable future: economics, the diaspora, and security.

THE ECONOMIC FRONT
The world’s seventh-largest and second-most-populous country, India has long been considered a land of unrealized potential. During the last decade, India has undertaken sweeping economic reforms with far-reaching consequences. In the 1980s, annual GDP growth averaged 5.4%; from 1992 through 2001 this figure rose to 6.4%, exceeding countries like Brazil and the Philippines. However, growth still undershot most estimates due to the poor performance of the agricultural sector, which grew at only 0.2%; it contributes to approximately 30% of Indian GDP, and more than two-thirds of India’s population depend on it for their livelihood. Nevertheless, the state’s strategy of direct attack on poverty through alleviation programs, pursued since the mid-1970s, has yielded promising results, reducing the poverty ratio from 54% in 1993 to 35% in 2000. Similarly, India has improved its rank in the UNDP’s HDI listing, moving from the “low HDI” category to the “medium HDI” category.

India has also fared well in stabilizing its inflation rate at 4%, substantially lower than rates reported in Indonesia (8%) or South Africa (6.8%). Meanwhile, the Indian economy is becoming increasingly integrated with the global economy. Exports continued rising in 2000-2001 thanks to continuing trade liberalization, including tariff reductions and greater openness to foreign investment in export-intensive sectors like information technology. FDI inflows amounted to US$4 billion in 1999 and US$4.5 billion in 2000. Foreign
Exchange reserves showed a healthy increase from US$38 billion in 1999-2000 to US$43.5 billion at the end of June 2001. Consistent with its earlier economic liberalization policies, the government launched a second set of economic reforms in the 2001 budget.

Nevertheless, there are persistent concerns that India has not fared as well as China in terms of global integration. While both enjoyed similar shares of world trade in the 1970s (less than 1%), China had dramatically surpassed India by 2000, garnering a share of 4% compared to India’s 0.7%. In an essay last year in Economic and Political Weekly, Sanjaya Baru argued that China’s economic performance had given it a strategic capability which India had not yet acquired:

“China has used its economic and trading power to build strategic relationships with all major powers and, equally importantly, with each one of her Asian neighbours from the Central Asian republics in the west to Japan and Korea in the east and ASEAN in the south. For India to be able to restore the balance within Asia it will not only have to pursue faster economic growth and domestic economic modernization, but also increase its share of world trade and widen its economic links with the Eurasian landmass as well as with the trans-Atlantic and Asia-Pacific economies.”

In December 2002, Finance Minister Jaswant Singh unveiled the country’s maiden mid-year economic review, suggesting several measures to bolster growth. In addition to labour reforms, rationalization of government support for grain prices, reductions in fertilizer subsidies, and state divestment of public-sector units, he announced a renewed push for FDI. This last measure was seen as urgently needed since FDI for the first six months of the fiscal year had been US$3.6 billion, well below the projected annualized figure of US$10 billion. India’s economic reforms are now likely to endure and deepen. For example, the 2003 budget presented by Singh on 28 February, carries forward a “growth-oriented agenda” and presents proposals for financial liberalization, allowing FDI of up to 74% in private Indian banks (an increase from 49%) as well as the merger of private banking companies with nationalized banks.

Canada has not taken great advantage of India’s liberalization policy. While the US has emerged as India’s largest trading partner, Canada has lagged far behind. As Arthur Rubinoff points out, “In 1998 Canada’s exports to India were just 0.1% of its world exports, while Canada’s imports from India were a mere 0.3% of its world imports. Canada ranked 17th among foreign investors in India with only a 1.4% share. By the same token, India’s exports to Canada were only 1.6% of its total exports, and its imports from Canada were only 0.8% of its total imports.”

For decades Indian policy-makers have felt constrained by the tradeoff between economic growth and poverty reduction through redistribution. It is becoming increasingly clear from the Chinese and Indian experience that, in large complex economies, growth and prosperity will exhibit pronounced regional specificities: i.e. there will be concentrated pockets of extraordinary economic growth contrasted with regions of relative stagnation. There is no single India. Rather, there are a number of regions, states, and cities with strong economic prospects which differ significantly from one another, with which investors have to familiarize themselves. Gradual deregulation of the Indian economy has been accompanied by competition among states to secure investment (especially from overseas) in manufacturing. This has exacerbated regional imbalances and created have- and have-not states. The “big three” of Maharashtra, Gujarat, and Tamil Nadu account for approximately 40% of all value added in manufacturing. The success of these three in attracting foreign and domestic investment has divided India into “forward” and “backward” states: the western and southern parts of the country generally encompass forward states, while the eastern and central parts encompass backward states, particularly
Assam, Bihar, Madhya Pradesh, Orissa, and Rajasthan. Thus, the country is being parted along a diagonal axis, mimicking a trend seen elsewhere in the developing world. As CT Kurien has shown, in every economic and human development indicator (education, private investment, social development, per-capita income, poverty level, infrastructure spending) the forward states fare much better than the backward ones.

If Canada does not want to be shut out of this huge market, its foreign policy will have to focus intensively on gathering business intelligence and information about the loci and particularities of the Indian economic phenomenon. From the point of view of trade, finance, and investment, Canada must behave as though it is dealing with several distinct rapidly-developing countries under the umbrella of a larger entity. Providing a gateway to the enormous number of available opportunities must be a priority of Canada’s commercial diplomatic apparatus. Indeed, the notion that interaction among nations is not merely a question of state-to-state relations but of market-to-market relations as well appears to be increasingly true.

THE INDIAN DIASPORA

There are an estimated one million Canadians of Indian origin – nearly one in thirty. After China, India is the leading source of immigrants to Canada. In addition to constituting a strong socio-cultural bond between the two countries, the diasporic community has the potential to improve economic links. Indeed, the strengthening of bilateral relations should be predicated on the assumption that Indo-Canadians will foster deeper and broader people-to-people contacts.

Foreign remittances from NRIs have been a significant source of revenue and economic growth for India. According to one estimate, between US$12 billion to US$15 billion of its US$70 billion in foreign exchange reserves comes from NRI remittances. At present, the government is trying to facilitate collaboration with NRIs by converting remittances into investments and taking advantage of the human resource they represent. In January 2003, the Ministry of External Affairs joined with the Federation of Indian Chambers of Commerce and Industry to organize Pravasi Bhartiya Divas, the first-ever major conference to consult with prominent members of the Indian diaspora. Prime Minister Vajpayee informed delegates that during the forthcoming budget session of Parliament, the government intended to introduce legislation allowing NRIs to hold dual citizenship. This decision was based on the recommendation of a committee established in 2002 under the chairmanship of India’s former high commissioner to Britain LM Singhvi. It found that there were persistent demands from overseas Indians (particularly those in North America and Europe) for dual citizenship. The 1955 Citizenship Act stipulates that a person loses their Indian citizenship if they voluntarily become citizens of another country. Initially, the proposed law would only apply to citizens of those countries who practice reciprocity: the US, the UK, Canada, Australia, New Zealand, Singapore, and a few European states. The government is also proposing that dual citizens not be double-taxed in India. The underlying objective is to facilitate investment by NRIs in areas such as trade and tourism, with Delhi ultimately hoping the diaspora will contribute to the country’s social, economic, and technological development.

There is some apprehension that Indian intentions in granting dual citizenship are garish. For one, the new law would allow the buying and selling of property without having to obtain a visa: only a “PIO card” would need to be issued. Further, North America and Britain are major sources of funding for the BJP, and it is possible that this legislation was influenced by such considerations. Still, as Ottawa has recognized, it appears that people-to-people relations provide a real opportunity for strengthening ties between the two countries. The Indian diaspora in Canada may be less organized and influential than its US counterpart at present, but its weight is increasing: there are now
many legislative members of Indian origin, and lobby groups such as the Canada-India Business Council and Indo-Canada Chamber of Commerce are gaining momentum. However, the preponderance of lobbying activity on Indo-Canadian relations to date has been carried out by Punjabi (Sikh) and Kashmiri (Muslim) constituencies who support secessionist movements and are hostile to Indian government interests.

This is almost certainly about to change. There is a strong correlation between lobbying activity and an immigrant group’s professional integration into the mainstream. That, in turn, reflects their level of educational achievement. At present, Canada’s Indian immigrant community is virtually polarized into two categories: highly-educated professionals and unskilled workers with less than a grade-five education. Because education is so highly valued in all segments of the Indian community, we can expect the next generation of Indo-Canadians to enjoy a stronger and more homogeneous educational and professional profile. As this happens, it is almost inevitable that the community’s lobbying efforts in favour of closer and more positive bilateral relations will expand and intensify. It would thus seem prudent for Canadian policy-makers to take this trend into account and, at a minimum, lay the early groundwork for adapting to potential changes in the domestic foreign policy context. It is encouraging to see, for example, that as a result of the PIO conference in India, Canada has diverted the attention of the Focus India group toward exploring ways in which the Indian diaspora can foster co-operation between the two countries.

THE SECURITY FRONT

Controlling cross-border terrorism is currently the primary focus of India's bilateral and multilateral relationships. To this end, the Ministry of External Affairs recently set up a counter-terrorism division to coordinate its diplomatic efforts. Following the events of 11 September 2001, South Asia has returned to prominence in Western security and foreign policy thinking. India's interests, particularly in the fight against international terrorism, have increasingly converged with those of the United States. Consequently, it is time for Canada to reconsider what constitutes an appropriate trade-off between anti-proliferation on one hand, and anti-terrorism and South Asian economic development on the other.

India's two major security concerns are the secessionist movement in Kashmir and cross-border terrorism supported by Pakistan. In 1989, the Kashmir Valley became engrossed in a nationalist mass-movement that was accompanied by wide-scale political insurgency. This movement arose against the backdrop of India and Pakistan’s irreconcilable positions on the issue: while Delhi considers Kashmir an integral part of India, Pakistan considers it a disputed territory, and neither is likely to budge from its stance. The reasons underlying secessionism appear to stem from internal Indian politics and the government’s relationship with the people of Kashmir. These include (1) the government’s de facto reversal of its constitutional position on the status of Kashmir; (2) Kashmir’s slow yet steady integration in areas other than communications, foreign affairs, and defence; (3) India’s promise of a local plebiscite to determine the state’s future status (a promise proclaimed in the UN Security Council); (4) the existence of a corrupt local regime based on patronage politics; and (5) the persistence of a distorted and a corrupt electoral process.

Pakistan’s active political and military intervention in the Kashmir issue has also impacted the secessionist movement and the Indo-Pakistani relationship (two wars, after all, were fought over the state in 1947-48 and 1965). Despite international pressure on Pakistan since 11 September, cross-border terrorism has continued. While several parliamentary and assembly elections have been held in the Valley (the most recent, in 2002, are considered by many the fairest yet), Kashmir is still in the thrall of jehadi groups such as the Hizbul Mujahideen (both the local and Pakistan-based
contingents), the Jamiat-ul-Mujahideen (a breakaway faction of the Hizbul), and the Pakistan-sponsored Lashkar-e-Taiba and Harkat-ul-Mujahideen (the latter, initially known as Harkat-ul-Ansar, changed its name after the kidnapping and murder of five foreign tourists in Pahalgam). The fidayeen suicide attack is one of the newest and more successful strategies adopted by these groups. The jehadi have continued killing civilians (particularly Hindus) and security personnel in both the Valley and Jammu regions. Indo-Pakistani relations reached their nadir after militants stormed the Indian Parliament in December 2001. India accused Pakistan-based jehadi for this attack. Although Islamabad denied any involvement, the two countries suspended travel and diplomatic ties and threatened to go to war.

Only recently has there been something of a thaw in these hardened relations. During a visit to the Valley in April 2003, Prime Minister Vajpayee extended a hand of friendship to Pakistan and renewed his offer of talks with both Kashmiri separatists and Pakistan. Vajpayee has expressed special eagerness to enter into negotiations with President Pervez Musharraf and suggested that he would be willing to make serious compromises on Kashmir provided Pakistan created grounds for mutual confidence. While the softening of India's attitude and peace effort is viewed in some Indian circles as a pre-election strategy (Vajpayee would relish going to the polls with a Kashmir solution in hand), the Prime Minister's efforts have received support in both India and Pakistan. India's opposition leader, Sonia Gandhi, has extended the Congress Party's full support. Similarly, during a recent visit to India, the hardline leader of Jamait-Ulema-Islami, Fazal-ur-Rehamn, declared that dialogue, not violence, was the solution to the Kashmir problem (much to the dismay of several militant groups operating in the Valley). He favours holding talks on this issue within the bilateral framework of the 1972 Shimla Agreement. India's recent announcement that it intends to participate in the January 2004 SAARC summit in Islamabad is another encouraging sign.

While the latest developments are no doubt positive, tensions between India and Pakistan remain very real. Both countries are committed to their nuclear programs and this external threat adds substantially to India's security problems. Besides two wars over Kashmir, India and Pakistan clashed over East Pakistan's independence in 1971 and fought a border conflict in 1999 (never mind countless smaller unresolved skirmishes). India's preoccupation with internal security is reflected in the growing volume of legislation and constitutional amendments curbing individual freedoms. These include the 42nd Amendment (1976), the National Security Act (1980), the Terrorist-Affected Areas Special Courts Act (1984), the Terrorist and Disruptive Activities Act (1987), and the Defamation Bill (1988) restricting press freedom. Such laws have in turn fostered the growth and widespread use of paramilitaries. While the size of the regular armed forces has remained steady since 1965 at about 1.3 million, the number of paramilitary forces has increased rapidly to about 1.5 million. These include the Provincial Armed Constabulary, the Border Security Force, the Central Reserve Police Force, the Assam Rifles, the National Security Guards (an elite force, created out of the army, used in the Golden Temple operation of 1988), and the Rashtriya Rifles (formed in 1993 to deal specifically with internal security problems). India has used these forces to suppress secessionist movements in Punjab, Assam, and Kashmir. Not only have their members been accused of excessive violence and human rights violations like torture and rape, but they have consistently sided with Hindus. For example, the PAC was involved in the massacre of Muslims in Moradabad and Merrut in Uttar Pradesh, while Hindu temples in Kashmir are now manned by members of the BSF.

Since its establishment in 1985, SAARC has been ineffective in initiating dialogue between the nations of
South Asia. While it has pursued cooperation in uncontroversial social, economic, and cultural areas, it has refused to place discussion of political and security conflicts on its agenda and avoided other contentious bilateral matters. Meanwhile, Pakistan-based jehadi groups have continued attacking civilian and government targets in Kashmir – this despite President Musharraf’s efforts, prompted by heavy US pressure, to control domestic Islamic fundamentalism and put a stop to cross-border terrorism. During the past year, India and Pakistan have also stepped up their missile rivalry. On 8 January 2003, Pakistan inducted the Ghauri-I (Hatf-V), a homegrown medium-range missile, into its forces. The very next day, India responded by testing the Agni-I, a missile with an 800-kilometre range specifically designed to hit targets in Pakistan. Delhi’s 2001 budget raised total defence spending to US$14 billion, 14% higher than levels proposed the previous year. Although a recent Regional Security Assessment conducted by Jane’s Information Group pointed out that India’s spending had remained modest compared to other countries with major security risks, this double-digit increase is alarming given continuing Indo-Pakistani tensions.

In January 2003, in order to manage its nuclear assets and operationalize its nuclear deterrent policy, India unveiled a new two-tiered Nuclear Command Authority and created the position of chief of Strategic Forces Command – a structure that clearly delineates authority over India’s arsenal. While this initiative unambiguously places decisions over nuclear matters in the hands of civilian authorities, it also, for the first time, adds the phrase “nuclear attack on Indian territory or Indian forces anywhere” as a qualification to the no-first-use policy. In light of these developments, Praful Bidwai has aptly concluded that:

“The present situation is completely unacceptable. India and Pakistan are both behaving like rogue elephants or bullies bent on destroying each other. If they cannot restore normal diplomatic relations, reduce the dangerous high level of tension which follows their costly 10-month-long confrontation, and negotiate nuclear risk-reduction, then their conduct would warrant external intervention to draw and keep them apart – perhaps through a multilateral buffer force or some other means. But their leaders must not be allowed to hold the sword of mass extermination over the heads of more than a billion people.”

If Canada truly wishes to re-engage India on security, it will have to be within the new global framework for controlling terrorism. Fortunately, Canada was among the first countries to establish a relationship with India on this matter: a Canada-India Working Group on Counter-Terrorism has existed since 1997, convened to collaborate on the Air India investigation. This Group could provide the starting point from which to amplify the scope of cooperation. Meetings, which rotate between India and Canada, have seen the active participation of several government departments and agencies on both sides; in December 2002, the Group held its fifth meeting in New Delhi. Expanding activity on this front would allow Canada to accomplish two goals: make direct progress in controlling terrorism, and obtain indirect leverage in the resolution of the Kashmir dispute. Although India considers Kashmir an internal matter and has strongly resisted external pressure, the “war on terror” has placed the Kashmir debacle front-and-centre on the international stage. This makes the latter goal entirely attainable. While India resists multilateral interference, anti-terrorism cooperation may make India more amenable to bilateral consultation on Kashmir. Canada would not be able to directly confront India’s position but it could still play an active role as, perhaps, an honest broker in the state’s electoral process.
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Paper Author: Reeta Chowdhari Tremblay, Chair
   Department of Political Science, Concordia University
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   Asia Pacific Foundation of Canada
Associate Editor: Timothy Edwards
   Asia Pacific Foundation of Canada

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THE AUTHOR

Reeta Chowdhari Tremblay (Ph.D, Chicago) is Professor of Political Science at Concordia University, and has served as the Department Chair since 1998. Dr. Tremblay is considered North America’s leading authority on the Kashmir secessionist movement and Indian federalism, and is frequently called upon by Canadian policy-makers to consult on regional matters. She is the author of State Autonomy and Public Policy in India (1991), the editor of three volumes on South Asian relations, and has written thirty articles and book chapters. She sits on the editorial boards of Pacific Affairs and India’s Malviya Peace Institute, and is the President of the Canadian Council of Area Studies Learned Societies. Dr. Tremblay’s current research centres on identity-based politics, public policy (including growth and equity, women and self-government, and peace and conflict resolution), and popular culture and cinema.

NOTES


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