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## A GUIDE TO U.S.-SOUTH ASIAN RELATIONS

### INTRODUCTION

Two principles have dominated United States policy toward South Asia during the Reagan Administration: 1) that the U.S. should give substantial aid to Pakistan, and 2) that the U.S. should seek increased cooperation with India. Such policies would appear contradictory because of the deep animosity between India and Pakistan. This has had the effect of turning U.S. relations with South Asia's two largest entities into a zero sum game: if Washington improved relations with Pakistan, relations with India worsened, and vice versa.

Reagan policies, however, have not been zero sum. The U.S. has been able to help Pakistan, while transforming a confrontational relationship with India into one of cooperation on a wide variety of military and economic issues.

**Balancing Act.** This successful balancing act breaks with decades of U.S. foreign policy frustration. One problem had been that the U.S. paid only scant attention to South Asia. Another problem was that, when the U.S. did deal with the region, its policies often seemed inconsistent. Example: despite a long U.S. commitment to the defense of Pakistan, the Carter Administration suspended military assistance in 1978.

In some cases, a confusing U.S. policy infuriated Delhi and Islamabad simultaneously. Example: during the 1971 Bangladesh War, Washington upset both capitals with its belated dispatch of the aircraft carrier *U.S.S. Enterprise* into the Bay of Bengal; the perceived threat angered India, while the vessel's late arrival upset Pakistan.

The Reagan Administration has recognized America's significant economic and strategic interests in South Asia. This region — composed of Bangladesh, Bhutan, India, the

Maldives, Nepal, Pakistan, and Sri Lanka — is an enormous potential market of over a billion people. India's middle class alone is estimated to be as large as the combined populations of England and France. India is a top consumer of Western high technology. Strategically, India sits astride one of the world's most important sea lanes of communication, along which passes 7.3 million barrels of oil a day from the Middle East to eastern Asia.

Pakistan's strategic value to the U.S. is its role as a key "frontline" state bordering Iran and Afghanistan. For the past nine years, Pakistan has been the main refugee sanctuary and weapons conduit for the Afghan Freedom Fighters, the *Mujahideen*. Islamabad also acts as a U.S. link to the Islamic world and plays a moderating role in the Organization of Islamic Conference. Bangladesh and Sri Lanka, meanwhile, enjoy cordial ties with the U.S. and act as moderating factors in the United Nations and the so-called Nonaligned Movement. In addition, the South Asian Association for Regional Cooperation (SAARC)<sup>1</sup> provides a potential avenue for future U.S. cooperation with the region.

**Obstacles to Cooperation.** Some limits to U.S. policy in the region remain. Closer relations with India, for example, must overcome years of mutual distrust. Delhi is suspicious of U.S. military assistance to Islamabad; Washington is suspicious of Delhi's close ties with Moscow, which include a Treaty of Peace, Friendship, and Cooperation. U.S. links with Bangladesh and Sri Lanka will be limited by anti-Western domestic opposition, strong Indian influence, and Dhaka and Colombo's desire to maintain nonaligned status. U.S.-SAARC ties will be curtailed by the South Asian organization's current objections to direct foreign involvement from outside the subcontinent. And of course, the future evolution of U.S. ties with Pakistan must await the settling of the confusion following Pakistan President Zia ul-Haq's sudden death in an August 17 plane crash.

In the wake of Zia's death and with the U.S. watching closely to see if the Soviet Union makes good on its commitment to withdraw its troops from Afghanistan, it is important that the U.S. define a clear-cut, coherent, and consistent policy for South Asia. This policy should seek better relations with India, reaffirmed ties with Pakistan, and improved relations with the other nations of South Asia. The aim should be a more comprehensive and long-term U.S. involvement in the subcontinent. To forge this, the U.S. should:

- ◆◆ Underscore U.S. support for Pakistan by offering advanced weapons systems to Islamabad.
- ◆◆ Increase the number of official high-level delegations to the region.
- ◆◆ Increase space and defense cooperation with India.
- ◆◆ Organize a U.S. Cultural Festival in India.
- ◆◆ Encourage India to adopt market-oriented economic reforms and eschew the statist, inefficient economic policies that it has followed for the past four decades.

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1 SAARC includes Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka.

- ◆◆ Increase the number of academic and vocational scholarships at U.S. institutions for South Asians.
- ◆◆ Moderately increase military assistance to Bangladesh and Sri Lanka, especially by offering more training for these countries' military officers.
- ◆◆ Encourage India to set a timetable for withdrawing its 50,000-man peace-keeping force from Sri Lanka.
- ◆◆ Assist Sri Lanka in developing additional Free Trade Zones.

## INDIA

India is very important economically and strategically to the U.S. Delhi is the twenty-sixth largest U.S. trading partner with bilateral trade totaling \$4.2 billion in 1987. Should the Indian economy open up further, the U.S. share could increase greatly. And strategically, the stakes for the U.S. are even greater. The Indian land mass dominates the region between the oil fields in the Middle East and the choke points in the shipping lanes of Southeast Asia. Its population, which will number over one billion persons by the beginning of the next century, represents more than 70 percent of the subcontinent's population.

India already is an established regional power, has the world's fifth largest land army, and has exploded a nuclear device. Its navy is becoming increasingly capable of projecting its power across the Indian Ocean, through which passes most of the oil and raw materials destined for Northeast Asia. As a leader of the Nonaligned Movement, Delhi holds substantial sway over the Third World. India's burgeoning defense industry already is producing aircraft, frigates, and intermediate-range missiles, and plans to include nuclear submarines and aircraft carriers by the turn of the century.

**World's Largest Democracy.** In light of Delhi's current status and future potential, long-term U.S. policy in India should be aimed at improving relations with the world's largest democracy. Washington should seek to expand trade links to India, which has a middle class of consumers larger than the population of any European country. The U.S. also should build ties with the Indian armed forces and the growing Indian defense industry, which would increase American leverage through technical dependence. The economic opportunities offered by Delhi's rapidly expanding space and defense programs, moreover, should not be relinquished to other Western countries.

By pursuing these long-range goals, the U.S. will be poised as a major contender when India decides to move closer to the West in its search for foreign investment, markets, and technical assistance.

Since India's independence in 1947, Washington's relations with Delhi have fluctuated between brief cooperation in the wake of the 1962 Sino-India War and the chill brought on by the poor personal rapport between President Richard Nixon and Prime Minister Indira

Gandhi. Limiting U.S.-Indian relations are several factors. The first is India's pro-Soviet brand of nonalignment. In the United Nations and the Nonaligned Movement, for example, India proclaims some of the most anti-Western positions of any country outside the Soviet bloc. India consistently has refused to condemn at the U.N. the Soviet invasion of Afghanistan and the Vietnamese occupation of Cambodia. India voted with the U.S. only 8.4 percent of the time at the 1987 U.N. General Assembly, less even than the Soviet 10.2 percent record. India also maintains diplomatic, trade, and aid arrangements with some of America's most hostile adversaries. For example, the U.S. gives India about \$100 million annually in direct aid, and India in turn gives \$10.4 million in aid to Nicaragua.

**Close Soviet Ties.** A second limiting factor is India's long-standing economic and security links with the Soviet Union, which Indian Prime Minister Rajiv Gandhi actually is attempting to strengthen. This has led to closer Indian-Soviet military cooperation, including coproduction of the T-72 main battle tank, MiG-21 and MiG-27 tactical fighters, and possibly the advanced MiG-29 air superiority fighter aircraft. This January, India became the first country outside the USSR to take delivery of a Soviet *Charlie*-class nuclear submarine. Moscow also helps the Indian space program; the USSR has sent one Indian cosmonaut and four Indian satellites into orbit.<sup>2</sup>

Delhi benefits enormously from its close ties with Moscow. For one thing, a unique exchange system allows India to barter commodity and consumer goods with the Soviet Union while conserving its limited foreign currency reserves. For another, Moscow extends generous credit to India in weapons sales, often with the rights to produce arms in Indian factories using Indian laborers. The West never has matched these terms.

**Segregating East and West Blocs.** India, however, apparently has concluded that only the West can supply high technology. For a long time, Washington balked at selling advanced technology to India because of the fear that the technology would be leaked to the Soviet Union. These concerns have faded since the 1984 U.S.-Indian agreements concerning safeguarding sensitive U.S. technology from the Soviets. After receiving weapons systems, for instance, India usually segregates East and West bloc material. Soviet-made ships are stationed at Vishakhapatam on India's East coast; Western vessels dock at Bombay on the West coast. The Indians also have expelled Soviet diplomats engaged in espionage activities: six have been expelled since 1984.<sup>3</sup>

A third U.S. concern regarding India is its growing naval presence in the Indian Ocean. Since early this decade, the Indian navy has acquired three different classes of submarines, Soviet destroyers, and domestically designed frigates. India also has long-range plans for a third aircraft carrier. This buildup is being closely watched by Islamabad, Jakarta, Melbourne, and other capitals in the region. The Indian navy, however, is no threat to U.S. interests in the foreseeable future.

A fourth limit on U.S.-Indian relations is the difficulty that the U.S. has in developing trade other than high technology. Despite some efforts by Gandhi to open the Indian

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2 *The Washington Times*, March 29, 1988, p. A10.

3 *Foreign Affairs Note*, U.S. Department of State, January 1987, p. 5.

market, its economy remains dominated by state intervention, which greatly limits foreign competition. For example, while tariffs were lowered on some goods in 1986, they were raised on others in 1987.<sup>4</sup> Thus, Indians were forced to buy more expensive domestically produced products instead of cheaper substitutes from overseas. Foreign companies, meanwhile, can be only consultants or minority partners in joint ventures with Indian companies and are blocked from competing directly in the domestic markets.<sup>5</sup>

**Anti-U.S. Media.** A final point of tension in U.S.-Indian relations lies in the Indian media's willingness to be a vehicle of anti-U.S. disinformation. The Soviet Union for years has planted anti-U.S. stories in many Indian newspapers, making them among the most anti-Western in the noncommunist world. While there has been some improvement in recent years, the problem persists. In 1987, for example, Indian papers ran sixteen separate Soviet disinformation stories that originated with the Soviet Union's own government-controlled media. This disinformation included accusations that the Bhopal disaster and the AIDS epidemic were the result of U.S. chemical warfare experiments and charges of CIA complicity in the Indira Gandhi assassination.<sup>6</sup> This April, Indian papers published reports accusing the CIA of arming Sikh terrorists with *Stinger* ground-to-air missiles.<sup>7</sup> Since the Indian media often reflect the official rhetoric of the government, the issue continues to complicate U.S.-Indian relations.

Despite these limitations, Ronald Reagan took steps on taking office to shift U.S.-Indian relations from confrontation to cooperation. After a successful meeting with Prime Minister Indira Gandhi in 1982, relations began gradually to warm. In October 1984, Reagan signed National Security Directive 147, which encouraged high-technology sales to New Delhi. At the same time, Rajiv Gandhi became Prime Minister after the assassination of his mother, and he since has sought closer ties with the U.S.

**Burgeoning Trade.** The central area of budding U.S.-India cooperation is trade. Washington now is Delhi's largest trade partner. Last year, India bought \$1.5 billion in goods from the U.S. and sold \$2.7 billion worth to the U.S. Almost half of India's imports from the U.S. are high-technology items. A Memorandum of Understanding (MOU) on technology transfers was drawn up and signed by the countries in November 1984. It outlines restrictions that India must follow to keep U.S. high technology from falling into Soviet hands.

Under the MOU, India imported \$826 million in such advanced technology in 1987, almost ten times the 1983 total. As many as 5,000 requests by Delhi for high-technology items now are processed annually by the U.S. High-technology goods already approved include F-404 jet engines made by General Electric, ring laser gyroscopes for India's new Light Combat Aircraft, gas turbines for India's new frigates, rocket radar systems, and a Very Low Frequency Communications System for use in submarines. The Reagan Administration has promised delivery of a Cray XMP-14 supercomputer later this year. This computer, which the Indian government wants as a tool for predicting annual

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4 *The Wall Street Journal*, April 1, 1988, p. 27.

5 *The Wall Street Journal*, April 12, 1988, p. 30.

6 "Soviet Active Measures in the Era of Glasnost," U.S. Information Agency, March 1988, p. 79-80.

7 *FBIS-Soviet Union*, April 13, 1988, p. 27.

monsoons, was the first supercomputer sold outside the Western alliance. India has expressed interest in purchasing a second.

**Defense Cooperation.** Small steps in cooperation between the U.S. and Indian armed forces have been taken during the Reagan Administration. For the first time, the U.S. is sending officers to the Indian College of Combat, Command and Staff School and to India's National Defense University. Washington also has increased the number of visits by U.S. warships to Indian ports; three have been made already this year. And a U.S.-Indian military mountain-climbing team in September completed the first joint expedition of the two armed forces. The U.S. also assists the Indian space program, aiding with the development of communications and weather satellites. Two Indian astronauts are scheduled to join a U.S. space shuttle mission.

Future U.S.-Indian defense cooperation is likely to focus on air and naval systems. In particular, Delhi has sought Washington's assistance on the Light Combat Aircraft it plans to deploy by 1994. The Indian Navy has shown interest in U.S. seabed sensors, *Harpoon* anti-ship missiles, and surface-towed sonar systems for its West German-made submarines.

## PAKISTAN

Though its population of 104 million and area are that of England and France combined, Pakistan always has been overshadowed by its mammoth neighbors, China and India. This does not detract from Islamabad's strategic importance to the U.S. Situated adjacent to the oil-rich Persian Gulf, Pakistan serves as a potential negotiating conduit for neighboring Iran, is a moderating factor in the Organization of Islamic Conference, and provides needed military personnel and instructors for Saudi Arabia and several other Middle Eastern nations.

Pakistan's willingness to block Soviet expansion during the Cold War led to its participation in the U.S.-sponsored 1955 Central Treaty Organization (CENTO) and the 1954 Southeast Asian Treaty Organization (SEATO). While obliged to defend Pakistan, however, U.S. support was inconsistent. During Pakistan's 1965 and 1971 wars with India, for example, Washington halted military aid to both Islamabad and Delhi rather than assist Pakistan. Relations reached a low point after President Jimmy Carter's suspension of military aid in 1978 following U.S. charges of human rights abuses and ongoing nuclear weapons research.

**Front Line Against Soviets.** In the wake of the Soviet invasion of Afghanistan in 1979, Pakistan assumed greater significance as a frontline obstacle to Soviet expansion. As a result, U.S.-Pakistan relations improved dramatically. After approving a \$3.3 billion, five-year military and economic aid package for Pakistan in 1981, the Reagan Administration successfully pushed for passage of a \$4.1 billion, six-year package in 1987. This new package included additional F-16 *Fighting Falcon* aircraft equipped with *Sparrow* and *Sidewinder* missiles for the Pakistan Air Force.

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8 *The Washington Post*, April 7, 1988, p. A25.

U.S. aid to Pakistan has gained Islamabad's key support for aid to the Afghan *Mujahideen*. Currently about \$600 million annually in military aid to the Afghan Freedom Fighters passes through Pakistan, including *Stinger* anti-aircraft missiles, anti-aircraft artillery, and long-range mortars. Pakistan also hosts three million Afghan refugees displaced by the war.

**Moderating Extremism.** U.S. aid has secured Pakistan's support in other areas. Islamabad has played a moderating role in the Islamic movement and has opposed Arab extremism even in the face of pressure from its own population. This July, for example, Pakistan convicted four Palestinians and one Libyan for the 1986 Pan Am hijacking in Karachi, refusing to bow to political pressure for leniency from other members of the Arab World. Islamabad also allows regular port visits by U.S. naval vessels.

Pakistan has not cooperated with the U.S. without heavy cost: cross-border artillery and air attacks from Afghanistan, as well as countless bombs planted in Pakistani bazaars by Afghan government intelligence agents, have claimed hundreds of Pakistani lives. Even as the Soviets withdraw their troops from Afghanistan, they have continued to threaten Islamabad. In August, for example, Pakistan used its U.S.-made F-16 jets to shoot down a Soviet-piloted Su-25 fighter that had penetrated Pakistani airspace. Moscow also has hinted at counteraction aimed at Pakistan if aid to the freedom fighters continues.<sup>9</sup> If the investigation of the Zia plane crash finds Soviet complicity, it may represent the most dramatic display to date of Soviet intimidation of Pakistan.

**Three Million Afghan Refugees.** In the uncertain political atmosphere following President Zia's death, Islamabad will be counting on continued U.S. assistance in the face of Soviet threats, as a means of alleviating the burden placed on Pakistan society by the three million Afghan refugees in Pakistani camps, and as a source of energy in energy-poor Pakistan. U.S. and Western humanitarian aid to a post-war Kabul government may have to be channeled and perhaps administered in part from Pakistani soil.

Most important, U.S. military assistance helps satisfy Pakistan's legitimate defense needs. Islamabad faces a hostile Afghanistan to the north, India to the east, and Iran to the west. All three of these countries have ethnic factions that make historic claims on portions of Pakistani territory. Worse, in the event of a war with any of these countries, Pakistan's narrow geography offers Islamabad no chance of constructing a defense in depth. As a result, U.S. military aid provides Pakistan greater security in a region replete with insecurity.

## SRI LANKA

The island nation of Sri Lanka is the most pro-Western in South Asia. Its pro-U.S. nonalignment and successful free market economy stand as models for the Third World. Colombo also withstood Indian criticism and allowed one of the most powerful Voice of

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9 *The Washington Post*, August 8, 1988, p. A15.

America transmitting stations to be built on its territory. Moreover, Sri Lanka is strategically located off the southeastern tip of India and, at Trincomalee, has one of the best deep water ports in the world.

**Tamil Violence.** U.S.-Sri Lankan relations traditionally have been close, but they have been complicated by the July 1987 India-Sri Lanka Peace Accords. In these, Delhi convinced the Sri Lankan government to allow the Indians to send in a "peace-keeping" force to guarantee the security of Sri Lanka's Hindu Tamil minority. The Accords quickly fell apart as Tamil terrorists began assaults on the Indian Peace-Keeping Force (IPKF). Fighting between the two groups continues. In deference to the interests of Delhi, Washington generally has been mute on the issue.

Further complicating Sri Lankan national security are the gains made by the People's Liberation Front, known by its Sinhalese initials, JVP. Drawing on anti-Indian sentiment in the wake of the 1987 Indo-Sri Lankan Accords, the JVP has increased its terrorist attacks on government targets. Their campaign has started to show unfortunate results: JVP intimidation prevented all but a fraction of the expected voter turnout during March provincial elections. Worse, the opposition Sri Lanka Freedom Party, which many believe is linked to the JVP, has been gaining strength and now stands a chance of upsetting President Julius Jayawardene's United National Party in December elections. Should this occur, Jayawardene's pro-Western foreign policy and support of private enterprise will be jeopardized.

While Washington has balked at Colombo's requests for increased military and economic assistance, the Soviet Union has sought inroads in Sri Lanka. The USSR and its allies, for example, provide annually some 200 scholarships for Sri Lankans to study in East bloc countries and Cuba. The leader of the JVP, Rohana Wijweera, was a student at Moscow's Patrice Lumumba University. The Soviets also offer inexpensive Western and Russian books including the works of Marx, Lenin, and Che Guevara at Soviet-Sri Lankan Friendship Centers. In addition, the Soviets have started building a series of canals in the Mahaweli River Development Project adjacent to Sri Lanka's Trincomalee harbor. With this foothold, the Soviets could increase their presence in the strategically important Trincomalee vicinity.

## **BANGLADESH**

With a population of 104 million in an area the size of Wisconsin, Bangladesh is the second most populous nation in South Asia. Its diplomatic moderation in forums such as the U.N. and the Organization of Islamic Conference generally serves U.S. interests. At the U.N., for example, Bangladesh, in stark contrast to India, refuses to support any direct condemnation of the U.S. Again, unlike India, Bangladesh strongly supported U.S. efforts to condemn Cuba for human rights abuses at the U.N. Human Rights Commission in 1988.

U.S.-Bangladesh relations are based in large part on the substantial economic assistance which Washington has provided to Dhaka. U.S.-sponsored programs include the highly successful rural electrification project, which has helped spread energy across the



countryside. U.S. food aid also has been crucial during the famines, floods, and other natural disasters that have marred Bangladesh's seventeen-year history.

Bangladesh's economic improvement in recent years has been the result of private sector reforms and a gradual denationalization of the economy under President Hossain Mohamad Ershad, who took office in 1983. The country's Gross National Product even began growing at the respectable annual rate of 4 percent until recent political protests reduced labor productivity.

Complicating U.S. relations with Dhaka is the political opposition now faced by Ershad's government. Last November, twenty-one opposition parties began a campaign to force him from office. In parliamentary elections held this March, an opposition boycott assured Ershad of an easy victory. While calm appears to have returned to Dhaka in the wake of the September floods, the unsatisfied opposition remains strong.

## SAARC

The South Asian Association for Regional Cooperation (SAARC), created in December 1985, seeks to promote stability and progress in South Asia through a continuing dialogue among its members and such cooperative ventures as the sharing of meteorological information. Its headquarters are in Kathmandu, Nepal. Annual summits are held by the heads of state of all seven members. In only its third year, SAARC eventually could resemble the Association of Southeast Asian Nations (ASEAN).

The U.S. has shown an interest in SAARC's potential and has expressed a willingness to cooperate in such areas of mutual concern as counter-terrorism and narcotics suppression. SAARC has yet to commit itself to such cooperation, but has not completely rejected future participation by outside countries, including the U.S.

## RECOMMENDATIONS

It is in U.S. interests to develop a coherent and consistent long-term U.S. policy toward the Asian subcontinent — one that will encourage better relations with India without sacrificing ties with Pakistan and the other states. In developing this policy, the U.S. should:

◆◆ **Increase the number of high-level delegations to the region.** Despite the size and geopolitical importance of South Asia, relatively few U.S. officials have visited there in recent years. Jimmy Carter's 1979 visit to India was the last time an American President visited the subcontinent. In contrast, the USSR has sent a constant flow of Soviet delegations to India, including a visit by General Secretary Mikhail Gorbachev in 1987. Some South Asian nations, such as Sri Lanka and Bangladesh, have not had the opportunity of welcoming a high-ranking U.S. official visit in almost half a decade. Within his first eighteen months in office, the next U.S. President should visit South Asia, including India and Pakistan for certain. The next Secretaries of State and Defense should make early visits to Bangladesh, India, Pakistan, and Sri Lanka. In addition, members of the Senate Foreign Relations Subcommittee on Near Eastern and South Asian Affairs and the House Foreign

Affairs Subcommittee on Asian and Pacific Affairs should make at least one visit to South Asia.

◆◆ **Increase space and defense cooperation with India.** For the past quarter century, India has focused on becoming increasingly self-sufficient in its defense and space programs. As such, Delhi has sought to cooperate with the East and West blocs in developing its own domestically manufactured and designed systems. Delhi has tried to assure the U.S. that it will provide adequate safeguards for U.S. high technology. Washington, however, has remained wary, filling only some of Delhi's major requests. In contrast, Britain, France, Japan, and West Germany have supplied sophisticated military materiel to the Indian government. If India's request for the U.S. *Harpoon* anti-ship missile is turned down, for example, France's *Exocet* missile would be a slightly less sophisticated but easily available substitute. To enhance U.S. security in the region by giving Washington greater leverage in India, and to avoid shutting out U.S. companies from the burgeoning Indian indigenous defense and space market, it is in U.S. interests to forge closer links with the Indian air force, navy, and space programs. While maintaining vigilance against technology leaks to the Soviet bloc, the U.S. should sell *Harpoon* anti-ship missiles and surface-towed weapons systems to the Indian Navy, increase collaboration on the Indian air force's Light Combat Aircraft, sell a second Cray supercomputer to the Indian government, and develop closer relations with India's space administration.

◆◆ **Encourage economic reforms in India.** The Rajiv Gandhi government has pursued economic reforms inadequately. India's state-dominated economy cripples investment potential by sending domestic investment capital into hiding, drains state resources by pouring money into failing companies, frustrates decentralization, and keeps India from realizing the benefits of international trade by maintaining tight restrictions on foreign trade. The U.S. should try to help India liberalize its economy by offering information and technical expertise on privatization and employee stock ownership plans through the U.S. Agency for International Development. The U.S. also should encourage India to allow more joint ventures enabling U.S. companies to market their products to India's 90 million middle-class citizens.

◆◆ **Plan a U.S. cultural festival in India.** The 1985-1986 Indian Festival in the U.S. fostered good will and increased understanding by enabling Indian cultural and artistic exhibitions to tour the country. Last year, the Indian and Soviet governments exchanged similar festivals. The U.S., however, has never reciprocated with a U.S. festival in India. Because such a festival would enable the U.S. to bring its art, culture, and ideals directly to the Indian people, the U.S. should make requests immediately to the Indian government for a U.S. festival in India in late 1989.

◆◆ **Underscore U.S. support for Pakistan.** In the wake of General Zia's death, the U.S. immediately must re-emphasize its support for Pakistan. The U.S. should support a peaceful transition of power in Pakistan and urge that free and fair elections be held on November 16 as planned. Ronald Reagan should reassert U.S. commitment to the full six-year, \$4.1 billion economic and military assistance package for Islamabad. If Washington reduces its assistance, it will send a confusing signal to other friends whom Washington has asked to support long-term U.S. foreign policy objectives. Pakistan, moreover, needs a sizeable defense budget to deter attack from its hostile neighbors. It needs economic aid to

relieve the pressure from the three million Afghan refugees on its soil. Islamabad thus will remain dependent on U.S. foreign assistance for the foreseeable future. To assist Pakistan in meeting its security requirements, the U.S. should provide Pakistan with the M-1 *Abrams* main battle tank, additional *Harpoon* anti-ship missiles, and the AWACS Airborne Warning and Control System. These systems will demonstrate Washington's support for Islamabad and allow Pakistan to establish "defense in depth." They also will provide the Pakistani armed forces reasonable qualitative advances in military hardware without seriously tilting the region's military balance against the numerically superior and increasingly sophisticated Indian armed forces.

◆◆ **Avoid focusing on the South Asian nuclear issue.** Both India and Pakistan are suspected of continuing nuclear weapons research. India, which detonated a nuclear device in 1974, is acknowledged to be leading. Some members of Congress have suggested that the U.S. cut off Pakistan aid to encourage a cessation of Pakistani nuclear research. By increasing pressure on Islamabad, however, Washington would alienate Pakistan at a time when its support is vital for cooperation on Afghanistan. Moreover, Pakistan in the past has proved itself much more willing than India to cooperate on safeguards for South Asian nuclear research. In addition, the ambiguity of Indian and Pakistani nuclear research may be a stabilizing nuclear deterrent on the subcontinent. In recent years, for example, both countries have shown an increased propensity to negotiate their differences. Nuclear ambiguity has had some part in this. By not stressing the nuclear issue, the U.S. can avoid upsetting this balance, and by refraining from diplomatic heavy-handedness, the U.S. can avoid alienating either India and Pakistan.

◆◆ **Increase U.S. scholarships to South Asians.** Each year, the Soviet Union and its allies grant some 400 scholarships to Bangladesh and Sri Lanka. Since Moscow insists on choosing at least some of the prospective students, the USSR has established cadres of pro-Soviet sympathizers in both of these nations. The U.S. should counter Soviet efforts with its own program of increased scholarships to Bangladesh and Sri Lanka. The U.S. also should provide low-cost books to the highly literate Sri Lankan population.

◆◆ **Increase military assistance to Bangladesh and Sri Lanka.** U.S. military assistance to Bangladesh and Sri Lanka remains limited to \$300,000 and \$160,000, respectively. This allows both countries to send a small number of military students to the U.S. for training each year. These students typically develop and retain pro-U.S. sympathies as they progress through the ranks. Because of the prominent role in government played by the Bangladesh Armed Forces and the increasing size of the Sri Lankan armed forces, it is important that the U.S. cultivate officers with pro-U.S. leanings from both countries. As such, the U.S. should increase its military education funds to Bangladesh and Sri Lanka to cover training for at least a dozen officers a year in advanced military courses.

◆◆ **Encourage India to develop a timetable for a withdrawal of its forces from Sri Lanka.** In August 1987, the first contingent of the Indian Peace-Keeping Force (IPKF) arrived in Sri Lanka to disarm and protect Tamil separatists under the terms of the India-Sri Lankan Peace Accords. Since October 1987, however, the IPKF has been battling the very Tamil guerrillas that it was sent to protect. The IPKF has swelled to over 50,000 soldiers, and it has taken over control of fighting from Sri Lankan government forces in the north and east of the country. Despite these events, the IPKF is no closer to keeping the

peace than it was thirteen months ago. Sri Lankan President Jayawardene has appeared unable to control Indian heavy-handedness in maintaining the IPKF in his country, and his United National Party has suffered politically. At the same time, neighboring countries of South Asia remain concerned with India's continuing intervention in Sri Lanka. Because the IPKF has not accomplished its mission, the U.S. should press India to set a definite timetable for the phased withdrawal of its troops. The U.S. also should assist the Sri Lankan armed forces to assume the burden of security in their own country by increasing U.S. International Military Educational Training funds for Colombo.

◆◆ **Assist Sri Lanka in developing additional Free Trade Zones.** Sri Lanka established its first Free Trade Zone (FTZ) around Colombo in 1978. This has been very successful, helping to increase Gross Domestic Product growth to 5.8 percent in 1981 from 3.8 percent in 1977. In recent years, however, the Tamil insurgency has reduced foreign investor confidence and contributed to a reduction in GNP growth — to 1.5 percent in 1987. To revive the Sri Lankan economy, officials in Colombo are considering developing FTZs in the southern coastal city of Galle and the northeastern port of Trincomalee. The U.S. should encourage such developments strongly and devote part of its annual \$51 million in economic aid to building infrastructure in both locations to facilitate the creation of FTZs. In addition, the U.S. should press the Sri Lankan government to continue with efforts to decrease its cumbersome state-run sector as a means of further revitalizing the economy.

## CONCLUSION

South Asia will continue to grow in geopolitical and economic importance. The U.S. can no longer allow for a "black hole" in its foreign policy between the Persian Gulf and the Strait of Malacca. To do so would rob the U.S. of the opportunity to increase its leverage and expand its economic interests in India, Pakistan, and the other South Asian states. Washington must instead devote itself to formulating a long-term strategy that will put the U.S. squarely among the players in South Asia so that it can share the mutual benefits of relations with the emerging subcontinent.

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