



## *Nuclear Proliferation in South Asia: U.S. Policy Challenges*

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In May 1998, India and Pakistan tested nuclear devices. India has since declared its intention to deploy nuclear weapons, which would result in a retaliatory Pakistani deployment. Deliverable nuclear arsenals in South Asia would lower the threshold for nuclear use and could result in parallel Indian-Pakistani, Pakistani-Iranian and Sino-Indian nuclear arms races. Unbridled South Asian nuclear proliferation would also undermine the global nonproliferation regime, encouraging other states to follow suit.

Technological and financial constraints will prevent both India and Pakistan from deploying survivable nuclear weapons in the near future. Indian and Pakistani decisionmakers will also have to assess the potential diplomatic and economic costs, in particular the U.S. response to nuclear weapons deployment. Hence, the U.S. could persuade India and Pakistan to exercise nuclear restraint.

In the past, America has failed to curb South Asian nuclear proliferation because of Washington's contradictory policies. Although declared U.S. policy emphasized

nonproliferation goals, other perceived political, commercial, and strategic interests often took precedence, sending mixed signals to India and Pakistan and encouraging them to advance their nuclear weapons programs. Moreover, the U.S. failed to influence Indian and Pakistani nuclear decisionmaking because of inappropriate influence strategies. Nonproliferation sanctions were insubstantial and rarely sustained; inducements were unconditionally extended. The past U.S. failure to pursue general disarmament also gave India

and Pakistan a pretext to reject the Non-Proliferation Treaty (NPT) regime as discriminatory and unjust.

The Clinton administration pursued a policy of diplomatic and economic engagement with India and Pakistan, hoping that inducement strategies would advance nuclear nonproliferation goals. But this policy of engagement was also meant to further other perceived U.S. political, strategic, and economic interests. Although some sanctions were retained to signal disapproval of both India's and Pakistan's nuclear developments, they were insubstantial and were too often eased unconditionally, undercutting their intention to influence Indian and Pakistani nuclear decisionmaking.

And when its diplomatic aims conflicted with its nonproliferation goal, Washington downgraded its nonproliferation objective from totally eliminating to merely capping both India's and Pakistan's nuclear weapons capabilities.

Motivated by both regional and domestic imperatives, in May 1998, India and Pakistan conducted nuclear tests. Hoping to match nuclear China's status and encouraged by an ambitious nuclear scientific estate, India's ruling Hindu nationalist Bharatiya Janata Party opted for nuclear tests. Pakistan's anti-Indian military leadership pressured a reluctant prime minister to conduct retaliatory tests. However, India and Pakistan were also encouraged to test by the perception that external—in particular, U.S.—reproof would be bearable, since U.S. nonproliferation goals would remain secondary to other U.S. objectives in South Asia.

Concerned about the tests, the Clinton administration initially imposed punitive sanctions, hoping to pressure India and Pakistan to exercise nuclear restraint. Congressionally mandated sanctions prohibited dual-use exports, military sales and assistance, and commercial and governmental grants and credits. With G7 support, the U.S. also opposed new nonhumanitarian lending from the international financial institutions (IFIs). Sufficiently high diplomatic and economic costs and international offers of incentives, linked to nonproliferation progress, brought India and Pakistan to the bargaining table. Had the U.S. sustained this carrots-and-sticks strategy, India and Pakistan could have been persuaded to cap their nuclear and ballistic missile programs. Instead, the U.S. abandoned sticks for carrots.

Pressured by commercial interests and by the politically influential Indian-American community, in November 1998, Congress gave the president a one-year waiver to suspend most sanctions except restrictions on military assistance, dual-use exports, and military sales. In October 1999, the president was given permanent waiver authority to remove all sanctions under the Glenn amendment. Subsequently, most diplomatic and economic sanctions have been withdrawn, while financial and diplomatic inducements have been unconditionally extended. U.S. commercial and governmental credits and loans have resumed, and the U.S. has withdrawn its objections to IFI lending. For India and Pakistan, this policy shift signals that U.S. nonproliferation objectives are secondary to other U.S. political, economic, and strategic goals. Hence India and Pakistan have continued to develop their nuclear weapons and ballistic missile programs.

### Key Points

- U.S. nonproliferation policy faces major challenges in South Asia, as India and Pakistan threaten to deploy deliverable nuclear arsenals.
- Incoherent U.S. nonproliferation policies and inappropriate influence strategies have encouraged India and Pakistan to advance their nuclear weapons capabilities.
- U.S. nonproliferation policies will influence Indian and Pakistani decisions to either further develop or curb nuclear weapons.

## Problems with Current U.S. Policy

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As India and Pakistan advance their nuclear capabilities, the Bush administration is formulating its nonproliferation policy toward South Asia. Ignoring the pressing need for more effective policy directions and influence strategies to contain South Asian nuclear proliferation, the White House seems bent on repeating recent mistakes. Perceived U.S. strategic interests have taken precedence over U.S. nonproliferation goals. The demands of engagement, particularly toward India, could result in the replacement of remaining sanctions by unconditional incentives to promote economic and political rather than nonproliferation objectives.

The Clinton administration waived most post-test sanctions in an unsuccessful attempt to persuade India and Pakistan to curb their nuclear and ballistic missile programs. To promote U.S. political and commercial interests, India was also extended substantial diplomatic and economic benefits without any reciprocal nonproliferation conditions both during Clinton's visit to India in March 2000 and during Indian Prime Minister Vajpayee's return visit in September 2000. Meanwhile, the Clinton administration—rejecting Indian and Pakistani demands for the unconditional removal of investment restrictions and all remaining sanctions, including sanctions on direct military sales or financing—warned India and Pakistan that full normalization of relations depended on nonproliferation progress.

Although the Bush administration is urging India and Pakistan to exercise nuclear restraint, it is likely that Washington will place nonproliferation issues on the back burner, given its perceptions of India's strategic worth. Whereas U.S. relations with its erstwhile cold war ally Pakistan are strained due to Pakistani support both for anti-Indian militants in Kashmir and for the Taliban in Afghanistan, India is regarded as a potentially valuable ally because of its political, strategic, and economic worth in the region and beyond. In Secretary of State Colin Powell's words: "India has the potential to keep the peace in the vast Indian Ocean area and its periphery."

India is also willing to support U.S. regional and global strategies, hoping to translate the resultant leverage into U.S. diplomatic and military inducements. Following meetings between Indian External Affairs Minister Jaswant Singh and Secretary of State Powell in Washington, and during U.S. special envoy Deputy Secretary of State Richard Armitage's visit to India in May 2001, India endorsed President Bush's National Missile Defense proposal. Armitage also conveyed President Bush's intention "of working closely" with Indian Prime Minister Vajpayee "to promote common interests in Asia and beyond." By projecting itself as a future strategic partner, India hopes that the U.S. will tacitly accept Indian nuclear weapons deployment and replace all remaining military, technological, and fiscal sanctions with inducements.

Opposition to sanctions against India is mounting both in the Bush administration and in the U.S. Congress.

Officials such as U.S. Assistant Secretary of State for South Asia Christina Rocca stress that sanctions are harming U.S. policies of engagement with India and Pakistan. The nuclear sanctions of 1998 have "outlived their usefulness," states Rocca. However, nonproliferation advocates in the State Department oppose an unconditional removal of nonproliferation sanctions. Warning that unrestrained nuclear proliferation in South Asia would encourage copycat behavior and undermine the NPT regime, they are urging the administration to make inducements to India and Pakistan conditional on progress toward a nuclear cap.

Secretary of State Colin Powell has expressed concern about South Asia's nuclear developments, cautioning: "We really have to make sure that this nuclear genie doesn't get any further out of the bottle." However, should advocates of a new strategic alliance with India prevail, nonproliferation will remain a secondary goal of U.S. South Asia policy. All remaining sanctions could conceivably be lifted unconditionally and even replaced by perverse inducements such as destabilizing arms transfers, the sale and transfer of dual-use high technology that can be used for weapons and delivery systems, and cooperation in civilian nuclear energy.

If the U.S. ignores nuclear proliferation objectives and provides inducements such as civilian nuclear energy to India, India's nuclear weapons program will benefit. U.S.-led multilateral nonproliferation regimes could unravel if the U.S. provides dual-use technology to India. Russia and China could then openly assist the nuclear and ballistic missile programs of their respective South Asian allies, India and Pakistan. Other potential regional proliferators, such as Iran, would also benefit from the resultant weakening of nonproliferation norms.

Should future U.S.-Indian strategic cooperation entail a tacit U.S. acceptance of operational nuclear weapons in India, a retaliatory Pakistani deployment is inevitable. Deliverable nuclear arsenals in South Asia would impair vital U.S. regional and global interests. The nonproliferation regime would weaken as other states are encouraged to follow the South Asian example. If the U.S. pursues a policy of containing China through a nuclear-armed India, heightened Sino-Indian tensions could result in a Sino-Indian nuclear arms race. Above all, the presence of operational nuclear arsenals in India and Pakistan would increase the threat of an accidental, unauthorized, or even intentional nuclear exchange, damaging all U.S. interests in the region: political, strategic, and commercial.

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### Key Problems

- Current trends indicate that U.S. nonproliferation objectives in South Asia will remain secondary to other perceived political, strategic, and commercial goals.
  - Should the Bush administration continue to pursue incoherent nonproliferation policies and inappropriate influence strategies toward South Asia, India and Pakistan will likely deploy deliverable nuclear arsenals.
  - Operational nuclear weapons in South Asia would destabilize a volatile region and undermine the international nonproliferation regime, subverting vital U.S. regional and global interests.
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# Toward a New Foreign Policy

Although America must retain the ultimate goal of eliminating nuclear weapons in South Asia, the interim goal of U.S. policy should be a cap on both India's and Pakistan's nuclear capabilities below the deployment threshold. Washington can and should promote a nuclear cap in South Asia through a strategy of sustained and targeted sanctions and conditional incentives, serving a coherent nonproliferation policy and consistent nonproliferation goals.

## Key Recommendations

- The Bush administration can curb and reverse nuclear proliferation in South Asia only if it pursues a coherent nonproliferation policy and effective influence strategies.
- India and Pakistan must be prevented from further advancing their nuclear and ballistic missile capabilities through a targeted and sustained carrot-and-stick strategy.
- The U.S. must strengthen international nonproliferation regimes and collaborate with important external actors to contain and eventually reverse nuclear proliferation in South Asia.

Technological and financial constraints prevent India and Pakistan from deploying fully operational and survivable nuclear weapons systems in the near future. Heavily indebted Pakistan cannot sustain the financial burden of full-scale weaponization and deployment on its own. Since India would have to take both Pakistani and Chinese nuclear capabilities into account, the costs of full-scale weaponization through indigenous sources would also strain India's resources. And both states need external technology and hardware to fully deploy their nuclear and ballistic missiles.

India and Pakistan are therefore seeking the resumption of unrestricted U.S. economic and technological collaboration. Hoping to obtain U.S. dual-use technology, India is pressuring the Bush administration to remove all remaining sanctions. Indian official spokespersons pointedly refer to the "mismatch between sanctions and the new direction of Indo-U.S. relations." Meanwhile, deeply interested in U.S. high technology, conventional hardware, and a resumption of economic loans and grants, Pakistan is attempting to exploit U.S. fears about Islamic extremism. During his visit to the U.S. in June 2001, Pakistani Foreign Minister Abdul Sattar stressed that U.S. sanctions foster "extremism that needs to be opposed."

The U.S. must use sanctions and denial mechanisms to prevent India and Pakistan from acquiring the fiscal and technological means for nuclear weapons deployment. U.S. sanctions on dual-use exports that can be used for weapons and delivery systems should be retained indefinitely. The U.S. should also persuade Russia and China to end all transfers of destabilizing conventional and

nuclear weapons technologies to South Asia. With international support, the U.S. should also ensure that credits and loans from the IFIs are not diverted to military spending in India and Pakistan. While these smart sanctions would not harm innocent civilians by destabilizing the Indian or Pakistani economies, they could undermine India's and Pakistan's abilities to expand or even sustain their nuclear and ballistic missile programs at current levels.

To change South Asia's cost-benefit analysis regarding weaponization, the U.S. should warn both states that nuclear weapons deployment will result in stringent multilateral diplomatic and fiscal sanctions. At the same time, the U.S. should offer substantial economic and diplomatic incentives conditional on nonproliferation progress in South Asia. Pakistan's failing economy makes it a suitable candidate for targeted, nonproliferation-specific sanctions and inducements. And the U.S. could counter India's perceived linkage between nuclear weapons and prestige by making India's inclusion in a reformed UN Security Council conditional on Indian nuclear disarmament.

Domestically in both India and Pakistan, the issue of nuclear weapons ranks far below other societal concerns, including the perceived need for economic development and poverty alleviation. A carefully targeted incentives strategy based on a "debt for disarmament" plan could help to build domestic pressure in both India and Pakistan against the possession of nuclear weapons. Targeted incentives could include an incremental forgiveness of both India's and Pakistan's external debts by the advanced industrialized states and the IFIs, conditional on nonproliferation progress and stipulating that reduced-debt service payments be reallocated to address basic human needs.

The cost-benefit analysis of Indian and Pakistani decisionmakers is strongly influenced by their perceptions of U.S. behavior, their eagerness to gain benefits from Washington, and the effects of U.S. pressures. If the political will is there, the Bush administration could persuade India and Pakistan to curb their nuclear ambitions. Conversely, should U.S. policymakers succumb to domestic pressures, downgrading nonproliferation objectives for short-term political and economic goals, nuclear proliferation will proceed apace in South Asia, undermining U.S. regional and global interests.

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## Websites

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