



Viewing cable 09NEWDELHI268, INDIA SCENESETTER FOR SPECIAL REPRESENTATIVE

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 RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY
 RUEAIIA/CIA WASHDC PRIORITY
 RHMFISS/HQ USCENTCOM MACDILL AFB FL PRIORITY
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 HOLBROOKE

REF: A. ISLAMABAD 236 B. DELHI 195

Classified By: Ambassador David C. Mulford. Reasons: 1.4(b, d).

¶1. (C) We welcome your visit to New Delhi as India begins to gear up for parliamentary elections likely to be held in April-May. While popular anger over the November Mumbai attacks has cooled slightly, Indian officials continue to demand that Pakistan respond to Delhi's demands for action against the attack organizers. On Afghanistan, the Indians have been among President Karzai's most stalwart supporters and appear opposed to a complete overhaul of international reconstruction efforts, arguing that the focus should be on beefing up security forces and police, particularly in the south and east. Indo-Pakistani relations are in the deep freeze after Mumbai, with bilateral efforts to resolve differences shelved for now. Despite clarifications made at the time your appointment was announced, you will likely face questions from the Indian foreign policy establishment and media over renewed U.S. activism on Kashmir. The successful U.S.-India nuclear deal and a post-Mumbai interest in beefing up counterterrorism cooperation underline our closer strategic partnership. These ties will likely grow regardless of which party prevails in this spring's elections.
 Afghanistan: A Strategic Relationship

¶2. (C) India has maintained very close ties with the Karzai government since 2002 and has contributed over USD 1.2 billion in reconstruction assistance during that period, putting India among the top ranks of Afghan donors. The GOI has historically supported friendly governments in Kabul, in part to pressure Pakistan. This has continued under Karzai, who has had long-standing personal ties to India dating back to his four years of post-graduate studies in Himachal Pradesh after the 1979 Soviet invasion. Karzai has visited Delhi seven times since 2002; the last visit was in January of this year when Karzai came to express solidarity with India after the Mumbai attacks.

¶3. (C) GOI officials have expressed growing concern with the security situation in Afghanistan, which is affecting India's extensive reconstruction projects, and they have been increasingly critical of what they perceive as the Pakistani government's inability or unwillingness to act in the border tribal belt. India has not distanced itself from Karzai, nor questioned the international community's approach to Afghan reconstruction. The GOI feels that aspects of reconstruction could be improved, but priority should be given to strengthening the Afghan National Army and police, given the deteriorating situation in southern and eastern parts of Afghanistan. The top Afghan expert in the MEA we spoke to last week (Assistant Secretary equivalent) argued that a complete overhaul was not necessary and that the focus should be on the tribal areas. Privately, the GOI has been critical of efforts to bring Taliban elements to the negotiating table, arguing that such attempts have confused Afghan public opinion and fueled popular fears that the Taliban will return through the back door.

¶4. (C) India's contribution to Afghan reconstruction consists primarily of infrastructure development (including the Parliament building and a road that will connect the Afghan Ring Road to an Iranian port), trade facilities and extensive technical and English-language training. However, the scope of assistance has been quite broad and has touched almost every sector -- telcoms, banking, public administration, transport, energy, aviation and IT. During the January visit, India pledged to provide 250,000 metric tons of wheat in food aid. The U.S. is now working with India and Afghanistan to provide training in India to Afghan energy technicians. India is also a staunch advocate of the proposed Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline, and it believes the USG should do more to make this a reality. We see opportunities for closer coordination on assistance. The GOI should be receptive to partnering with the U.S., but will likely want to portray any such cooperation as part of a de-hyphenated, stand-alone, NEW DELHI 00000268 002 OF 005

U.S.-India partnership that is global in scope. The GOI is mindful of Pakistani sensitivities on security-related assistance in Afghanistan, but this may be under review in the post-Mumbai environment. External Affairs Minister Mukherjee demurred

in response to Secretary Rice's October 4 request for unspecified Indian support for Afghan security forces, saying India had not provided security support for Afghanistan because of these concerns. Last July's bombing of the Indian embassy in Kabul, which the Indians suspect was linked to Pakistan's ISI, was a stark reminder of the dangers India faces in its involvement in Afghan reconstruction.
Pakistan: A Cold Peace

¶5. (C) The anger over the November Mumbai attacks may be less visible now, but India expects Pakistan to arrest and try Pakistanis involved in planning and organizing the attack and to dismantle terrorist infrastructure. The Mumbai terrorist attacks deeply angered the Indian public. This time, in addition to the reactions against Pakistan, Indians directed a new level of fury at their own political establishment, which they feel failed to protect them. The public's anger pushed the Congress Party-led government of Prime Minister Manmohan Singh to shelve the bilateral Composite Dialogue that was focused on resolving contentious issues, including ultimately Kashmir. While the GOI and Congress Party leaders have made muscular statements demanding the GOP investigate and prosecute those involved in the attack and asserting that no option has been foreclosed, India's strategy has been to pursue a diplomatic rather than a military solution. India has launched a worldwide diplomatic offensive to put pressure on Pakistan. India doubts the willingness of Pakistan's military leadership to take action against the Lashkar-e-Tayiba (LeT) and the civilian leaders' ability to do so, and assesses that Pakistan will make only token moves to rein in the LeT and its affiliates as it waits for pressure from India or the international community to dissipate.

courage is contagious

¶6. (C) You are likely to hear from your Indian interlocutors that professions of good faith on the part of Pakistan's civilian leadership are insufficient because they lack sufficient control over Pakistan's many competing power centers. The Pakistani government's faltering efforts to respond to the Indian dossier on Mumbai -- plagued by cynical denial of Pakistan's involvement, contradictory press statements by Pakistani officials and missed self-imposed deadlines -- has only strengthened those views. Paradoxically, India found dealing with Musharraf much easier. Foreign Ministry officials believe that any effort to stabilize Pakistan depends on reform of Pakistan's military establishment. In the abstract, India supports a democratic Pakistan, but sees that as a longer term aspiration. The Foreign Ministry believes the military has steadily gained power at the expense of the civilian government after the Mumbai attacks. As Foreign Secretary Menon observed to the Ambassador earlier this week, "the good guys are losing."
Jammu and Kashmir Anxiety

¶7. (S) Despite clarifications made at the time your appointment was announced, there is continuing uncertainty and a degree of anxiety within the Indian foreign policy establishment over a perceived interest in U.S. activism on Kashmir. The concern of successive Indian governments over the decades has been that the U.S. would try to pressure India to make concessions that would be unacceptable in India. Our Kashmir mantra during the previous two administrations was that we support any peaceful solution agreed upon by India and Pakistan that takes into account the wishes of the Kashmiri people. On Kashmir, the two countries made considerable progress over the last four years in back channel discussions -- and National Security Advisor Narayanan told Senator Kerry that an agreement in principle was in reach in late 2006. However, President Musharraf's fall from power coupled with the Kabul and Mumbai attacks have brought a halt to progress on the issue.

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¶8. (C) The GOI believes that the political and security environment today in Kashmir is such that the state could be poised for a sustained period of reconciliation and prosperity. The Indians are particularly elated with the recent violence-free and high-turnout state legislative election they pulled off in Jammu and Kashmir. They believe Kashmiris have rejected the agendas of the Pakistani jihadis and Kashmiri separatists, and are now ready to turn the page away from violence and are seeking good governance and normalization. With Omar Abdullah as Chief Minister, they have in place a young, forward thinking leader who could move the state out of its two decades of political paralysis. It is not clear, however, that the GOI has the political will to make the kinds of gestures -- such as reducing the security forces footprint -- that Kashmiris need to gain some confidence in the Indian intentions.

India Heads to the Polls

¶9. (C) The political season entered its final lap this month when the two main political parties held political conferences to kick off their campaigns for the upcoming parliamentary elections. The political establishment will now be single-mindedly focused on these elections until June when the new Parliament convenes and the next government is sworn in. Domestic political considerations will be paramount for the next three months. As the campaign heats up, we can expect the political attacks centered around security questions to get sharper and the rhetoric to become shriller. A relatively easy and no-political-cost punching bag for many parties is likely to be Pakistan, which will be denounced for the Mumbai attacks and accused of supporting terrorists as a state policy.

¶10. (C) The current Congress Party-led United Progressive Alliance (UPA) coalition government, which appeared to be in trouble only months ago, has recovered smartly. It has successfully deflected the fall-out from the Mumbai terror attacks by keeping the international pressure on Pakistan and announcing plans to strengthen its capacity to fight terrorism. While the economic slow-down remains a growing electoral concern, the government has benefited from a sharp reduction in inflation. In contrast, the opposition Bharatiya Janata Party (BJP), which had momentum last summer, has suffered of late. It experienced a crushing loss at the hands of the UPA in a parliamentary vote last summer on US-India civil-nuclear initiative. Its mixed performance in recent state elections has been demoralizing to its cadres. It continues to be racked by low intensity but persistent infighting that undermines its image of a well-disciplined political machine.

¶11. (C) It is impossible to predict now which party will emerge on top in the national elections. But it is safe to say that that neither the Congress Party nor the BJP is likely to win a majority on its own and either will have to forge a coalition with the smaller regional parties to form a government. While both the BJP and the Congress support a closer U.S.-India relationship, their ability to move forward aggressively will be constrained by the disproportionate power of smaller parties, which have narrower agendas that frequently do not extend to foreign policy issues. The worst scenario for the U.S.-India relationship would be one in which a "Third Front" forms a government that includes both the Congress Party and the BJP. Under those circumstances, the Communist parties will likely wield great influence in a coalition. Nevertheless, the nuclear deal and a closer

strategic relationship with the United States have generated an extraordinary public debate in India during the last year. We have won this debate hands down and, as a result, the U.S.-India relationship has a strong foundation on which to grow over the coming decades.

Increased Law Enforcement Cooperation

¶12. (C) Following Mumbai, we have offered counterterrorism assistance and encouraged the GOI to focus on improving security preparedness and prevention of terrorist attacks.

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Pakistan's terrorist infrastructure is now perceived as a permanent threat. We have already seen unprecedented law enforcement cooperation between India and the U.S., primarily with the FBI. Historically, the GOI had been a reluctant law enforcement partner. But after Mumbai, it dropped its resistance and allowed FBI teams in Mumbai to provide investigatory assistance. Significantly, the high level of cooperation has included FBI access to the sole living terrorist. The Indians have also become far more amenable to accepting our many offers of counterterrorism assistance. The Mumbai attacks have gone a long way to convincing the GOI that no country can combat terrorism alone and that countries need to cooperate with one another to address this scourge. One of our next big challenges is to spur increased defense sales and cooperation. This will depend in part on the GOI's acceptance of foundational agreements such as End Use Monitoring.

Civil Nuclear Cooperation

¶13. (SBU) The U.S.-India Civil Nuclear Cooperation Agreement was approved by a large bipartisan majority in the House and Senate in September, signed by Secretary Rice and External Affairs Minister Mukherjee in Washington October 10, and brought into force by an exchange of diplomatic notes on December 6. India viewed the signing of the Agreement as an historic event and an essential element in the transformation of our relationship. The Agreement no longer dominates headlines, but the goodwill it generated has contributed to improved cooperation following the Mumbai terrorist attacks.

¶14. (C) Implementation of the Agreement requires India to take a number of steps. India must bring its IAEA safeguards agreement into force and file a declaration of safeguarded facilities to initiate civil nuclear cooperation with the world. For the United States to fully realize the commercial benefits of cooperation, India must also follow through on its commitment to set aside nuclear reactor park sites for U.S. firms -- as it has already done for France and Russia -- and address other industry concerns, such as patent protection and adoption of domestic liability protection. Indian officials also seem to be tying U.S. company access to the conclusion of an additional bilateral arrangement regarding India's right to reprocess U.S.-supplied nuclear fuel. Successful implementation of the Agreement will provide access to an estimated \$150 billion in commercial opportunities for U.S. firms and lead to the creation of up to 30,000 American jobs over the next three decades. It will also help protect the Congressional bipartisan consensus for India and preserve the unprecedented popularity of the United States among Indians, on which our growing bilateral relationship depends.

Regional Issues

¶15. (C) Under Prime Minister Singh's leadership, the GOI is emerging as a responsible leader in the region, as well as in Asia at large. India encourages democracy in the region, mostly leading by example, but is worried by continuing political instability in nearly every neighboring country, and in practice seems to value stability over democracy when it comes to foreign policy. We follow closely India's "complex relationship" -- as Indian officials have called it -- with China, the dynamics of which will significantly affect not only Asia as a power center of the 21st century, but directly impact U.S. interests from the Pacific to the Cape of Good Hope. India-China relations can most easily be described as a mutual desire to seek warmer relations through strategic dialogue, however contentious border issues and emerging economic/political power rivalry constrain broader engagement. We still diverge with India over tactics towards Iran and Burma, although we ostensibly share the same strategic goals. The encouraging news for U.S. interests is that whereas India over the previous 40-odd years had tended to quickly and suspiciously dismiss U.S. intentions in the region, our recent improvement in relations have made Delhi much more amenable to cooperating on regional issues, as evidenced by our efforts together ranging from tsunami relief

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to Nepalese democracy to anti-piracy in the Gulf and off Somalia. Trend lines suggest the opportunity for even greater cooperation is ripe.

Your Meetings

¶16. (U) Prime Minister Singh has not resumed a working schedule following his recent quintuple by-pass surgery. You have confirmed meetings with External Affairs Minister Pranab Mukherjee and a lunch with National Security Advisor M.K. Narayanan. Foreign Secretary Menon may be your first meeting of the day. We have not been able to confirm a meeting with Home Minister P. Chidambaram, who will be busy with the parliamentary debate on the budget that will take place the day of your meetings. MULFORD