



ISSUE BRIEF

No. 82

July 2016

MTCR, NSG and India-China Procrastination Matrix



Dr **Rajeev Kumar** is a research assistant at CLAWS, pursuing research on China

India has become the member of the Missile Technology Control Regime (MTCR) club but could not get the Nuclear Suppliers Group (NSG) membership. But is this really a diplomatic failure? Can it not be seen as one of the setbacks in realising the ultimate goal? India's application has not been rejected as yet and we must consider this before jumping to any conclusion. On the other hand, China, which thwarted India's entry into the 48-nation NSG at the just-concluded Seoul plenary, is not a member of the 34-nation MTCR for which it has been trying since its first application in 2004.

India Joins the MTCR Club

India applied to the MTCR in 2015 and on its second attempt, in 2016, India joined the MTCR club as a full member on June 27, 2016. MTCR membership will help India get access to world-class high-end technology, furthering the cause of India's space and missile programmes. The aim of the MTCR is "to restrict the proliferation of missiles, complete rocket systems, unmanned

Key Points

1. Getting access to world-class high-end technology through MTCR will help India's space and missile programmes and is the first step towards achieving membership of Australia Group and Wassenaar Arrangement.
2. China, which denied India's entry into NSG, was itself denied the MTCR membership on account of its dodgy non-proliferation record. However, India must take this failure in the right stride.
3. China fears that letting India in the NSG club would provide an equal footing to its strategic rival.
4. China's stance of not supporting India's bid to NSG membership can affect Sino-Indian ties. India can now veto China's membership bid to MTCR as well and this can have an impact on their relations.
5. India's impeccable record in nuclear non-proliferation and its commitments to international norms and regulations will ultimately pave the way for India's NSG membership.
6. India has successfully exposed Chinese aggressive objective of containing India that will help its 'all-weather friend' Pakistan whose track record can also not be compared to India.

The Centre for Land Warfare Studies (CLAWS), New Delhi, is an autonomous think-tank dealing with national security and conceptual aspects of land warfare, including conventional and sub-conventional conflict and terrorism. CLAWS conducts research that is futuristic in outlook and policy-oriented in approach.

MTCR, NSG and India-China ...

air vehicles and related technology for those systems capable of carrying a 500 kilogramme payload for at least 300 kilometres, as well as systems intended for the delivery of Weapons of Mass Destruction (WMD)".¹

MTCR membership will also enhance India's joint ventures with Russia, specifically the BrahMos. India will also be able to buy surveillance drones from other countries like the American Predator drones. Thus, in a way, membership of the MTCR "permits India to continue to advance its non-proliferation leadership in the world and contribute to that regime, to limit missile proliferation in the world".²

India's accession to the regime will strengthen its own export controls, thereby lessening the risks and making it easier for other MTCR members to justify transferring sensitive technology to India. India's formal membership will also presumably mean that other countries can be less fearful of US sanctions if they wish to sell to India.³

India's success in getting MTCR membership in spite of not being able to get membership in the NSG has drawn attention to its cause and has put across certain messages, especially for China. China opposed India's NSG bid despite repeated manoeuvring by the Indian Prime Minister Narendra Modi and his meeting with his Chinese counterpart Xi Jinping, at Tashkent, on the sidelines of the NSG plenary. However, China was itself denied MTCR membership because of its dodgy non-proliferation record as considered by the current members. In fact, no major power has violated the norms of the nuclear Non-Proliferation Treaty (NPT) more than Beijing in recent years. China has provided nuclear and missile technology assistance, including weapons grade uranium and warhead designs, to Pakistan in the 1980s and 1990s. China, in fact, breached the spirit of the NSG by assisting Pakistan's unsafeguarded nuclear programme after its 2004

NSG entry, disingenuously declaring in 2010 additional outstanding agreements with Pakistan for plutonium reactors that it "forgot" to declare in 2004.⁴ China also assisted North Korea in its nuclear programme.

In New Delhi, Foreign Ministry spokesman, Vikas Swarup signalled that China's stance could impact the progress of Sino-Indian ties. "We will keep impressing upon China that mutual accommodation of interests, concerns and priorities is necessary to move forward bilateral ties," Swarup was quoted as saying.⁵ This is a message to China that international relations comprises two-way traffic. It is also a message for those who feel that India has compromised with its stature by trying to get NSG membership when it very well knew that it was not going to do so it. They may also find the answer in the Chinese acknowledgement of India's MTCR membership being a setback for China. It is high time that Indians also become mature in dealing with setbacks.

India's NSG Bid: China Plays the Spoiler but Progress Continues

In May 2016, India applied for NSG membership for the first time. A significant development was seen before the plenary when most of the countries (about 40 out of 48) were willing to let India enter the NSG. However, India could not become a member of the elite NSG club in spite of the support of that US and all the MTCR members. The Modi government has already shown an impressive ability to set and pursue a concrete objective with great coordination. While Foreign Secretary S Jaishankar was leading India's charge in Seoul, the Prime Minister himself brought up the issue with his Chinese counterpart in Tashkent. This ability to strategise and act cogently is a key takeaway and must be utilised for moving forward.⁶ The Opposition in India must also cooperate in taking the agenda forward rather than terming the NSG bid as Narendra Modi's "Waterloo". They must understand that this non-

inclusion is transitory and just another step in a process which will finally see India joining the NSG in the near future.

Although India did not succeed in getting NSG membership, its efforts towards it did not prove futile. It has now become amply clear that China's continued inimical stand towards Indian interests is due to its objection to India's aspirations of playing a bigger role in the global order as well as the fear of a change in South Asian geo-politics with India's entry into the NSG club. China also fears that India's entry into the NSG club would mean its chief strategic rival India, gaining an equal footing with China. It would also imply putting India in a position of advantage over China's client, Pakistan. China, thus, insists on containment of India.

However, China need to remember that blocking India's entry into the NSG will not stop India for too long and neither will it facilitate China to gain MTCR membership in the future. China must also not forget that the NSG club, a consensus-based body without any legally-binding rules and which is not bound by any formal treaty, can write and rewrite the rules at will, as the Seoul communiqué says, that the "full, complete and effective implementation of the NPT" and the 2008 waiver "contributes" to the "provisions and objectives" of the NPT.⁷

China bases its objection on the fact that India has not signed the NPT, but the example France is already there as a precedence—France joined the NSG without being a member of the NPT. Though India hasn't signed the NPT, it has an impeccable track record in nuclear non proliferation. So the argument that allowing India to join the NSG might set the wrong example, and other nuclear powers which are not signatory to the NPT might use its to join the NSG, does not hold any ground.

According to Bharat Karnad, a national security expert, "China's veto [of] India's application in the Seoul NSG plenary was certain. But the Modi

regime seems intent on making it unanimous, diplomatically exposing and isolating China, and paving the way for its eventual entry in the belief that Beijing may not be able to resist in the face of such massive support for India's membership".

India's success can also be gauged from the fact that China, which earlier insisted on not discussing India's application, had to agree to it finally. China must be aware of the fact that the application is before the NSG and there is already a renewed effort to have a special plenary decide on it in 2016 itself. That may or may not happen, but the NSG cannot defer the decision indefinitely.⁸ India's progress and strategic importance, its track record on non-proliferation and its commitments to international norms and regulations cannot be ignored for too long. We must not forget that the opening Paragraph of the 2008 NSG waiver to India itself affirms the Indian credentials.

Lessons from the Plenary: Role of the US

The NSG episode has also showcased a few lessons in the way international politics is conducted. John Mearsheimer, a political scientist and realist, says that 'the world is inherently insecure and the great powers are locked in a tragic competition to be, and remain, number one. The hegemon of the day will do everything to prevent a rival from taking over, and no one will aid another in achieving primacy'.⁹ The role of the US in this episode can be seen in this light. The US is helping India but only to the extent of aiding the project of balancing China in South-East Asia. This is probably the reason it did not go as far as it did in the 2008 NSG waiver for India.

The troubles in the South China Sea have also changed the tone of the relationship. Additionally, the 2008 waiver for India helped China in some ways: it gave it an excuse to openly sell more reactors to Pakistan, against the NSG's wishes, and with no such waiver coming for Pakistan, it made

Islamabad entirely dependent on Beijing for nuclear assistance.¹⁰ The 2016 waiver holds no such benefits for China. Christine Fair, an Associate Professor at Georgetown University, has said, “Some countries do want to set a precedent for non-NPT countries to be members. After all, this is supposed to be one of the perks of NPT membership. Second, there are strategic interests that India’s ability to acquire materials for its domestic nuclear program from the international market will free up India’s domestic resources for its weapons systems. While China and Pakistan will fear this, this is precisely why the US wants India to be mainstreamed.”¹¹ Moreover, China has unnerved many of its Asian neighbours with a newly aggressive foreign policy. Chinese overreach has opened a path for renewed American engagement in Asia, the fastest growing region in the world, with President Obama calling for a “pivot” to Asia.¹²

The Way Forward

India made a strategic move by using the NSG process to intentionally expose the Chinese intentions. India has been successful in exposing the Chinese aggressive objectives of containing India which will provide more space to pursue a balancing strategy in Asia. India’s expansion and manoeuvring will now be seen as security-seeking rather than provocative.¹³

In the immediate term, India must not lose any opportunity to engage and integrate itself with China’s neighbourhood in Asia. July 2016 will bring such an opportunity when the verdict for the Philippines’ arbitration case on the South China Sea comes out. India must emphasise that the issue of “due procedure”, used with great dexterity by China in Seoul, cannot be applied selectively. India should also work towards joining the Australia Group and the Wassenaar Arrangement as soon as possible. The MTCR has already proved to be the first step towards achieving this.

What also came out very clearly from the plenary is the fact that India’s non-ascension to the NSG suits Pakistan’s agenda. China’s actions are, thus, primarily to maintain and advance its own superiority. With this context, India needs to elaborate on its place and share in the global order to other countries while de-hyphenating itself from Pakistan. This would mean desisting from mentioning Pakistan as a comparative example at all times.¹⁴ India also made a serious effort at gaining NSG membership by taking its friends into confidence and raising the stakes as part of a well thought strategy. It demonstrated to those who were still uncertain that India was serious about the application, and that their opposition might come with costs to the broader relationships. Simply put, raising the stakes reduced the opposition.¹⁵

Although the 2008 NSG waiver already provides significant possibilities for India to engage in civilian nuclear trade with other countries, membership of the NSG will provide greater certainty and a legal foundation for India’s nuclear regime and, thus, greater confidence for the countries that are investing billions of dollars to set up ambitious nuclear power projects in India. Moreover, as India’s international political, economic, military and strategic profile and clout increase, India would like to move into the category of international rule-creating nations rather than stay in the ranks of rule-adhering nations. For this, it is essential that India gets due recognition and a place at the NSG high table.

New Delhi went into the NSG plenary session knowing well that it wasn’t going to get membership this time around. Perhaps India played the long-term game to reveal information to the international as well as internal audience. Rejection must then be taken in the right spirit where a short-term loss clarifies where support and opposition comes from, and which countries are to be diplomatically targeted for persuasion or bargaining.

The significance of this plenary and the success of India's long term strategy, in spite of failing to gain membership, can be extrapolated from the outgoing NSG Chairman Ambassador Rafael Grossi's statement. He said, "What I can say is that there are differences in the NSG. Nothing is impossible; in 2008, people would have said the exemption for trade with India was impossible. But then it was done. Certain adaptations could be made. I'm not saying this is the case again. But perhaps it is. The fact that the group has decided to continue the discussions and appoint somebody, that is me, to do this job of discussing possibilities is significant. Otherwise, we could have just dropped the ball, called the discussion off, said simply there is no consensus, and we all go home. Then we would prepare for another discussion, may be only after a year. But that was not the case, so this is not insignificant."¹⁶ As a result, India is getting ready for Vienna, where the NSG might meet in a special session to consider India's membership later this year. Once done, this will also silence the critics who vehemently argued that India should be satisfied with the exemption, instead of going further for the NSG membership. The renewed efforts to persuade Beijing to change its mind on India's NSG membership should, therefore, be an extraordinary exercise in realpolitik that is well worth watching.¹⁷

Conclusion

India has successfully entered the MTCR club and has rightly put across its ambition of joining

the elite NSG club. Sooner or later, India will be able to join it and there is no doubt whatsoever of this, because most of the issues raised by China against India's membership have little validity. For instance, membership of NPT is not a condition for becoming a member of the NSG. It is only a guiding principle which needs consideration. India has been adhering to all its commitments over the last eight years since the 2008 waiver. Over the last eight years, India has separated its reactors which are under Internal Atomic Energy Agency (IAEA) safeguards and those which are not. On the other hand, Pakistan, having a flawed proliferation record, has engaged in illicit supply of nuclear technology and materials to Iran, Libya and North Korea. No comparison between the track records of the two countries is, hence, justified which, for China, falls under the same scale. This will, sooner or later, come handy in the decision of India's inclusion into the NSG club. India, therefore, must continue making determined efforts to get into the NSG. On China's part, it needs to make a fair and objective assessment of its own doings before thwarting other's aspirations. At the same time, China must also keep in mind that Indian inclusion in the MTCR club provides India a veto on the Chinese application as well as a forum to highlight the surreptitious Sino-Pak undermining of technology regimes. Thus, protraction must give way to acceleration and advancement. It will go a long way in defining India-China ties. After all, they cannot do away with being neighbours.

Notes

1. Manoj Joshi, "India's Abortive NSG Bid and the Kautilyan Lessons it Needs to Learn", *The Wire*, June 26, 2016. URL: <http://thewire.in/46014/indias-abortive-nsg-bid-and-the-kautilyan-lessons-it-needs-to-learn/>
2. Shashank Joshi, "What MTCR Membership Means for India, and What It Doesn't", *The Wire*, June 09, 2016. URL: <http://thewire.in/41725/what-the-mtrc-membership-means-for-india-and-what-it-doesnt/>
3. Ibid.
4. KC Singh, "Repay China in Kind", *The Asian Age*, June 29, 2016.
5. Atul Aneja, "China Denies Knowledge of Special NSG Panel to Consider India's Case", *The Hindu*, June 28, 2016.

... Procrastination Matrix

6. Deep Pal, "China-India Relations After the NSG Plenary", *The Diplomat*, June 27, 2016. URL: <http://thediplomat.com/2016/06/china-india-relations-after-the-nsg-plenary/>
7. Joshi, n.1.
8. Ashok Malik, "The Real Seoul Story: At the NSG Plenary, China Behaved Not as an Enlightened Power but as a Strategic Small-Timer", *The Times of India*, June 27, 2016.
9. Ibid.
10. Jaideep Prabhu, "China Bars India's NSG Entry: We Must Rely on our Own Wits, Develop Tech", *The First Post*, June 25, 2016. URL: <http://www.firstpost.com/world/china-bars-indias-nsg-entry-we-must-rely-on-our-own-wits-develop-tech-2855050.html>
11. Suneera Tandon, "For the First Time, Starbucks will sell an Indian Coffee in the US", *Quartz India*, June 27, 2016. URL: <http://qz.com/717476/for-the-first-time-starbucks-will-sell-an-indian-coffee-in-the-us/>
12. Jim Yardley et al, "The Crumbling of the First World", *The Indian Express*, June 27, 2016, p. 16.
13. Sameer Lalwani and Shane Mason, "India Needs to Understand the Causes of its NSG Embarrassment", *The Wire*, June 27, 2016. URL: <http://thewire.in/46165/india-needs-to-understand-the-causes-of-it-nsg-embarrassment/>
14. Deep Pal, "China-India Relations After the NSG Plenary", *The Diplomat*, June 27, 2016. URL: <http://thediplomat.com/2016/06/china-india-relations-after-the-nsg-plenary/>
15. Rajesh Rajagopalan, "India's NSG membership and China's Containment Strategy", *Observer Research Foundation*, June 24, 2016. URL: <http://www.orfonline.org/expert-speaks/indias-nsg-membership-and-chinas-containment-strategy/>
16. Suhasini Haidar, "Members' Concerns Delayed India's NSG Chances: Rafael Grossi", *The Hindu*, June 28, 2016. URL: <http://www.thehindu.com/news/an-interview-with-ambassador-rafael-grossi/article8780315.ece>
17. C Raja Mohan, "Play it Again, Sam!", *The Indian Express*, June 28, 2016, p. 15.

The contents of this Issue Brief are based on the analysis of material accessed from open sources and are the personal views of the author. It may not be quoted as representing the views or policy of the Government of India or Integrated Headquarters of MoD (Army).



CENTRE FOR LAND WARFARE STUDIES (CLAWS)

RPSO Complex, Parade Road, Delhi Cantt, New Delhi 110010

Tel.: +91-11-25691308, Fax: +91-11-25692347, Email: landwarfare@gmail.com

Website: www.claws.in

CLAWS Army No. 33098