

## ORAL HISTORY

### *Is IBSA the Neo-NAM?*

Shashank

*Shashank, former Foreign Secretary of India, who was actively involved in the negotiation leading to the formation of the India-Brazil-South Africa (IBSA) Dialogue Forum, provides a narrative on its genesis and relevance.*

**Indian Foreign Affairs Journal (IFAJ):** Thank you, Sir, for agreeing to talk to the Journal on such an important subject. The IBSA has raised much enthusiasm and also some kind of idealism; even sometimes reference is made to the era of non-alignment, as if it is the new-nonalignment to meet the challenges of the twenty-first century. Then it must be quite a strong mindset with the Ministry of External Affairs (MEA), as well as among our political leadership.

**Shashank:** You know how non-alignment had been initiated. Some diplomats have said that it came out when the UN Security Council discussed some issues related to Korea. Most countries were on either side of the rival blocs during the Cold War. It was only India and one or two others who had not made up their minds. They used to consult each other as to what view they should take. They did not wish to be seen as pro-Soviet or pro-America; the issues had to be viewed on merits.

In addition, we were a poor large country. We knew that neither the West nor the Soviets would take care of our entire requirement for development, nor to mention the requirement of security and achieving the highest standard of living like the rest of the world. Therefore, there was a feeling that we should go on our own way and whatever aid relationship we had was to be without strings attached. That was the other principle.

**IFAJ:** We had a similar situation at the beginning of the twenty-first century – end of Cold War, impact of globalisation, unipolarity, growing inequality, and developing countries were without a voice or a forum of their own.

**Shashank:** Quite right. These were the issues very much in the minds of the leaders and diplomats of the developing countries. Non-Aligned Movement (NAM) had been driven down by its successes which led to situation where groups within the NAM were trying their own policy projections. So the concept

had come up – who is a natural ally of the non-aligned countries? Some others said that the non-aligned countries' requirement was more of economic assistance after the end of the Cold War; so it should merge with G-77. Some others said disarmament still remained an issue, so non-alignment had to continue. There were also issues like whether it should be a bloc or have a secretariat or a movement. These were the thoughts. Also, the WTO Doha Round had started and before that was the Uruguay Round. In all these economic rounds, it was found that initially all the non-aligned and G-77 countries used to move together but gradually as the negotiation proceeded, the interest of specific group of countries – region-wise, economic requirement-wise and commodity interest-wise – they would move away because their interest was taken care of. So ultimately it would again end up with a few countries, generally India, Brazil, etc. brought the developed countries in a position to tell all the other developing countries – look, your interest is taken care of and these big countries have their vested interest. And they are using your unity for their purposes. So it has no meaning.

So peeling off the process in unity of the developing world was becoming a weight around their neck. On the one hand, the success of the Non-Alignment Movement had made it difficult and on the other hand, the negotiations became so technical and so important from the point of view of market forces active at lowering those tariffs. As a result, India, Brazil, etc. found that though the tariff is generally lower on the average in the developed world and many developing countries had been persuaded to lower tariffs, the tariffs were very high for procured goods, much higher than any developing country's tariff. Therefore, the tariffs would be almost zero. But if you wanted to export any product manufactured or semi-manufactured from the developing countries to the developed world, tariffs would be prohibitive and they should not be allowed to come in.

**IFAJ:** Can we say that the whole global trading patterns were the immediate catalyst for the formation of IBSA?

**Shashank:** Yes, these were the catalysts. During the negotiations, it was found that somehow the situation was not moving well.

**IFAJ:** What about the perceptible crisis in the Indian foreign policy establishment in the beginning of the twenty-first century?

**Shashank:** There was such a perception because at the end of Cold War we lost our trusted long-time friend because of the changes in the Soviet Union. Yugoslavia had broken up. Egypt became the largest aid recipient apart from Israel from the United States. Algeria had direct flights coming to their oil fields and all sorts of problems facing the government on security and stability. Indonesia also looked fragile. Any country supposed to be a strong pillar of non-alignment had either disintegrated or reached the verge of extinction. Then our trusted friend, whom India could count on for veto in the Security Council in case any undue pressure mounted on us, had disappeared because Russia during the Yeltsin era wanted to strengthen relations with the West. Russia was dependent on the West for everything, so they wanted to forget the past relations.

This was the situation where we had to come out with some new ideas. India had been facing this difficulty within the non-aligned block because many countries were members of the NPT and agreed to its indefinite extension. Some of them were persuaded by the West that India was being very unfair. Standing out as a country with an independent nuclear weapon status, India had seen many non-aligned countries putting pressure on it to cap and then rollback its nuclear weapon programme and sign the NPT as a non-weapon country. As a non-aligned country India did not have any nuclear umbrella, whereas we have seen that Pakistan got assistance from China. There was a feeling that Pakistan was sharing with some others whatever it got because Zulfikar Ali Bhutto had talked about the “Islamic Bomb” and sharing it with other Islamic countries. The Chinese were also supervising the whole thing or silently watching what was going on. Perhaps the other Western countries, who had very good intelligence networks, were quite aware of this but pressure was mounted on India from within the non-aligned movement to do away with its nuclear weapon status which it had acquired through its own scientific capabilities. This was the scenario when we got the proposal from Brazil and South Africa that they were looking for a partner in Asia so that best practices in the developing countries of Asia, Africa and South America could be put together and then try to find solutions for the problems facing our people.

**IFAJ:** During the decade of 1990s India was reassessing its foreign policy choices. Every country for that matter was facing the problem in the post-Soviet period and NAM was in deep crisis. In 1995, no country was willing to host the NAM summit and finally Colombia agreed to do that. In the post-Pokhran

period we were facing any number of sanctions. Though we were confident of overcoming these sanctions one never knows in foreign policy what the outcome can be. Starting from 2000–01 these things were halting us – the pressure from the developed countries including the US, China, Japan, etc. were enormous. Apart from the proposal that came from Brazil and South Africa, was there any home-grown thinking also along some other lines?

**Shashank:** The other thinking which started during the 1990s was our Look East policy – to be friend with the fastest growing countries in Asia. Apart from their economic growth, there was also the attraction that it would perhaps give us a better chance to be friends with China on terms which would be acceptable to us and would also make it more meaningful for the Southeast Asian countries. Secondly, we tried to build up ties with the regional groupings in Africa and regional groupings in South and Central America. So this process was going parallel in early 2003. The Look East policy was being made more acceptable for both sides. Initially, the Southeast Asian countries were a little reluctant because earlier when they had offered India membership of ASEAN, India hesitated because of its perceptions on Cambodia and Vietnam. We must thank Singapore above everyone else because it felt that China growing at 10–12 per cent every year for a few decades would make the situation in Southeast Asia very unviable; that it would be unfortunate if India, which has been a very important actor throughout the history of Southeast Asia, kept away from the process of Asian integration. So they encouraged India to move forward. Also, they encouraged the other members of ASEAN – Malaysia, Indonesia and Thailand, etc.

**IFAJ:** When the proposal came from Brazil and South Africa, were we mentally ready for this kind of a venture?

**Shashank:** Well, before the proposal formally came to us, we had detailed bilateral consultation both with Brazil and South Africa to explain to them our nuclear disarmament policy. We had to tell them that we were not unhappy with them but only disappointed. Every time these issues came up in the UN and the non-aligned forum we were on the opposite sides. Indian media wrote against them and viewed them as Trojan Horses acting on behalf of the West and that they were carrying out their own agenda. So we talked to them putting across our stand clearly. They were able to understand that even though they had

abandoned their own nuclear programme, India had different security perceptions which had to be respected. Then there was the change in government in Brazil. All the presidential candidates including Lula da Silva were of the view that Brazil should not maintain its relations exclusively with the developed world, which had been the pattern till then. Even though President Cardoso had come to India as the Chief Guest at the Republic Day, the mindset of the Brazilian elite had remained that the relationship with the developed countries was important.

**IFAJ:** Even throughout the 1990s they were busy with building very close relations with China in various fields including technology and trade. Perhaps there was some rethinking on the part of Brazil that they had gone too far in building closer relations with China and much to the disadvantage of Brazil.

**Shashank:** Well, in this case, while they conveyed the signal to us that they would like to have India as a partner in the IBSA trilateral forum, they were certainly not opposed to the idea of other countries like China joining the forum gradually. In the process of consultation among the three countries, it was felt that if they wanted to keep the unique features of this trilateral grouping representing the three continents of the developing world, they should keep those values like democracy, etc. Many multilateral forums had opened at that time like the Concert of Democracies, development etc. There was also the feeling that America was going ahead to democratise the world by force which was giving a bad name to democracy. These were countries which had military dictatorships and they were constantly saying that they were democratising. So the democratising question was interminable. There was the feeling that if we could keep democracy and welfare concerns for people, the non-aligned principle and the G-77, then we should retain the nucleus of the group. And depending on various issues we could have partnership with other countries also in relevant international negotiations.

During the consultation, China, Russia, Mexico, Egypt, Argentina had expressed their interest. But having the experience of the G-77, G-15 and many other groupings, the three came to conclusion that it is better to keep the nucleus of the three and with consultations and go to WTO with those other countries with like-minded interests to pool their resources. And then they can inform the

other G-77 countries that these are the genuine concerns on academic level and intellectual underpinnings. Thereby we will have the support of the larger Group of 77 also. Like-minded countries on different commodities or different issues can move forward in a strong manner. This is what had happened when the G-16 or G-20 came up about new issues which were introduced in the Doha Round or issues relating to agricultural subsidies or access to commodities, etc.

**IFAJ:** There was also talk about the great security dimension of the IBSA forum – maritime security, energy security, in the area of defence production, etc. in which these three countries could cooperate. Actually the defence ministers, not the foreign ministers, of the three countries met for the first time.

**Shashank:** The meeting that took place first was at the Foreign Ministers level in June 2003. Before that there was an outreach session at the Summit Level of the G-8 in Evian (France). The three Heads of State of IBSA decided that they could give their blessings to the trilateral grouping or something like Trilateral Commission that was set up among the developed countries which became the precursor of G-8. Here we also decided that we would have same arrangement with the blessings of our Heads of State while the first substantive meeting at the Foreign Ministers level.

**IFAJ:** Was it a smart move for these countries to want to become the leaders of the developing world?

**Shashank:** I don't think that they were thinking of becoming the leaders of the developing world. What they really saw was that with the various experiences of the developing countries groupings which either become blunt instruments with declaration after declaration and nothing substantial was achieved or their disunity was coming out more in the open. The developing countries were ultimately fighting for their own causes but they had to remain content with whatever crumbs were thrown to them. Here the feeling was, let's try whatever is possible at the trilateral level and find out those areas which will bind us together strongly. So the ideas came up for physical connectivity, social connectivity, airlines connectivity, etc. Also South Africa has over one million People of Indian Origin as its citizens. Similarly, Brazil has almost 30–40 million People of African Origin as its citizens. Therefore, we are trying to establish linkages among the diaspora of India and South Africa, in the same way South Africa does with Brazil.

Secondly, if there are acceptable best practices in any country, those should be utilised in other countries as well. For example, there was a feeling that India had carried out land reforms in many areas and had been able to provide social equity to the poorer sections. South Africa and Brazil, which had large land-holdings, perhaps could learn from the Indian example in order to have a freedom-from-hunger campaign and to give better social equity. In South Africa the black people are still disadvantaged in many ways because the economic levers were with the white people. So they were interested. In Brazil, there many problems between the rich and the poor and among the whites, blacks and the indigenous people. There was a feeling that one could take up some of these ideas.

Similarly, on technical or new areas of production, let's say in pharmaceuticals, because at that time there was a feeling that some generic drugs processes had been created in different countries, which could be taken advantage of. Pandemics were affecting the African countries and South America. Therefore, they should open their markets for generics from India and other countries. It was not a proposal only in India's interest, therefore the three countries agreed.

Of course we provided several ideas to help bring about better connectivity in real-time framework. So there was a vision that in future India should be able to bring the SAARC countries and other Asian countries closer to IBSA. South Africa should be able to bring the SACU and SADEC countries together, may be Africa as a whole. Similarly, Brazil should be the starting point for Mercosur and then all the other South American groups which were formed in there. So that they could all have a tri-continental relationship. India had some past experience. We had for example the India-Egypt-Yugoslavia framework for building aircraft. It failed because we were trying to do everything on our own. In our current enterprise, we saw that South Africa had a very good defence industry which had benefited from the developed countries. Brazil had the aircraft industry, the Embraer, which they built by taking technology from wherever they could get it. So the idea was to work together in these areas also. And most importantly, in the era of sanctions against high technology, we could cooperate with each other. The idea was not to go against the sanctions imposed

by the developed world but to build a partnership which would also be open and valuable to the developed countries in specific areas; it would not be exclusive for the developing countries.

**IFAJ:** Was there any enthusiasm or initiative shown by the private business also or were they only following the government leads?

**Shashank:** Well, if you remember, there was the idea during the early 2000s to give a great role to the private sector. So India had a policy, started in the late 1990s, that all official delegation would be supported by business delegations. Therefore, even for this trilateral meeting it was agreed that there would be a delegation from the business community. The CII and other chambers were represented there. I remember, Mr. Irani represented the CII. The Idea was that it should not be a government-managed effort and ultimately it should be opened out to everyone. It should really be for the people to decide whether it benefits the people as a whole and whether it was worthwhile pursuing these ideas further.

**IFAJ:** In 2003, in the Brazilian media there was some talk regarding India and Brazil building up of submarine under IBSA defence cooperation.

**Shashank:** These ideas may have been discussed at various levels. We encouraged the ministers in these various areas – defence, agriculture, shipping, civil aviation and all other areas – so that they could meet at the trilateral level. This was a novel and cumbersome process. Bilaterally this is very easy as we can easily sort out our interests. But trilaterally these things are complicated – concerns like why go to Brazil, why go to South Africa to talk to Brazil, etc. were there. South Africa, therefore, agreed that they would hold the sectoral meetings first.

**IFAJ:** Defence Minister George Fernandes went to Brasilia to talk on joint production of conventional military hardware. There was also news regarding a South African armament factory seeking to set up an ordinance factory in India.

**Shashank:** Yes, these things must have been there but the Foreign Office was not trying to control these processes. It was entirely up to the technical ministries and the private sectors to work out.

**IFAJ:** What were the items on the agenda?

**Shashank:** We were looking for new possibilities, new options, so we had to find new areas to build up greater interest. People felt that once the threshold is



reached, it would no longer be necessary for the governments to initiate these processes, that things would move automatically.

**IFAJ:** When IBSA began there was no enthusiasm for the concept, at least in the academic plane. And areas which were considered as high-priority cooperation like defence and security, high-tech areas like submarine, aviation, etc., if you look down the years, increasingly one feels that IBSA has just remained a trade promotion mechanism. Many of its other promises have perhaps fallen by the way side. Initially, there were also efforts to have joint naval exercises. I think we did one with South Africa as well. But those things somehow not gelled.

**Shashank:** I must say it was Foreign Minister Yashwant Sinha, who gave the idea of Rainbow Coalition to this trilateral grouping because we have been able to identify all the seven issues of trilateral interest. He said this is a good idea ... seven issues ... seven colours... once seven colours are there it becomes white ... so it will be a very good relationship. The South Africans call their country a rainbow nation; so they also liked the idea. The entire idea was to enthrone people's participation. Definitely there were some ideas, especially at the technological level where we felt that we would benefit if we joined them. For example, the German submarine technology, which had been shared with Brazil and South Africa, but not with India mainly because of our domestic concerns. So the idea was that we could talk to the original patent holders and then see how to work out together. Similarly, Dassel had some technology or defence ammunition side ... something like the Bofors ammunition. One could think of collaborating along this line. The idea was never at any stage to undermine the sanctions or the patents but to work along with them to reduce the costs and delays.

**IFAJ:** But why have some of these areas not really been picked up?

**Shashank:** These areas are still potential. But once the interest was shown in IBSA, like non-alignment earlier, the very success of the concept becomes the enemy of its ultimate success. So many countries have said that they want to join IBSA, also many countries want to have partnership with Brazil, India and South Africa. Virtually all the developed countries set up their own processes in motions to have a strategic partnership with India. We already had strategic partnership with the Americans. But then the inter-US relations became much

more active and of highest priority. The Brazilians were not only supporting an idea of a South American Free Trade Area Association as distinct from the FTAA sponsored by the US, they were trying to move closer to countries like India and South Africa putting Africa and Asia's weight behind their South American concerns. European Union, which had a very special position in Africa, felt that the whole African continent was slipping out of their needs. So they immediately came forward and said to us that they wanted to have a strategic partnership with India. We agreed gratefully to all these offers. With Russia we had in any case an old strategic partnership. The Chinese came forward and said they would like to have a strategic dialogue with India. So we had these strategic partnerships on one side, on the other side we set in motion comprehensive economic partnerships like the FTAs, free trade area dialogue with different countries, anti-terrorism related dialogues, so on and so forth.

Somehow we had taken on too much. As it happens in democratic countries, after elections, a new government has to become familiar with the non-preference issues. The NDA government, which had set the process in motion was a coalition government. They were able to get enthusiastic response from the various partners for the various agreements which had been reached and being pursued. With a new coalition, the process had to start again. The focus on the civil-nuclear deal took up the efforts of most of the political leadership and the diplomatic establishment for the next three-four years, let's say till 2008. But I have a feeling that the other processes have not been dispensed with and I am sure that they will also be restarted and the Indo-US nuclear deal and the strategic partnership with EU, in areas of science and technology will all have a supporting effect on the other partnerships that we are trying to develop with the developing countries.

**IFAJ:** One purely political question. Before the May 2004 election we did not hear much – and this is expected – from political parties and politicians in opposition about Indian foreign policy and much less about IBSA. Certainly, a lot of criticism and apprehension was being expressed about the growing Indo-US strategic ties. But once the UPA government responded, the Left parties took to IBSA with a great deal of fancy. So much so, there was one Common Minimum Programme (CMP) which the Congress Party had worked out and

then the Left parties amended and re-amended that, especially the portion on foreign policy where it is clearly mentioned that this is one of the goals of the UPA government's CMP to pursue – strengthening IBSA for a multilateral world order and all that.

**Shashank:** Quite right. I remember a debate was raised by NDTV. The issue was, are India and US natural partners? That was the kind of slogan which had divided the Indian public opinion quite drastically, especially in wake of the happenings in Afghanistan and Iraq. Therefore, political parties thought that they must find another catchy slogan to counter the “natural partnership”. During the heyday of non-alignment we were talking of natural partnership with Soviet Russia and now we are also talking of natural partnership with the USA. IBSA was to be convenient – this does happen. The idea may be good diplomatically but once the idea becomes part of the political debate domestically, it can get high-profile attention. At the same time, the people feel that this is an idea which is very dear to certain political groupings.

**IFAJ:** You were at the helm of affairs at that time. When India took interest in moving forward for IBSA great powers like USA, UK, Russia, etc. must have taken an interest to know what was happening on this front. Do you remember any such instance where they were trying to know what is cooking?

**Shashank:** Whenever the three countries held their consultations at various levels – official level, foreign ministers level, etc. – sometimes each of them mentioned that it was rousing a lot of interest and concern. Therefore, they decided initiate a UN Trust Fund for poverty alleviation programme with one million dollars each. South Africa was not in a position to give one million dollars, they agreed to give 100,000 dollars. The idea was that the fund would not be exclusive for IBSA. France and other countries joined it. The idea was they should pick up the replicable projects on poverty alleviation, especially agriculture. Not only India, Brazil and South Africa, but any country should get the benefit out of the Trust Fund. They also identified some poor countries in this regard.

**IFAJ:** Some strategic specialists, especially in the US, who believe in the strategic values of IBSA forum. Many of them also argue that in the long term any strategic partnership between these three countries is of relevance and

importance to Western alliances. They are not saying distribute the regional franchise rights. But they are saying each one of them is our regional strategic partner. After all, India, Brazil and South Africa were also talking about Proliferation Security Initiative in the beginning. Issues like maritime security, energy security, fighting piracy, which already we are beginning to do in the Gulf of Aden. Brazil was repeatedly talking not only about energy security but also the security of the energy routes between India, South Africa and Brazil. The Western alliances find these kinds of overtures somewhere fitting into their global scheme of things.

**Shashank:** We should not be so defensive in these matters. But the point is, I would not say this came out specifically as a defence-related or strategic group. It is strategic in the sense that it wanted to find a new response to meet the aspirations of the developing countries' people with a forum which would be current, viable, and hopefully would keep on strengthening as time passed, unlike what we had seen with the earlier forums. We knew that we did not want to keep the developed countries away. We did not want to keep countries like China and Russia away but we felt that we would have more value if the problems which are being faced by the developing countries are dealt with urgency. Others didn't know what the problem of poverty is, we know it better; they don't know the problem of diversity but we know that much better. Therefore, even within the trilateral grouping, South Africa and Brazil were willing to listen differentially to the Indian experience of its social cohesion, of bringing various communities together and we felt this could really be very important. Including these strategic and defence-related challenges many other challenges were cropping up. And those new challenges had to be met with new concepts and forums. So these three countries could possibly cooperate on security aspects.

**IFAJ:** Would it also cover the civilian nuclear energy area? Especially Brazilians seem keen to have civilian energy cooperation with India.

**Shashank:** This is an area which must have flowered much more after I left the service. Yes, these three are also very responsible countries in the field of nuclear technology. They also have the scientific capability. There was also a

feeling among them regarding what was going on in the IAEA board referring to the proliferation of nuclear technology and equipment from Pakistan, etc., through the so-called A.Q. Khan network to other countries. These countries felt why couldn't they produce an alternative mechanism where Brazil and South Africa had voluntarily capped their nuclear weapons programme and India had a unique and exceptional record. They could cooperate among themselves. India was a little hesitant at that time because it had this position right from the beginning that unless there is an IAEA programme we will not go around offering nuclear technology to other countries. Now of course the Indo-US nuclear cooperation is signed and NSG has changed all restrictions ... so the perception is different ... may be these are new areas which would open up as possible future areas of cooperation.

But I must mention one thing about security, especially coastal security. When the African Union conference was held in Mozambique, the Mozambique leadership requested India for some vessels to patrol the Mozambique coast during the summit because they felt that owing to the weaknesses in their law and order machinery some terrorist elements might try to take advantage. This was the indirect offshoot of IBSA. The Brazilians being very friendly with the Mozambicans told them that they would be fully confident about the Indian capabilities; so Mozambique could request for Indian help. Brazil could itself have provided the help but it felt that India was the better candidate. So, one offshoot of the strategic partnerships among these three countries is if somebody has greater potential use that potential for benefit of all.

**IFAJ:** So is IBSA issue-specific rather than a kind of grand strategic alliance?

**Shashank:** Yes, one can say that. There is a broad strategic alliance considering that the interests are not conflicting with each other. So, if India wants to have its nuclear deterrent it has no negative implications for other countries. Therefore, we got support from Brazil and South Africa within the International Atomic Energy Agency (IAEA) and Nuclear Suppliers Group (NSG) framework because they got convinced much earlier due to IBSA.

**IFAJ:** Is there any technical cooperation in civilian nuclear field among these countries? Brazilians are very good in nuclear power plant technology but are weak in enrichment technology. Is there any effort made for the feasibility study in this respect?

**Shashank:** The decision in principle was – whatever the areas are considered having potential we should bring in the technical, research institutions and the private sector companies together so that they can contribute also. In my time, the case with Brazil was Ethanol technology. They said that they had gone up to beyond 10 per cent mix and they were willing to share all technology with India. The South Africans had the gasohol technology for gasification of coal. They were also willing to share the technology with us. They said that they have all these technologies and what is good for us is also good for you – so if India becomes a rising star on the economic horizon or strategic horizon it is also good for us.

**IFAJ:** What was the idea regarding the gasohol technology, whether to establish some kind of partnership with Brazil or buy it right away off from Brazil?

**Shashank:** It could be either way. It could be joint venture ... it could be buying the items.

**IFAJ:** Some Brazilian newspapers expressed an apprehension that Ethanol is an area where the Intellectual Property Right (IPR) could be violated by India.

**Shashank:** Well, certainly they will have to follow the IPR and all that because all the three countries have come together not to violate any international protocol or the interest of any country. If you remember, soon thereafter, they formulated the Group of Four for UN reforms and Security Council expansion. South Africa could not join because among the African community the feeling was that they should have an African position first before anyone could go out to articulate its own views. So we had to be sensitive to the South African environment. But India, Brazil, Germany and Japan joined hands because all of them were firm that UN reform is essential. A quick-fix formula which had been suggested much earlier by the EU and America that Germany and Japan could be included in the UNSC and other developing countries would come later on, was non-starter. Therefore, there was the feeling that we are not cooperating in the field of Gasohol technology or Ethanol technology against the interest of the Brazilian people but to see that if it is done in India, the cost of the implementation of the technology in the commercial arena would come down dramatically. Our major concern is agricultural security, food security of our people. For the Brazilians the main concern is the huge surplus they have. They are therefore the members of the Cairns Group. We can't be the members of the Cairns Group.

**IFAJ:** During 2002, we had some of these concerns in view like food security. The idea was that Brazil could be our bet for food security.

**Shashank:** Yes, that was also there, to bring the food grains all the way from Brazil would be difficult. But if we could go into those areas like Gasohol, pharmaceuticals, oil and gas, food processing, then it would be much better. For food production our neighbours like the Central Asian countries or Burma and others would be much better. Even from Africa we are importing a quite lot of pulses.

**IFAJ:** There are the agricultural export interests of Brazil which are pushing some of these ideas. Do we have similar groups in India looking toward Brazil and South Africa?

**Shashank:** You have to have some interest groups and major business associations putting these ideas. But unfortunately we do not have them. Whatever groups are there are very weak. For example, the Essar group, Reliance groups or the ONGC may feel that there is something in it and they want to have cooperation with Brazil on oil-related areas because they have excellent technology for deep-sea exploration. But there are only three or four such houses. However big, they cannot come up like the business associations – CII or NASCOM. Similarly, in pharmaceuticals they don't have that kind of a grouping where the pharmaceutical companies may be interested in promoting generics markets. These are some difficulties on our side. On the Brazilians, the major concern is how to have export markets for their agricultural commodities.

**IFAJ:** How about South Africa in this respect?

**Shashank:** South Africa would definitely like to promote itself as the intermediate point between Asia and Latin America.

**IFAJ:** But are there any identifiable economic interests in South Africa?

**Shashank:** I think they are the least among all these. And therefore, doubts are being raised in South Africa about the viability of the projects especially after the changeover of the presidency.

**IFAJ:** There is a view point that there was personal commitment from Thabo Mbeki in this regard. Many are also arguing that it was Lula's personal commitment. His successors may not have similar commitment. But we in India have passed the test. We have a national consensus, in a sense, on IBSA. There

is also a bureaucratic consensus. This is something useful. Virtually every department and ministry is of the view that it is a win-win situation for all the three countries.

**Shashank:** Yes, there is a national consensus. The questions being asked in South Africa and Brazil are: why every time go for trilateral way for these projects which you can do bilaterally? If it is only consulting each other for the international meetings, it can be done during the course of the international meetings itself. Why have separate meetings for such long time? What I would like to say is that one has to look at the parameters of IBSA and its potential. May be one change of governments in each of these countries will bring out the pitfalls. But perhaps over a period of time one would see that there are both positive and negative aspects and perhaps the positive aspects outweigh the pitfalls. So the future will see all this.

**IFAJ:** Many are of the view that so long as the going is good these three countries will continue to celebrate IBSA as if it is a great achievement. If the economic situation takes a downturn they will go unilateral and even bilateral and the enthusiasm will fade.

**Shashank:** This is a new challenge which has been faced by the developing countries. There is a financial meltdown in the developed world mainly because they had not subjected their own corporate groups and financial institutions to the kind of scrutiny which they were doing for the developing world. And the conditionalities which were being imposed on the developing world every time they went to the IMF for financial restructuring assistance, but restrictions were not imposed on the OECD member countries. With this result, in the last few years the stock markets were booming like bubbles, the bonuses for the top leadership in the corporate or financial side were running into hundreds of millions of dollars. Complex financial instruments have been created – derivatives for future – and they have run up to several hundred trillion dollars, much more than the real economy of the world. These are the issue which have affecting all of us. So we have to see whether IBSA or whether the Asian Economic Community interest is on our side. The African Union or South American Free Trade Area, FTAs and other various groupings which have been talked about – how do they are contributing positively to the welfare of the developing world.



**IFAJ:** We had decades of Rupee-Ruble trade with the Soviet Union and this was one of the important ways to keep trading. Unmindful of the foreign exchange constraints and the global ups and downs don't you think it is time for the IBSA countries to also do this kind of counter trading? This is one way by which they can continue to meaningfully promote their economic cooperation ... this is a testing time ... if they really mean it now here is the time ...

**Shashank:** There were some pitfalls also in the Rupee-Ruble trade because you have to decide on the commodities. And sometimes the competitiveness goes away and that is why the post-Cold War era the Russians wanted to trade it totally in international currency terms. Of course they have been benefited from the increased oil prices in the last few years. Now situation has become different. The members of the IBSA will have to see whether they have such commodities whereby counter-trade can be created or can they have some unit of account. That is a possibility that like in the EU, which started with the unit of account and then moved to euro.

Asian countries have been considering what kind of unit of account they can come up with. We have the Bangkok Agreement, whereby at the end of each year its members settle the account for 10 per cent of the tariff preferences among themselves including China and India. Now we are discussing bilateral trade-off, regional trade-off for financial instability in Asia. The IMF has agreed to give 80 billion dollar flexibility to the East Asian countries to have their own regional trade-off arrangements and this can be increased to help the Asian countries to work together to have an Asian unit of account in Asian currency, an Asian trade-off arrangement. This would examine and also help the African countries and the African Union to come together with their own African formulations because we all are looking for alternatives. The present systems have failed. The new financial architectures have been talked for several years for now in the UN forum and outside, but we have not been able to come up with new ideas. Perhaps these debates will continue. In the meantime, we have to come up with our own ideas and I think the IBSA forum provides an excellent opportunity for the financial experts of these three countries to come up with solutions so that the regional and inter-regional institutions which were set up, can help the process. Of course, the ultimate source of funding can remain with the IMF but it should not become an albatross on the other regional groupings.

In 1990, the regional countries in Asia wanted to help each other. But the IMF conditionality opposed it as for giving regional assistance the regional arrangements had to be first approved in the IMF. The result was that these

countries followed their own system, by and large according to the IMF regulations, but in some case it was a bit different. The Chinese not devaluing their currency later on (after 1997) also helped to some extent. The Japanese also increased their imports and financial assistance, etc. But the result in sum was that in 2008 we find all the Asian countries have collected over two trillion dollars as foreign exchange reserves because they were afraid that unless they collect such huge reserves they would not be able to countenance the conditionality which would be imposed on them and which would work against their interest. The regional and intra-regional arrangement can be extremely good provided the financial and expert underpinnings are there.

**IFAJ:** Any anecdote you remember from 2002–03 when you met the Brazilians or South Africans ... ?

**Shashank:** I remember one incident regarding the baggage of the new Brazilian ambassador to India, Viera Machado. The baggage could not come through the 'traditional' route via Europe, but came via South Africa and it reached within 18 days!. She was amazed that the baggage which normally took 40–45 days reached in less than half the time! She mentioned this and we started discussing how wonderful it would be if we integrate more.

If you go along the polar route or somewhere close to it then you reach each other very quickly. So why not have these kinds of contacts? My experience says that it can't always be a losing proposition, only thing is, one has to take interest in these various lines, conferences, councils, etc. A new company would not like to take the risk because a huge amount of money is involved. Therefore, some crucial initiatives have to come either from the strategic angle that can facilitate it. We saw huge tankers plying between Latin America and Asia. While coming back, they were returning empty to the Middle East. I think some Indian companies were able to get some items on board those tankers. So this was another option ... why not make it more efficient by using synergy?

**IFAJ:** Often it is said that these three countries really don't know each other fully. You talk to Brazilian foreign ministry, and also among the academia awareness about India is very less. To some extent it is the same with us as well. We don't know much about South Africa and Brazil in terms of their history, culture, education, technology, etc. It looks like a process of discovery. It must be a challenge for us when we have to deal with our counterparts when we have ignorance about them.

**Shashank:** Yes, this was a challenge for us and I must say that groupings like IBSA and Team Nine – the West African countries and India – they were very challenging and also adventurous. Even in India sometimes people in North India consider everybody south of the Vindhyas as coming from Madras, may be it is because Madras was the old presidency town. Similarly in South India, the impression about North Indians is as if everybody comes from Punjab. In the same way, in Brazil there are distinctions among the different races but they have tried to bring them together. Like we have our Overseas Indian Community, the PIOs, Brazilians have a huge African population. African Union has one of the first partnerships with Brazil maybe because of the large number of Africans living there, so they wanted to make it a viable opportunity. Both South Africa and Brazil felt that over a long time they haven't gained very much. I think that with their economic crisis and the way they had to part with the nuclear technology, they felt that they were capping all their economic and scientific potential. They were apprehensive of becoming unwilling partnerships in some kind of global or regional groupings under WTO, under FTAs which could somehow undermine their capabilities. So they felt that they should enlarge their options. China of course always remains one of their options, but this has its own problems. Many countries during the Cold War era which had taken the Russian option found that instead of being treated as nationalists they were treated as communists. Similarly, in case of China there was likelihood that the countries in Africa and South Asia would be treated as non-democratic countries with authoritarian regimes. Therefore, they felt that there should be some better arrangement. There are many other reasons why these countries came together and hopefully there will be enough merit in this partnership that even the challenges of financial meltdown or lack of economic growth will perhaps make these possibilities appear brighter.

**IFAJ:** Did you ever discuss that media could cooperate within IBSA or the academia could cooperate to dispel ignorance about each other at the popular level?

**Shashank:** Yes, it was there very much in mind. The summit level meetings have inspired the role of media and academia. From time to time also media delegations came, not on a trilateral basis but definitely better exchanges among Africans and Indians, among South Americans and India. So that has happened.

But the idea was not that everything has to be done trilaterally. Trilaterally it should become a catalyst for changing thinking, changing mind-set and so long as it continues to do that, it gives you other lateral benefits. And I think it has served its purpose and it continues to serve it.

**IFAJ:** Any adverse incident you remember related to IBSA?

**Shashank:** Only lot of adverse criticism – like, this is a game which the bureaucrats play – setting up new of forums, attending meetings – they are not satisfied with attending meetings only within 100 or 1000 kilometers so they now wanted to travel other continent, etc.

**IFAJ:** Was there any apprehension expressed by Argentina and Chile that we are bypassing them while coming close to Brazil?

**Shashank:** Definitely. As I said, Argentina, Mexico and Chile have had their own relationship with India, Brazil and South Africa. So they were very keen to expand IBSA to be a part of themselves. They also requested individual countries. This sounding went on constantly and might still be going on. But the point is that these countries specifically decided that for now trilateral is OK. If you increase the membership, it should be on the basis of specific interest areas, be it at international conference on financial restructuring, of WTO, etc.

**IFAJ:** Some of the countries seem to be directly or indirectly impressed with IBSA, seeking closer relationship with India, for example, Chile. It looks that they would be very happy to have a free trade agreement after India-Mercosur PTA.

**Shashank:** Chile is a very special case in the whole world. I think they have the maximum number of free trade area agreements in the world. They feel that their own small population and peculiar size makes it very difficult for them to use their own market for their produce. Therefore they have to look around for markets for their goods all over the world. They have done that very effectively. The Chilean ambassador always said, please don't feel overburdened by the number of agreements which you are undertaking on FTA and comprehensive economic partnerships. Look at us. We have so many of them. Still new countries are approaching us to sign the agreements. So this is the new life which is complex but definitely it gives you hope which were not there earlier. Therefore, IBSA, as I see from that point of view, gives hope.

**IFAJ:** Any other countries from the African continent which sounded like they wanted to be included in IBSA?

**Shashank:** Egypt definitely. Also Nigeria to some extent. But when we set up Team Nine partnership they were a bit perplexed that here are the English-speaking countries and we have set up Team Nine with non-English-speaking countries. French, Portuguese or Spanish speaking countries. So they felt that we should have a separate partnership with them, especially since Nigeria and Egypt were the natural contenders for the seat in the Security Council. It was not for India to set up a separate partnership. Of course we have our own dialogue relationships which have given more content and urgency with all these countries.

**IFAJ:** When did Egypt sound for partnership with IBSA?

**Shashank:** Very early, even before the first summit.

**IFAJ:** What was India's view on Egypt's interest?

**Shashank:** I would say that the three countries consulted and came to the idea that it was better to have the catalytic influence of the three. Because as soon as you start enlarging it where do you stop? Then you come to the questions of laying down the criteria or freeze artificially, but both of them were inequitable. It is fine to have one each from Asia, Africa and America. Either you come to an agreement that two from each continent. Then who will be the second one from Asia? Between Nigeria and Egypt who will be the second one? The same is the case for Argentina and Mexico. All these issues then start arising. Therefore, the idea was to leave it to the first initiators and all others partners would be there, they are all very valuable allies. But this will be issue-based and the commodities-based partnership.

**IFAJ:** What about India's leadership in IBSA forum? Was there any instance that other two countries voluntarily offered leadership role to India?

**Shashank:** The idea about IBSA came to us from Brazil via South Africa. The South African Foreign Minister brought the idea to us after discussion between President Thabo Mbeki and President Lula. They wanted to give primacy in the name of the organisation either to Brazil or to South Africa. Somehow or the other, the names that were considered ultimately placed India first. But that is only by way in finding a name or acronym.

**IFAJ:** How you see India in IBSA seven eight years down the line as we have shown greater commitment and capacity to steer IBSA towards some direction?

We are not underestimating Brazil or South Africa, but perhaps their foreign policy establishment is incapable to steer these issues year after year. Or is India driving the IBSA bus?

**Shashank:** I don't think there is any truth in such a perception. The commitment is there on the part of all the three countries. They have their own concerns and India has always been to hear their views. So it has to be on the basis of the strategic concerns of all and that is the importance of the grouping.

**IFAJ:** India is a rising country with enormous diplomatic, political and intellectual capabilities. It is also endowed with very knowledgeable foreign policy establishment and astute political leadership.

**Shashank:** This is true more about the drafting skills of the Indians. When the UN came up most of the positions of drafting were picked up by either the French or the British ex-colonies as they could draft better in these languages.

**IFAJ:** Did France ever pat us at the G-8 Evian meeting whether we should go ahead with the IBSA idea?

**Shashank:** I was not at the Evian summit nor do I recall what my leaders got from the French or from the other leadership. But definitely they must have been intrigued or amused by this new baby at the international level. I am sure they must not have opposed the idea. Yes, some people tried to give it an anti-developed-countries perception, which perhaps could have been given to India-China-Russia but not to this one.

**IFAJ:** Did America raise its eyebrows initially?

**Shashank:** They all wanted to find out why we are doing this. Were we not satisfied with the existing multilateral consultative mechanisms? Hence, they understood that this is an area and that there are new possibilities everyone trying to explore to see how best to cope with the post-Cold War globalised world.

**IFAJ:** Who suggested the intriguing name – IBSA Dialogue Forum?

**Shashank:** The initial idea was to call it a commission, a trilateral commission called IBSA. Also the idea was that there would be academic and scientific studies in these areas by the think-tanks of the three countries. So it will be kind of commission on the lines of the OECD and other organisations which have been in existence for some time and also are successful. It was suggested that it

would be a poor man's OECD where we would be able to exchange views because we are all deeply democratic countries. But how to do it? Internationally this is not easy. Mrs Gandhi used complain that our commodities prices were going down, bargaining leverages are going down but we were only making more and more statements and charters. Therefore this was a kind of new attempt to see how to get practical results rather than only declarations.

**IFAJ:** What was the personal response of our Foreign Minister, Mr Yaswant Sinha?

**Shashank:** He knew the importance of concrete steps to bring countries together. He had very clear perception about coming together, and since the proposal had not emanated from us but from other countries; what all we should put into the nitty-gritty of the forum. That's why he gave the initial idea as to what all items could be included in the first round of discussion, and then it could be enlarged. And I presume, it has been enlarged quite a bit. Prime Minister Vajpayee was also very supportive.

**IFAJ:** IBSA looks like an out-of-the-box idea.

**Shashank:** Initially there would be competing pressures from our long-term partners. But many of the partnerships had not delivered much, so why not try something new which will even give value to existing partnerships. IBSA is not a substitute for the existing partnerships but certainly can strengthen those partnerships. That is what other leaders and bureaucrats who were a little sceptical in the beginning were able to see – that we were not trying something entirely new at the expense of SAARC, G-15, etc.

**IFAJ:** Any other important thing you would like to share with us?

**Shashank:** I would like to talk a bit about Team Nine, which is another such out-of-the-box thinking. There was amusement among the top leadership about setting up these new relationships. But later on we found that the African presidents were so enthused that every week there was an African President visiting India based on these groupings and new diplomatic initiatives. After retirement, Mr. Vajpayee wrote a letter to one of the private workshops who initiated at the private level the idea about the Team Nine which was one of the most important undertakings of his government which brought Africa and India closer together.

**IFAJ:** There was a view that India lost Africa. From the heydays of non-alignment Africa was our major area of foreign policy focus. Also, India invested a lot in cultivating the African countries especially during the era of NAM. And then China came engaging Africa along its own diplomatic lines. Is IBSA an attempt to create an edge or re-enter Africa to redo something?

**Shashank:** It can be. It can provide on African solution to Africa, a Latin American solution to South America.

**IFAJ:** Can we look at IBSA as an instrument for our Africa policy or Brazil of our South America policy? There was some kind of thinking along this line during 2000.

**Shashank:** Yes, definitely it was there. Also, other African, Asian and Latin American countries should also see the merit of partnership among these countries. Therefore, it is a kind of recommendation by India to other Asian countries that these are very good potential partners in Africa and Latin America. For the other two IBSA members also this was a recommendation to their respective regional partners that India and other Asian countries would be very good partners.

**IFAJ:** Thank you very much, Sir, for sharing your vast experience with the Journal which otherwise is not in the public domain.

\*\*\*