



## ***“U.S.-INDIA STRATEGIC DIALOGUE”***

**THE FUTURE OF THE U.S.-INDIA PARTNERSHIP:  
AN AMERICAN PERSPECTIVE  
MARSHALL M. BOUTON**

### **WHAT PATH AHEAD FOR INDIA-U.S. RELATIONS?**

The transformation of the U.S.-India relationship over the last decade from estrangement to wide-ranging engagement is one of the more remarkable geopolitical developments of the post-Cold War era. The opening of the Indian economy and the growth of U.S.-India investment and trade, the “de-hyphenation” of U.S. policy toward India and Pakistan following the Kargil conflict, and the completion of the Indo-U.S. civilian nuclear agreement in 2008, have brought the relationship to a new and more ‘mature’ stage.

It is telling however that despite these achievements, the direction and durability of the U.S.-India relationship has been called into question in both countries over the last year. In Washington, India’s willingness to be a partner in South Asian security has been questioned as the U.S. focuses on countering the threat of extremism in Afghanistan and Pakistan. In Delhi, there is worry that a new U.S. administration will once again see the relationship with India primarily as an instrument for other U.S. purposes in South Asia and beyond. Nor did the Obama-Singh summit in November 2009 seem to hold out a broad vision for the next phase of U.S.-India relations.

Where is the U.S.-India partnership headed over the next 5-10 years? This discussion paper identifies three possible paths for the relationship. The three approaches have many elements in common and are not mutually exclusive. The differences lie in the degree of further transformation sought and in the priorities among arenas for further cooperation.

- 1) Strategic Pause. As described in a paper by Teresita Schaffer, a policy of “strategic pause” would acknowledge the qualitative change in India-U.S. relations over the last 10 years as an adequate basis for cooperation on a number of fronts important to both countries. It would not seek major new advances in the core character of the bilateral relationship, especially in security cooperation, in part because these would complicate dealing with the high priority challenges in Afghanistan and Pakistan. Rather the two governments

would focus on incremental improvements in political and security cooperation, and look to the private sectors to diversify economic and institutional ties.

- 2) Partnership on Global Issues. The second path would also rest on the bilateral foundation now in place, but would seek to expand the partnership to include concerted action by both countries on global issues such as economic stabilization and growth, climate change, food security, and nonproliferation. It would expand U.S.-India consultation on those issues and seek to bring India into more active roles in key global fora and institutions. At least for the time being it would not seek actively to align further Indian and U.S. security policies in South Asia, recognizing that in the short to medium term, U.S. and Indian priorities are not fully in sync.
- 3) Strategic Partnership. This approach would seek to complete the transformation of U.S.-India relations over the next 5-10 years by deepening cooperation on security issues in South Asia and beyond. It begins with the view that the Af-Pak crisis has the potential to “re-hyphenate” U.S. security policy in South Asia, and that only by moving forward in regional security cooperation can India and the United States avoid moving backward. It would also aim to expand maritime security cooperation and to define jointly new global approaches to nuclear nonproliferation, while recognizing that partnership may not mean agreement on every issue.

### **STRATEGIC PARTNERSHIP**

This paper argues for taking the third path—continuing the transformative process in U.S.-India relations by prioritizing the further expansion of bilateral security ties. The development of bilateral cooperation and trust achieved over the last decade could become a wasting asset if it is not deepened, especially considering the tensions inherent in the “back to the future” scenario of renewed U.S. direct involvement in South Asian security. U.S. and Indian security objectives and policies in the region will have to be aligned more fully eventually if stability and peace are to be attained. The United States and India should start that process now.

The next decade will be a critical period in the transition to a more multi-polar world in which the United States will continue to be the single most powerful nation, but will not be able to realize its most important goals unilaterally. Given the U.S. need to work through partnerships, India’s growing importance in global affairs, and the overall convergence today of U.S. and Indian interests and values, the United States cannot afford to press the “pause button” in the Indo-U.S. relationship. Now is the time to capitalize on what has been built in the last decade and to make the partnership one of the two or three most important in the world by 2020.

Over the next decade, India and the United States will each have to deal with multiple challenges, including:

- Economic growth and renewal at home in the aftermath of the Great Recession. For the United States this will mean increasing resource constraints as fiscal deficits mount.
- Reducing the global macro-imbalances to avoid future crises and to create new sources of global demand.
- Resource competition as global growth resumes, and with it rising concerns over maritime security, especially between the Gulf and the South China Sea.
- The implications of the shift of global economic gravity from the Atlantic region to the Asian region, and in particular, the uncertainty about China's rise as it increasingly rivals U.S. power in Asia.
- The continuing struggle against Islamic extremism and the regional and global terrorism it spawns.
- The high potential of continuing instability and conflict in the arc of crisis from Egypt to India.
- The global threats of climate change, food insecurity and nuclear proliferation.

On many of these issues U.S. and Indian interests and policies are today broadly similar. But if India and the United States are to work together on a wider array of key challenges, and to find common ground where they presently have little or none, they will need to do so in growing confidence that the partnership will no longer be hostage to the differences on South Asian security matters that, along with differences on nuclear matters, have for so long bedeviled the relationship. Even the nuclear issues could again become neuralgic if South Asian security tensions undermine the search for cooperation on initiatives such as the CTBT and the FMCT.

If the United States and India are to move down a path toward strategic partnership in 2020, each country will need to adopt policies and take steps to move beyond the accomplishments of the last ten years. The following lists touch on the main stances and initiatives the U.S. and India will need to take, but are meant to be indicative rather than exhaustive.

### **WHAT THE UNITED STATES NEEDS TO DO**

- 1) Adopt the goal to develop a full strategic partnership with India by 2020. Envisage India as an Asian power by 2020 with which the United States can partner fully on a wide range of issues.
- 2) Pursue frequent, high-level and wide-ranging consultations between the two governments to develop a shared vision for the strategic partnership and the steps to achieve it.
- 3) Deepen security cooperation on a number of fronts relating to South Asia, the Indian Ocean region, and Asia a whole.
  - a) Develop a new framework for broad and sustained defense cooperation.
  - b) Build a robust defense supply relationship.

- c) Expand rapidly military-to-military exchange and joint activities.
  - d) Increase further counterterrorism cooperation including closer and more regular intelligence sharing.
  - e) Consult closely and frequently at policy as well as working levels on how to bring peace and stability to Afghanistan and Pakistan. This could include sooner rather than later cooperation on development and civilian assistance in Afghanistan, and later an Indian role in training Afghan police and army units. Do not implicitly endorse Pakistani perceptions of India as a threat to Pakistan.
  - f) Expand maritime security cooperation in Indian Ocean.
- 4) Make global economic renovation a joint priority with India.
- a) Move soon to restart global trade opening and avoid protectionist moves.
  - b) Partner with India to move forward on Doha Round on its successor.
  - c) Remove remaining export control obstacles to expanded U.S. defense supply relationship with India.
  - d) Negotiate bilateral investment treaty.
  - e) Encourage U.S. investment and joint ventures in clean energy, biopharma, education, and other spheres.
- 5) Work to bring India into active and leadership roles in global fora and institutions.
- a) Specialized agencies such as IEA, NSG.
  - b) Recreate G8 with India as member.
  - c) Move toward Indian permanent membership in UN Security Council, starting with India taking non-permanent seat in 2011.
- 6) Develop cooperative stances and strategies with India on global issues.
- a) Climate change—India has already demonstrated willingness to support movement toward international consensus provided it does not include binding aggregate emissions limits.
  - b) Nonproliferation—work with India to develop approaches to zero goal.
  - c) Food security—new U.S. focus offers many opportunities for broad partnership.
- 7) Facilitate new private sector linkages for cooperative human capital development.
- a) Higher education.
  - b) Health care delivery and bio-pharma research.

## **WHAT INDIA NEEDS TO DO**

- 1) Build policy and political consensus around the goal of strategic partnership with the U.S. by 2020. Adapt core foreign policy principle of “strategic autonomy” to apply pragmatically to decision-making, rather than as political standard for Indian action in all circumstances.

- 2) Improve policy development and discourse capabilities, inside and outside government, to support intensified interaction with the U.S. and other powers on a wide range of issues.
- 3) Prepare for open, flexible and sustained engagement with the U.S. on security issues.
  - a) Signal and demonstrate India's willingness in principle to participate in "regional approaches" to bring peace and stability to Afghanistan and Pakistan. Lean forward on reopening composite dialogue with Pakistan and measures to reduce tensions in Kashmir.
  - b) Be open to much expanded defense supply relationship with U.S., understanding the uncertainties and conditionalities that may be required.
  - c) Develop policy options for expanded Indian responsibilities and roles in Indian Ocean and Southeast Asian security discussions and developments.
  - d) Give Indian military services greater scope for professional exchange and development with U.S. military.
- 4) Move to next stage of integration with global economy. This will entail political costs at home and economic risks, especially given that limited integration helped India avoid worst of financial crisis and reception.
  - a) Proceed rapidly to implement next phase of reforms—financial sector, labor regulation, agriculture.
  - b) Open Indian economy to much greater private (for profit and nonprofit) institutional linkages in fields such as education, health care, think tanks.
  - c) Make major concessions to enable Doha Round or its successor to move forward and conclude successfully.
  - d) Negotiate bilateral investment treaty with U.S. and make foreign direct investment in India more transparent and efficient.
- 5) Be proactive in a variety of global fora and institutions even at risk of enmeshing India in international agreements and arrangements that are not to India's liking.
- 6) Stretch Indian policies and practices to demonstrate India's commitment as a stakeholder in international system.
  - a) Climate change—India came to Copenhagen with own program to reduce carbon intensity.
  - b) Food security—India needs new capacity to be a partner on global food security.