



“U.S.-INDIA STRATEGIC DIALOGUE”

**UPDATE ON U.S.-INDIA RELATIONS
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SETTING THE SCENE

As we begin this year’s U.S.-India Strategic Dialogue, relations between the two governments are sound in substance and positive in tone, highlighted by the recent State Visit of Prime Minister Singh to Washington. Both governments seek to sustain the progress of the last decade in building a partnership to serve our twenty first century global interests. Both are committed to support the burgeoning private sector ties that have grown so impressively in recent years. And, both India and the U.S. view the other as a primary and indispensable global partner for the challenges ahead.

There are challenges on the horizon, however, as important differences have emerged on key issues since our last meeting in December 2008. Some Indians question whether their country is a priority for President Obama and worry he is not as sufficiently focused on India as were Presidents Clinton and Bush. On the American side, there is concern that India’s continued rivalry with Pakistan is complicating our war effort in Afghanistan and frustration that India is often unwilling to use its newfound international influence to pressure difficult regimes in Burma and Iran.

As we look to 2010, President Obama’s twin tests are to match his predecessor’s vision for a dramatic improvement in our ties with India and, at the same time, to manage emerging difficulties with the Singh government—most notably over climate change, world trade talks and Iran. The Indian leadership must respond to a different challenge by answering a question lingering most insistently in American minds—is India really on the verge of becoming America’s foremost democratic, global partner or will it revert to the safer, more conventional impulses of its non-aligned past? This striking image of India today—poised to choose between the future global leader camp and the past—illuminates a primary foreign policy challenge to India’s own government as it seeks to chart a new era with the United States.

THE PROMISE OF THE U.S.-INDIA RELATIONSHIP

Since the beginning of the Aspen Dialogue eight years ago this month, the relationship between the two countries has been completely transformed. In many ways, the U.S. is building with India today the fastest-growing partnership we enjoy with any democratic country in the world. There is growth in nearly every area. U.S.-India private sector trade and investment levels have risen exponentially. Virtual high tech bridges link Bangalore and Hyderabad in India with Silicon Valley in the U.S. There are now 100,000 Indian students at American universities, the largest number of any country. And, the Indian-American community has made dramatic inroads into the upper ranks of American business, academia and politics.

Building on the opening to India pioneered by President Clinton, the Bush Administration launched an ambitious effort to make India one of our closest strategic partners. The Civil Nuclear Agreement became the symbolic centerpiece of this new partnership. More than any other initiative, it removed the single, greatest impediment to future ties and was a dramatic affirmation of America's commitment to a fundamental transformation of the relationship.

During these years, the U.S. and India worked closely together in South Asia for the first time in trying to cope with the civil war in Sri Lanka, a rising Islamist insurgency in Bangladesh and the Maoist ascendancy in Nepal. The U.S. encouraged positive progress in the Composite Dialogue between India and Pakistan. India also accelerated its economic and political support for the Karzai government, becoming one of America's most significant international partners in Afghanistan. And, India-U.S. military ties advanced to a new level, especially between the air forces and navies, as India sought to modernize its defense capabilities and break away from its prior reliance on Russian military technology.

Many Americans believe the logic of a strategic partnership with India is even more persuasive for a long-term future where our global interests will almost certainly be aligned. They see a rising, democratic and more powerful India as our strongest potential Asian partner in helping to manage China's own rise over the next half century. One of our Dialogue participants, Robert Kaplan, has pointed to the Indian Ocean as the primary locus of strategic opportunity and conflict in the future and to India as our strongest and most willing partner to help us negotiate its promises and dangers.

President Obama has worked hard to put his own stamp on America's ties with India. By making Prime Minister Singh his first State Visitor, he sought to symbolize continuity in American policy toward India. Secretary Clinton made a highly-publicized and largely well-received visit to India last summer during which she trumpeted the creation of U.S.-India 3.0—the third phase in developing strong ties between the Indian and American peoples. Indian leaders have signaled a mutual interest in advancing ties with the U.S. Concerned both by the rise in Pakistani-based terrorist attacks against India and by mounting troubles with China, the Singh government is aiming for an even closer relationship with the U.S. And, if India is to achieve its two ambitious and overarching goals—peace with Pakistan and poverty alleviation at home, it will need the understanding, influence and support of the United States.

THE PERILS OF PARTNERSHIP

Despite President Obama's best efforts to sustain forward progress in U.S.-India ties over the last year, some in India claim he has failed to measure up so far to the efforts of either Presidents Bush or Clinton.

The Obama Administration did get off to an uneven start with India. From the earliest days of the Administration, Obama and his team focused, understandably, on building confidence with Beijing to overcome the economic crisis and with Islamabad to fashion a more effective strategy toward Afghanistan. The perception of an emerging U.S.-China G-2 partnership led even influential Indians to question whether President Obama believes (as President Bush clearly did) that India's rise to power is in the strategic interest of the United States. Furthermore, the new special attention given by Washington to the floundering government in Pakistan promoted suspicions in Delhi that the U.S. might, as our colleague Bob Blackwill warned last spring, effectively "re-hyphenate" our relations with "India-Pakistan" by resuming an older American policy of viewing the two countries as a dual problem to be managed in strict symmetry.

These Indian suspicions of an inattentive or indifferent American administration were further fueled during President Obama's November trip to Asia when India was left conspicuously absent from the string of U.S. partner countries he singled out for special attention in a major speech on Asia. Indians were further dismayed when the U.S.-China joint statement issued during the President's visit to Beijing appeared to grant China a newfound role in influencing the future of South Asia.

Finally, Indians were undoubtedly not amused the following week when the major American press story that dominated coverage of PM Singh's State visit featured the dinner-crashing antics of a publicity-seeking couple from Virginia.

To be fair to President Obama, this criticism does not take account of the extraordinarily demanding foreign policy agenda he inherited one year ago. The President had no alternative but to focus in his first year on our relationship with Pakistan given its influence in Afghanistan and in building trust with China given the global economic recession. As the U.S.-India relationship evolves, it will be important for Indians to accept the reality that President Obama, as well as his successors, will need to maintain close ties to many of India's traditional rivals.

FUTURE CHALLENGES

There is no question that sustaining a promising but more complicated relationship with India will be a significant challenge for the Obama Administration in the year ahead. The President has some real dilemmas to resolve. How to continue his predecessors' work of building a singularly vital partnership with India that will not be overshadowed by our increasingly close ties with China? How to maintain an independent relationship with Delhi that will not be seen by a suspicious Pakistan as contrary to its own interests?

As we conduct this thirteenth Dialogue session since 2002, we might focus on challenges in a few critical areas.

First—Seeking a New Big Idea to Advance U.S.-India Ties

The promise of an ambitious game-changer—the Civil Nuclear Agreement—fueled the rise of the U.S.-India relationship over the last five years. It symbolized the huge strategic bet the Bush Administration placed on developing priority relations with India. It served to galvanize public support in both countries to commit to a larger relationship. And, it sustained the two governments when differences emerged.

That kind of big idea is clearly missing now that the Civil Nuclear talks are behind us. Should Prime Minister Singh and President Obama identify another major project to propel the relationship forward over the next few years? There are many candidates, most notably PM Singh's call for a second Green Revolution to modernize India's agricultural sector. India's greatest challenge, and PM Singh's highest priority, is to help lift India's nearly 700 million poor out of poverty. He has suggested that America's great, Midwest land-grant universities may be uniquely capable of helping Indian farmers and agronomists to modernize food production and delivery in India's creaking agricultural system. Similarly ambitious efforts could be considered in Education, Counter-Terrorism, Space Research and Energy.

Not everyone agrees, however, that the search for a successor to the Civil Nuclear Agreement makes sense. Marshall Bouton mentions in his Dialogue paper the "strategic pause" advocated by former U.S. diplomat Teresita Schaffer in which the two countries would, in effect, seek to consolidate progress made to date and not undertake ambitious new projects for the time being. There is much to consolidate. The Civil Nuclear agreement will not be fully operational until reprocessing and liability agreements are finalized and American firms are granted contracts to construct new reactors. The two governments can do much more to advance counter-terrorism work and to reduce export restrictions on Indian firms.

Marshall advocates a different and attractive idea—that the U.S. and India resolve to work more closely together as partners on the broader global economic agenda that is emerging in the G-20 (where India has significant weight) and on global political challenges in the UN Security Council (where the U.S. must still decide whether to support India openly and aggressively for a permanent seat). Achieving this ambition depends, of course, on India's willingness and capability to be a more assertive world leader, ready to work in concert with the U.S. and others to resolve difficult international problems.

SECOND—FINDING COMMON GROUND ON CLIMATE CHANGE, TRADE AND IRAN

The Bush Administration had the relative luxury of presiding over an ever ascending strategic relationship with India. The Obama team faces a different challenge in not only attempting to sustain positive growth in the relationship but in managing differences on important issues. Just in the last

year, the strikingly different U.S. and Indian approaches to Climate Change in the run-up to Copenhagen produced misunderstandings and recriminations that played out openly in the press. Current differences over global trade (which were present during the Bush years), Iran (which were largely not) and CTBT and the Fissile Material Cut-Off Treaty (which were on the back burner) now threaten to undermine the positive public support necessary for a broader relationship.

How should President Obama, for example, manage differences with the Indian government on Iran? It is likely he will ask India to make a much greater effort than it has to date to impose sanctions on Iran over its nuclear ambitions. Iran represents an important challenge for the Indian leadership. How will the Singh government respond in the next few months?

Alyssa Ayres suggests in her paper that one way to bring the two countries closer together on another difficult issue-- Climate Change-- is to champion greater long-term private sector links on green energy technologies. She sees trade and investment ties, in this case, as a particular strength that can reinforce common efforts undertaken by the two governments.

THIRD—BALANCING INDIA-PAKISTAN DIFFERENCES

President Obama's most difficult challenge may be to balance our short-term interest in working with Pakistan with our long-term interest in a strategic partnership with India. The two goals often work at cross purposes. The understandable U.S. preoccupation with AfPak has led some American observers to advocate asking India to make greater concessions on its many differences with Pakistan. Will the Obama team pressure India to limit its own involvement in Afghanistan to assuage Pakistani paranoia? Are we witnessing an undeclared but de facto subordination of our relations with India to the more pressing short-term priority of better ties with Pakistan? What are the potential costs if the U.S. reverts to viewing India through the prism of our relationship with Pakistan?

Our colleague Richard Fontaine calls in his paper for the U.S. to support an expansion of India's civilian assistance and police training in Afghanistan. He suggests, however, that India avoid any steps to build a security presence inside Afghanistan as that would greatly antagonize Pakistan. He also suggests the U.S. should develop trilateral projects with India and Pakistan in Afghanistan. Will Pakistan agree to support such an Indian role? And, will India demand the U.S. do more to convince Pakistan to limit cross-border terrorist attacks into India by Lashkar e Taiba and other terrorist groups? A final and vital challenge will be to find a way to position the U.S. quietly to help India and Pakistan diminish their differences and avoid the worst-case scenario of another nuclear crisis.

FOURTH—BUILDING STRONGER MILITARY TIES

One of the most important opportunities for positive growth in the U.S.-India relationship is in defense and military cooperation. India has made a clear strategic decision to diminish its decades-long reliance on Russia for sophisticated military equipment and is on the verge of major procurement decisions to modernize its military capabilities. Does this represent an opportunity to build on the

successful air and naval exercises of the past five years to create an entirely new military relationship between the two countries? India's upcoming decision on whether to purchase an American, European or Russian fighter aircraft will be an important signal of its future defense orientation.

We should discuss in our Dialogue much more ambitious ideas to further U.S.-India military cooperation. While we will never be formal treaty allies, we can and should begin to articulate a future where the two militaries train and act together when necessary. One way to further that objective would be for India to consider the type of de facto global military partnership that Japan and Australia are planning with NATO. Another idea is to expand dramatically the military training and exercise schedule between our armies, navies and air forces to build the long-term familiarity necessary for a close, future military partnership.

FIFTH—MANAGING THE INDIA-CHINA-U.S. AXIS

Since our last Dialogue session a year ago, India's relations with China have deteriorated sharply. There are disputes over Himalayan water rights, the Dalai Lama, China's support for Pakistan and China's dramatic military build-up. China has brazenly contested this past autumn Indian sovereignty in the border region of Arunachal Pradesh. The two are competing for military influence in the Indian Ocean region.

We will discuss in Delhi how America's broadened relationship with China will affect U.S.-India ties. This is an especially important issue at a time when Washington and Beijing have worked together as never before on the global economic crisis, North Korea and other issues. Many Indians want to be assured that the U.S. will not favor China as a more reliable partner on the international stage. Americans will want to know that they can rely more on India to help manage the most difficult global issues.

While the U.S.-India partnership must manage China's rise to power in the coming decades, neither of us will seek to contain Beijing. We should explore in Delhi and future Dialogue sessions how the U.S., India and China might, on certain key issues, work together to confront key global challenges. Given Copenhagen's disappointing outcome, for example, a renewed effort among the three to produce more durable follow-on agreements would be logical. A similar U.S.-India-China effort to restrain and contain Iran would be welcome.

This thirteenth U.S.-India Dialogue should focus on these challenges as we consider the state of the relationship and its future possibilities in 2010 and beyond.