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PANEL 2: THE IMPACT OF NEW ECONOMIC TIES ON THE OVERALL U.S.-INDIA STRATEGIC RELATIONSHIP

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PROCEEDINGS

MR. COHEN: Let's get started. For this panel I decided -- we decided to look at the economic relationship, but not simply in terms of economics but also in terms of the larger U.S.-India relationship. The so-called strategic relationship.

Now, some -- so we have both strategists and economists on the panel. And to chair it, Ambassador Tom Pickering and Dr. Amit Mitra, who is the director of -- director general of FICCI. So, Tom? (Laughter)

MR. COHEN: And Ambassador Pickering --

SPEAKER: You're our guests, and we afford our guests --

MR. MITRA: No, I'll be very brief. I assure you, I'll be very brief.

MR. COHEN: Ambassador Pickering has to leave a little bit early. He has another commitment, so I'll just sit in his chair.

MR. MITRA: Thank you. Thank you, Steve, and very distinguished panelists. And of course, I'm honored to be a co-chair with such a distinguished diplomat. Let me just submit a few points for the panelists to focus on in addition to what they do.

I think the first issue that the panel -- we will all benefit from -- is U.S.-India strategic economic engagement. We don't meet every kind of economic individual -- strategic engagement. U.S.-India. And the second element, which you could kindly look at, is U.S.-India and another part of the world in economic engagement.

Within the U.S.-India, the first issue that you could look at and we'd be benefited by that is denial versus free flow of technology. This is a very, very important area. There is a regime that we need to look at, and I'm very happy that Mr. Gates, the Defense Secretary, recently addressed this issue. I will not want to address it. We'd request the panelists to do that. And of course, Ambassador Pickering could do that.

Collaboration within the space of mind to market within the technology space. FICCI has a collaboration with University of Texas and Lockheed-Martin. And we are now commercializing 200 technologies of DRDO. The secretive defense organization has opened up. So, very important is how do we collaborate in the technology space? We kindly address that, too. Hardcore defense production collaboration, what I would call buy and make, 26 percent equity allowed. There's a proposal I see in the newspapers, 100 percent equity may be allowed tomorrow. Strategic relationship in India-U.S. centers around one element, which is defense collaboration both in terms of make and buy. And develop this from 26 percent to more equity. What is that about? We would love to hear the panel address that.

The third internal U.S.-India is foreign direct investment flows both ways. How is that going to happen? India has invested hugely, relatively speaking, into United States, employs 30,000 people or more, according to a wonderful FICCI study -- joint study with ENY, et cetera. We'd like to know from the panelists, how does investment flow strengthen strategic relationships between the two, which happened in China in a different context?

And fourth, soft power. How is -- for example, in the case of health. Technology has become the health driver. My question -- our question to the panelists would be how does U.S.-India collaborate so that the common person in India is touched by America? That's what I'm calling soft power. And common person in America is touched by India. Technology and health, education? Higher education we have spoken of, but technology driving vocational education. You'd be interested to know, India has only 1,900 industrial training institutes, ITIs. China has 100,000. We cannot jump to 100,000. What we can do is use American technological capability to approach a huge number of common people as a soft power. Entertainment as a soft power. We do a conference of 2,500 people in the business of entertainment. America is the biggest participant. Whether it's gaming, whether it's animation -- entertainment touches the lives of common people and therefore becomes a strategic intent.

Let me also submit that I asked a Frenchman the other day. Give me a name of a -- when we were young, we used to talk about Sartre and Simone de Beauvoir and all that. Today, all iconic figures of young India are Americans. That's a huge soft power. Can you give me some European iconic figures that I can talk to my young people about? They couldn't. Somebody said Levi Henry, Levi, perhaps -- it doesn't quite match the iconic figures of United States. So internally, these are four issues you may want to address.

And externally, I would only point to two or three. One of course is India's engagement with United States in Africa. We are doing a conference on the 15th of this month -- is it on the 15th? Oh, 16th of this month focusing on India-U.S. collaboration in Africa. Brookings has a brilliant publication, two books on China and Africa. And I love them as great instruction for me. Where is India-U.S. in collaboration Africa as a strategic economic partnership? That would be very useful. Number two is oil rich nations. We both need hydrocarbon. Where is the India-U.S. strategic partnership in the hydrocarbon domain. And number three, FTAs. India is signing FTAs one after another. With Korea, with ASEAN already done, Japan about to happen. EU may happen in the future. U.S. is signing FTAs with Singapore, et cetera, et cetera. Is there a collaborative way in which free trade agreements between U.S. and India looking at those FTAs as a third party entity?

And of course, finally, India-China-U.S. Is there a room at all? Is that competitive? Is that too sensitive? Where is the collaborative process? Do you know that in the power sector, \$2.5 billion of Chinese equipment has been bought by one company in India? Those should have been American spaces, but they're not. But is there a collaborative possibility between India-U.S. in the Chinese domain? Is there one? And finally, G-20. Again, globally G-20 will and should be at a much more apex level than World Bank and IMF in terms of an umbrella process. Is there a collaborative process? So, my submission is only that the panelists can address some of these in addition to their own concerns. India-U.S. internal, India-U.S. global -- in that matrix, we would be highly benefited. Thank you very much.

MR. PICKERING: Thank you, Dr. Mitra. I come at this more from the strategic than the economic point of view. But let me do three things as briefly as I can. Look at the U.S.-India strategic relationship and the place of economics in it from the point of view, first, of grand strategy on a world basis. Next, on the basis of bilateral governmental relationships. And thirdly, on the business element. One can go top to bottom or bottom to top. Let me go top to bottom for a minute.

The United States, in my view, has to contend with seven or eight major interrelated problem sets, only two of which are defined geographically. The most important is still basically world

economic recovery, as we've seen in the last couple of weeks. This is a host of issues that are all linked, obviously, to the financial crisis. The second may well be the extended Middle East from the Mediterranean to Afghanistan, and we've just talked about India's very important relationship in that. But I suspect that India's relationship in the broader world economic issue is no less important. The third may be nuclear weapons, weapons of mass destruction, and the concory of questions that surrounds that. The fourth may well be a question which I would define as rivals and partners. Essentially, countries like India, China, Russia. The EU, which is not yet a country and is not yet not a country. Japan and Brazil. And these are very important relationships and strategically we need to learn how to deal with those in ways that are quite different than we have done traditionally, including perhaps the application of some lessons like Gorcher and Amirden from Russia in managing relationships. Just -- that's a cut above the strategic dialogue. And it's not calling a name so much as creating an operating principle.

Another set of issues into which we're very much concerned from different ends of the spectrum is what I would all poverty growth and development. But this touches on terrorism, it touches on migration, it touches on international criminality, it touches on narcotics, and a host of other questions. And then I think there's climate change, obviously, and energy. And the environmental questions are interrelated with that.

And then finally, international institutions and their future -- and Ambassador Mansingh raised the question of the security council. There's no reason at all why the United States shouldn't favor India as a new member of the security council. There is every reason in the world to believe that you have to live in tooth fairy land to believe that the permitted numbers are going to permit this to happen very quickly or indeed that the non-permitted members who are left out are going to be overjoyed at the prospect of this change taking place. And so we can indulge ourselves a little bit -- put it this way -- in theory but we have to temper that with notion of reality.

The second point I want to make is that with India's rising growth and continued expectations of high growth, the enormous opportunities there. India's growing confidence in its own economic future and its excellent management of that put the two countries in a position to be closer together in where they're going. To overall manage the trade increase which is coming out of this particular set of questions, and to understand that we approach world economic problems from a common vision rather than the disparate vision of the old past, in which we looked at it through the eyes of Adam Smith, who's been long dead. And India looked at it through the eyes of the London School of Economics, which has happily disappeared as a major power on the international economic scene. And these are important changes that are significant because they can take a less divisive role in our common, overall outlook in where things are going.

The third piece -- and I worked for Boeing, and still consult for Boeing. Truth in advertising is that the Boeing logement place in India has been a remarkable one. Boeing did not wake up to India until two things happened; one, India wanted to buy \$100 billion worth of airplanes over 3 years. And secondly, India -- the country of India -- is the locus of the world's largest fighter airplane sale, in my view, in the 21st Century and maybe one of the last. And both of those awakened the eyes of an aerospace company which had tended to look on India as being on the backside of the commercial globe and a place where little could be done.

The amazing thing, of course, is that the Boeing company now understands that investment in India is more than just investment in good IT, or excellent work in many other fields that India can provide. It's a real investment in its future marketing. And it's a real investment in cutting its costs, all of which are very, very important and none of which tend to be immensely popular with the American Labor unions or, indeed, with the present party in power, whose view is that foreign investment should create only jobs in America. Which is not, in my view, a possible way to stretch the rubber band. However that may be, the economic basis of our relationship is growing solid and sound. We need to talk more about these worldwide problems and how and in what way we can bring together a common vision on dealing with those.

And with that, let me turn it over to the panelists to try to scrape up from the floor the pieces of wreckage we have left there as a way to begin what I hope will be a fascinating and interesting panel for you all.

MR. MITRA: (inaudible) my very distinguished co-chair. I think we'll turn to Dr. Arvind Panagariya to open the panel. He's an economist -- distinguished economist whose book on India I keep on my shelf because it often serves -- latest book on India -- as a reference point. Chair professor at Columbia. We request you, sir, to.

MR. PANAGARIYA: Thank you, Amit. In fact, Amit did a wonderful launch of my book about a year ago in New Delhi in FICCI. We had about --

MR. MITRA: And 200 people --

MR. PANAGARIYA: And 200 people showed up, thanks to you. Okay. Let me -- you know, start out a bit about -- with some bit of perspective from the economic side. First of all, you know, the panel is the economic ties and strategic relationship. And it is really, to me, all about economics. Had India not started growing after about, you know -- starting with the late 1980s more rapidly -- and particularly in the last seven years super rapidly at miracle level of growth rates, none of this would have been happening. I think we know this, this is a fact. China became important precisely because it became a big economic powerhouse. And India is becoming important precisely because of that as well.

Now, it is important to take stock a bit at the beginning that, you know, the fact that both India and U.S. matter to each other. For India, U.S. matters -- that fact is quite obvious. It's the largest economy, by far. And it's the superpower, the only superpower, and so forth. In the reverse when you think of, you know, why India matters to the U.S. it is not as obvious. After all, India is only 1-1/4 trillion economy right now. 11th ranked across the countries. So, you know, it's behind -- in fact, China, behind Brazil. And large number of other countries. It's 11th, after all.

For India, of course, U.S. is the largest source of its -- largest destination of its exports, particularly for outsourcing activities. It's a really very large market. But even for its products, merchandise, trade, et cetera, it's a large market. It is the largest single destination. That's not true in the reverse. I mean, for the U.S., actually, if you look at the numbers, only 2 percent or less than 2 percent of U.S. exports go to India. Less than 2 percent of U.S. imports come in to India -- come in to the United States. So, why is the hype? I think this is all about, you know, looking ahead. India in the last 7 years has grown in real dollars about 11 to 12 percent. You know, the growth rates you get quoted are in real rupees, but when you do it in real dollars it's about 11 to 12 percent. So even if you take conservatively that in the next 15 years India would grow at something like 10 percent a year in real dollars, India becomes a \$5 trillion economy. That actually puts it ahead of Germany. It becomes fourth largest economy in the world after United States, China, and Japan. That really is what we are looking at. I think that's what makes India important, both for the U.S. and for the global economy as a whole.

And with that, I think, you know, this is where we are talking about the cooperation. And let me cover a few of the areas where I see cooperation being fruitful. Amit actually gave us a very, very broad agenda and I'd try to touch on some of those, but not all. And I'll also touch on some that he did not touch on in any substantial sort of way. First of all, I'm a trade economist, really. So, I want to start off with trade. This is clearly a major area of cooperation. It's a kind of unfortunate thing that the Doha Round has dropped off the agenda of almost everybody. And particularly, the United States. The current administration simply has not said a word about bringing Doha to conclusion. I think this is clearly in the interest of both India and the United States, and it seems to me that if there we could bring about some agreement, that's a big win-win event just waiting to happen. I think, you know, we were almost 90 percent all the way there. By July 2008, there was difference on 10 percent of the items. I think these can be sorted out, but Ron Kirk here has to make the move. This is really -- all on this one is squarely in the court of the United States.

From the second area where I think very important, actually -- and both from the U.S. point of view and from the Indian point of view is higher education. Now, when I said, you know, about the importance of India to the U.S., one big factor really is, you know -- there are 100,000 Indian students studying in India today. And these are not any 100,000 students. These are some of the brightest students in the world. And these are going to be among the movers and shakers of the future. And so, you know, at any point of time there are 100,000 and so if you build it up over a 20 period you are talking of something like, you know, a couple of million very, very bright individuals being trained in the United States. And I think, you know, now suddenly after a long time -- I mean, there's been quite a crisis I've been writing about in higher education in India. Finally some movement and some major changes actually happening. Lots of private universities are now entering in various states and so forth. And finally, India is also opening up to the foreign universities. So there is a build already in the volume -- which will open the Indian higher education markets to the foreign universities. And I think, you know, this is where certainly India and the U.S. have major, major gains to be had in sort of collaboration.

Apparently there is now finally on the radar screens of the officials as well, and I hear some kind of rumblings about faculty exchange, student exchange, et cetera, doubling of some of these narrow Rockefeller Foundations and -- fellowships, et cetera. So, that I think is a major area I hope, you know, from certainly Indian point of view but also from the U.S. point of view. Simply for the fact that, you know, India is going to be ultimately the supplier of very large number of students to the U.S. universities. Even if its universities actually get better, they improve. There's no question that, you know, the number of students that are coming out would continue to be a major source of supply for the U.S. universities.

Then, I think, you know where a lot of these strategic and economic issues come together, there are three of these areas. You've got climate change, you've got energy, and you got food security. All these three are very closely interlinked areas, they're economic areas, they're strategic areas. And particularly, you know, on climate change I think there is a big issue on both sides whereas for the United States, you know, the big issue is climate change which is, you know, what might happen in the next 50 years or 100 years if we don't take action today.

But for India, actually, you know -- whereas the rich countries are vulnerable to climate change, countries like India are really vulnerable to climate. I mean, it is here for India. You know, heat wave -- the current wave of, you know, temperatures in New Delhi went to 47 degrees Centigrade. This is like, you know, something like 116, 117 degree Fahrenheit. You see people dying of heat waves actually, you know -- several hundred, even, I have actually read in the newspapers. So, the issue really of the climate vulnerability for India is a crucial one. And it's really here and likewise on the energy it connects back.

And ultimately, it seems to me if you look at why there has been so little action on -- you know, mitigation -- it seems to me that bottom line really is that there's not enough low cost technology around. There are some low-hanging fruits that you can actually harvest, but not enough. I mean, there isn't -- even in Europe, which talks a lot more than the United States and at least exhibit more also than the United States on the mitigation front, not enough action has happened. And it all ties back into lack of low cost ways to undertake mitigation.

I think that's where it seems to me there's a big scope -- now from the Indian point of view here, you know, it's not only mitigation issue but it is also bringing electricity to the villages. Forty percent of the Indian households don't have any electricity whatsoever. So, in at the current levels of cost, the current risks of fossil fuels causing global warming, et cetera, to expand electricity to -- even, you know, bring minimal electricity to the rural areas, to the households, is not going to happen without clean sources of energy becoming much less costly. So I think big, big scope there for collaboration. And finally, let me just take the last one.

SPEAKER: (inaudible)

MR. PANAGARIYA: Okay, so let me -- okay, so -- well, food security ties in here, ultimately. You know, I mean once you begin to get -- because ultimately, if you are looking for alternative sources of energy -- clean sources of energy as well, you're going into -- if you go into biofuels, et cetera you're cutting in to food security as well. So ultimately, I think the technology has to provide solutions -- you know, BT technologies clearly in India will have to go in a big way. Right now there has been a bit of a setback, actually, politically. But India needs to go into BT. All the GMO technologies. So, that's another one.

From the U.S. point of view, India is now opening up also into the retail sector. I think it will open up. Defense -- Amit mentioned -- will open up. Infrastructure is a big one, actually. And there is going to be doing easily, you know, about \$100 billion a year investment in infrastructure. And it really needs the finance. It's amazing how completely absent the U.S. infrastructure companies are from the Indian market. You hear of the, you know, Italian firms and you hear all the French firms; you hear all the Malaysian ones. But the U.S. is largely absent from there and I think that's where perhaps some speed work needs to be done by FICCI, actually, to educate the U.S. infrastructure firms.

Finally, on the FTAs I would say -- now, I've written about this over the years that, you know, I don't think there can be an FTA between the United States and India on goods. But there can be one on services, actually. This is much less contentious and this is where the complementarity between the two countries are, and so, you know, there is something along the lines of only services FTA to be explored. I think, you know, it will still take a long while for it to actually happen. But that's something that could be explored.
So, I'll stop there. Thank you. (Applause)

MR. MITRA: I think Ambassador Pickering and I would agree that you made a very important -- put on the table for reflection. Only one very quick point. You spoke of technology in oil and gas and so on. Let me submit one very important area to technology, which is in fact technology denial to us -- and not relating to defense, and needs to be solved -- is clean coal technology. United States has clean coal technology, coal gasification technology, underground coal gasification, bombardment by hydrogen and oxygen, very new technology which is commercialized in the U.S. I think one strategic collaboration for mitigation will have to be coal because we will remain coal-consuming for the next 200 years, and U.S. has some synergy on that.

MR. PICKERING: I'd only make one other point. On the technology side, it's easy to overlook in the fantasy -- maybe the fascination is the better word -- with modernization in the agricultural sector. And to me, this is the backbone, still, of India -- of the Indian population and perhaps the Indian economy. And one wonders whether there are out there real prospects -- maybe in a more complex way -- for a second green revolution. Or, whether there are other things that need to be looked at in this context, which can deal with this preeminently significant but often never heard from portion of the Indian economy.

MR. MITRA: Thank you, Ambassador Pickering. We will now move straightaway to Ambassador Teresita Schaffer. She is the director of South Asia program Center for Strategic and International Studies. She was ambassador to Sri Lanka, and American ambassador to Sri Lanka. Knows this area very well, and her recent book, like Arvind's book, is again something I keep on my desk. It's called, *Reinventing the Partnership: U.S.-India*. Delighted. If you would go ahead.

MS. SCHAFFER: Thank you very much, both chairmen.

I wanted to start with an image. I believe it was Amit who said that the iconic figures these days were all Americans. There is an iconic figure in the United States that is kind of abstract, but I'm going to give you a concrete version of it. I don't know how many of you noticed the Intel ads on TV? There's one that is absolutely priceless and our visitors from India have got to see this at some point. It's an office setting, you see a bunch of people around the water cooler, and then all

of a sudden the buzz goes around the room and they've got a number of attractive young women who are all going into this swoon as if it were the Beatles walking in. And then this guy walks in, looks Indian, thick black hair, looking at all these babes out of half-closed eyes. And the swoons get more swoonish, and the voiceover says, "Our rock stars aren't like your rock stars." And it's Ajay Bhatt, the inventor of the USB, the little gizmo that attaches your flash drive to your computer.

I think this is part of the U.S.-India economic relationship. It's part of the U.S.-India buzz. Now, I'm going to take a long step back from the rock stars and talk about the consequences of India's economic growth and greater integration in the world in a larger strategic setting. But what I want you to do is hold both parts of this in your brain, because I think we need to think long -- and I'm going to resolutely refuse to make predictions about short periods like the next year. But we need to be aware of what it is that we have today.

I see three big geopolitical consequences to India's enhanced economic growth, and I fully subscribe to whoever it was on the last panel who said that the transformation and the relationship was driven, ultimately, by India's economic performance. The first is enhanced Indian national power. Sanjaya Baru about three years ago brought out a book which was reprints of his columns making the argument that economic power was a critical element in India's panoply of national power. I don't think he would have made that argument 10 years earlier, that's the difference.

The second is enhanced -- and I would argue, transformed -- relationships with a number of key areas. And here I would like to mention east Asia. I actually have a slightly different view from Lalit Mansingh about what this focus on India in the Asian context means. He listed the right six issues, but the new part of it as far as the U.S. is concerned is the east Asia bit, which got in there in large part because the Indian Ocean bit was so important. But this was also driven by economics and is being fueled by economics. China is India's largest trading partner for goods trade. If you include services trade it's still the United States. The three free trade areas that India has either negotiated or in the works are in Asia. ASEAN, Korea, Japan. I think it's going to be a long time before we get there with the United States, but we can talk about that another -- later on.

The third big change in India's geopolitical position resulting from expanded growth and greater integration with the world is of course the one that's brought you all here; the transformation of India's relations with the United States. Not only does it make the United States more important in the grand scheme of things -- and this is partly a reflection of the fact that once India's economy was moving faster this came to be seen as a critical driver of foreign policy and, therefore, the economic dimension of India-U.S. relations had a lot more strategic heft in the way it was looked at -- I would say both in Delhi and in Washington, than had previously been the case. But it also made India-U.S. relations far less dependent on the immediate government to government transactions. I know that my former colleagues who work on the never ending litany of trade problems -- one of my colleagues made the comment that nothing ever goes away. I think he's actually in the audience. But that is important. But more or less regardless of what happens with the specific trade and investment issues that we have to troubleshoot -- and the list of troublesome issues tends to grow as your trade grows -- there's a lot of trade that is going to expand on its own. And, therefore, you have the potential of trade and investment relations serving as ballast for the U.S.-India relationship.

What has -- the other change there, though, is twofold. First of all, the India-U.S. relationship has become, instead, more dependent on the policies the Indian government undertakes for its own economy. Because it's the performance of the Indian economy that's kind of -- that will, I think to

a large extent set the scale of India-U.S. relations. And the fact that India is coming out of a much shallower slump much more quickly than the United States and other countries in the world is going to emphasize the fact that the Indian economy is part of the world's engine.

The other change on the economic side has to do with some of the issues that Amit raised. The increasingly important profile of defense trade -- if you're looking at this from the defense point of view, I think that Indian and U.S. officials have a different way of thinking about defense trade. For us it's always looked on as strategic, and for India's defense policy managers I think it's perhaps a little bit more like going shopping. But it gives increasingly importance to issues of technology denial, even though we have already come a long way from the technology denials that Tom Pickering had to deal with when he was ambassador and assistant secretary and so on.

What has this economic transformation meant for the way India's strategic region looks -- the way India's strategic environment looks? And I'm speaking -- it's somewhat presumptuous of me to expound on this subject with so many greater experts in the room. But you asked me to talk so I'm going to do it anyway.

The first is the one I already mentioned; India's key strategic interests now include economics. And in this era, that doesn't mean aid. It means trade, investment, and energy. It means global growth, and especially it means uninterrupted energy markets. Secondly, the critical region runs from the Persian Gulf through China, through Japan. And that also is part of the reason that you kept hearing the word "Asia" in the discussion by U.S. Government officials all week.

Third, I would argue that India's economic growth is one of the major factors that brings U.S. and Indian interests closer together. Besides the issues I've just mentioned -- trade and investment, energy, global growth -- you have the importance of regional peace and security in the area that runs from the Persian Gulf through Japan. You have an interest that I think India and the United States share in the kind of equilibrium that exists among the major players in Asia. I am not shy about using the term "balance of power," but I don't want to go too far in that direction lest I be accused of seeing everything in terms of levers and fulcrums and so on. But there are a small number of major players in Asia and I think it is in both country's interest that China not be seen as the only one.

The third -- the final point under the question of what this means for the kind of geostrategic environment has to do with global governance. We've heard a lot about the UN security council and I agree with both of the points that Ambassador Pickering made. I would favor India's being invited to join -- it is in fact going to join at the end of the year, but as a non-permanent member. I think that's reasonably clear.

But I think it's probably for reasons that go well beyond the scope of today's discussions going to be a while before the package is put together that makes it possible for other -- for new countries to join the council as permanent members. But you have India's position on the G20, which is increasingly important as a mover of global policy. And which is kind of the dream forum for India and the U.S., because it's a forum in which the discussions take place inside the room and the press is outside. So that it becomes much easier to have the kind of candid dialogue that both sides value, but which -- and I think this is a particularly an issue for the Indian participants -- could involve irritating some friend or some constituency that they care about. We've, I think, developed a somewhat thicker skin on that; we've had a little bit longer to do it.

The other observation on global governance, of course, is India's emergence as an aid donor. We've talked about Afghanistan, we've talked about Africa. India is not -- other than an Afghanistan -- a major aid donor. But I think there has been a conscious shifting of the persona that India represents. And a conscious linking of that with India's commercial potential. Part of the presence in Africa includes Indian corporations -- and in particular India's pharmaceutical manufacturers, who were the first off the mark with affordable anti-HIV drugs.

So with all this good news, what are the challenges? You knew there had to be some. The first point I would make -- and it's perhaps an odd one to make here -- is the China point. The challenge that India has is that China's economic profile is so much higher at this moment. China got started on its growth spurt much earlier; China's trade with the United States is about nine times India's. That gap has not narrowed in relative terms and has grown in absolute terms in the past 5 or 10 years. Is this a problem for U.S.-India relations? Well, not really. But what it is is a challenge to make sure that the attention doesn't wander.

The bigger challenges and the ones that I think are going to be with us for longer have to do with the way India and the United States look at the countries they work closely with. Amit mentioned that the subtitle of the book I wrote on U.S.-India relations was "Reinventing Partnership." The argument that I wanted to make was that neither country has a model of partnership that really fits this relationship. I think the overall India relationship -- and in particular the economic dimension of it -- is a challenge to India's traditional concept of strategic autonomy. On the one hand, politically the instinct through several decades of Indian foreign policy was to avoid what George Washington referred to in another context as entangling alliances. I dislike using the word "ally" between India and the United States because I think it is simply inaccurate. We're not going to have a security relationship that could properly be called an alliance.

But the real issue is not whether we call ourselves allies or not. The issue is to what extent are we going to be comfortable being seen in public together dealing with those issues on which we can both agree that our interests converge. My expectation is that over time we will become more comfortable with that. We will develop ways of talking about our common interests, say, in Asia -- I think that may actually be starting to happen -- that don't give people chilblains on either side. And India's economic interests argue for at least selective partnership as a working model for foreign policy. On the U.S. side there is a model of partnership, but the way it's worked in the past for the most part is that U.S. partners are much less powerful and start from a common view of a global security threat. Our relationship with India did not start from that common view of a global security threat, and we really don't have it now. We have pieces of it, but there isn't a global agreement in that sense.

And so what we need to get beyond is a bit of a habit by the United States of setting out a position and expecting that the partners will more or less sort of kind of go along. Both the mechanics and the result are going to be a little bit more complicated with India. But that's what I mean by 'reinventing partnership'. I think we are well able to do it, and I therefore in spite of all the roadblocks -- which I confidently predict we will have to deal with -- I'm optimistic about the U.S.-India relationship, and I think economics will continue to be one of its drivers. (Applause)

MR. MITRA: Well, I think your summing up neither country has a model of partnership that fits each other well is a very ominous statement indeed, which we need to address. And you said something on China. Let me submit to you, when I was younger reading Marxian literature we talked about neo-colonial trade. If there is one example of neocolonial trade in the world it is China-India trade.

Three thoughts off the trade is, Chinese exports to India. The remaining one-fourth, which is India's export to China, consists of digging up iron ore and bauxite and sending it to China. So if that's not neo-colonial trade, I don't know what is. And I said this in China, so I'm not saying it here. And I think there was a big debate on that. So, you are right. We need to look at the tectonics of India-China trade in the future.

Well, now we turn to someone -- on behalf of both of us, Eswar Prasad, a senior fellow at Brookings Institution whose reputation is widely acknowledged and known as a very, very important scholar.

I request you, sir, to make your statement.

MR. PRASAD: Thank you. The case for a strong economic and strategic partnership between India and the U.S. is unambiguous and compelling. I think many people in this room could make a very strong case for that proposition. What I'm going to do, in fact, is to take that veneer is given and ask about the foundations of that proposition which I think are still a little shakier than some of us are willing to concede.

Most of the relationship between India and the U.S. doesn't really play out on the bilateral front. It plays out on the multilateral front, on the global stage, as some speakers have alluded to so far. So let me talk about this relationship on three dimensions. One is the cooperation; one is the potential conflicts, and finally India's leadership role or whatever the role might be on the world stage.

Now, it is true that India and the U.S. share a great number of common interests. We are both very large democracies, we both rely a great deal on oil imports, India needs better banks, the U.S. needs better banks, we're all concerned about climate change which is hurting both economies a great deal. But these are interests that ultimately don't have a clear bilateral angle to them. I think in terms of technology transfer, in terms of education transfer, clearly there are some things to be done. But these don't, to my mind, rise to the level of a major strategic set of issues.

So what are the issues we can cooperate on? As one thing about cooperation, there are certainly issues where I think bilateral cooperation will help both countries. But if I think about a benchmark -- and this is of course, China is the benchmark for everything -- there is a well-defined set of issues there where I think a strategic partnership between the two countries can have significant payoffs for the two countries and the world economy. In India's case, I think the scale is much lower. Now, in terms of cooperation, clearly the two countries have an interest in achieving certain objectives. And greater stability in the international monetary system -- we've already talked about climate change. We've talked about issues related to the international financial institutions. And in all of these, I think India and the U.S. can play a very important role. And that, I think, is ultimately where the bilateral relationship scope is going to be defined.

Now, common interests are good things in terms of defining a relationship. But conflict also tends to be a good thing in terms of defining a relationship's bounds very clearly. And here again with the U.S.-China relationship as a benchmark, there is a clear set of discussions about the issues on the table. And again in the context of the China -- the U.S.-India relationship, these conflicts are all at a different level. India has, for better or worse, been seen as taking a position that is counter to U.S. and global interests on issues such as climate change, on issues such as trade. I don't think these are fair perceptions, but the perceptions are out there. And of course right now, the U.S. is not pushing very hard on either of these agendas. But in a sense, whatever conflict there was is largely been defined in terms of these issues.

There have, of course, been minor irritants in the course of this relationship. The fact, for instance, that U.S. foreign financial firms have difficulty in establishing a presence in India, and vice versa. It became very difficult for Indian banks, which in some ways are in much better shape than most U.S. banks, to establish branches in India. But these I see as relatively minor irritants although they end up, to some sense, defining the scope of the relationship. But what I think is ultimately going to matter is where India sees itself on the world stage. Because ultimately, I think that's what this relationship is about.

Arvind has correctly pointed out that what we may be seeing in the context of this relationship is extreme foresightedness of the U.S. Now, in earlier sessions we dumped on the babus in both countries and being a bit of a former babu myself -- although at an international institution -- I tend to empathize a little with the babus. But I think, again, one can get caught up in the gloss of this relationship and not focus exactly on what the interests are of India in this relationship. And that's what I'm going to focus on in the rest of my remarks.

From India's point of view, I think there are two questions that define its relationship with the U.S. and the rest of the world by large. And other bilateral relationships. First, what is in it for us? And

second, are we prepared to lead? And I think on both of these issues there is a set of important questions that have not been fully answered in the Indian context.

Let's take the bilateral relationship between U.S. and India, which clearly is a very promising step. And once again one might ascribe it to the foresight in this of the babus on the U.S. side. But on the Indian side, the babus are not sure what this is about. And this is a suspicion steeped in history. The question is whether the U.S. is seeking to align itself with India in order to attain its own interests. Now, ultimately every country is after its own interest so this is not an unnatural presumption. But the question in Indian's authorities' minds is still, are we going to be the sacrificial lambs once we stand up and try to make the U.S. case for it? And this is a suspicion that comes up in a variety of contexts. Let's take, once again, an issue related to China.

The exchange rate is a major irritant in the U.S.-China bilateral relationship. Now of course it's not so much the U.S. that is being hurt by Chinese currency policy, but to a large extent other emerging markets which are getting large inflows which are not able to let their currencies appreciate because they would lose competitiveness relative to China. So emerging markets, in a sense, should be out there along with the U.S. perhaps asking for changes in currency policy in China. The case for that is not unambiguous, but this is what the Indians suspect the U.S. would like India to do. And this brings out a question. So, if India did stand up and say, yes, China needs to change its currency policy and we are going to take the lead on behalf of emerging markets. How many other emerging markets does one think would actually line up behind India? And how long would the U.S. actually support the Indian position rather than saying, look. The Indians are saying this, perhaps you should do this, but we have other fish to fry with China. And that is an important element. I think the suspicion needs to be gotten over. There is, in fact, a shared sort of interest between the two countries. But the problem here is that we still are working in a historical context and there is a concern in India that although we value a relationship with the U.S., the U.S. may not necessarily be a friend in fair and foul times. And that, I think, is something that a dialogue is certainly going to help towards and is going to have to be addressed if we need to have India playing a very significant role.

But the other bigger issue, really, is whether India is ready to take up a bigger role on the world stage. Now, as Arvind has pointed out, India's economy is one quarter of China's and size does convey with it certain elements of power, both soft and hard. And India, I think, is not in an entirely secure position to go out and take the lead yet. But the question that again becomes is there a benefit of India to taking the lead on these positions? Now, although you may not know it, India has in fact been taking a very powerful intellectual lead in the context of many G20 issues. It was an Indian who was a co-chair of the working group on regulatory reform set up by the G20 that initially set up the architecture for how we should think about regulatory reform. Although, of course, we have moved on from then. There is the mutual assessment process, the MAP that the G20 has asked the IMF to put out. It is an Indian who is the co-chair of that group. How many of you know about that? Probably not a great number. And this is the issue, India is willing to provide the intellectual leadership but not on the world stage.

To my mind, this is not the way we should be approaching it. To my mind as an Indian, I think there is a strong case to be made for making intellectual leadership in a more visible way. Even if we don't have new positions to put forward, I think articulating the Indian position is going to be very important. The concern if we don't do that is essentially that the U.S. and other countries sort of see India as a bulwark against China. And that is not a comfortable position to be in and I think India needs to stand up for itself. And perhaps what we can achieve through this bilateral relationship is some strengthening of the Indian hand, some allaying of the suspicion from the Indian side about what the U.S. wants from India. And perhaps then India will finally take its place on the world stage. Because I think ultimately this bilateral relationship is going to matter only if it means that India takes a significant role in world economic matters.

Thanks. (Applause)

MR. MITRA: Some very, very important statements and provocative indeed for people to raise many questions. India must take its place in the world stage, which it is not. And therefore that's a very important challenge gauntlet you've thrown. May I request Steve to please take questions? Because you know the people better than I do and it'd be wonderful.

MR. COHEN: Well, yes, sir.

MR. SAUL: Hi, my name is Solomon Saul. I have a quick question, because if you had said a little more than a decade ago there was a mad rush by American companies to go to China and to try to -- under the idea of drawing free trade, unfortunately, you know, until today I think the -- you know, we were trying to do free trade who are not exactly free, unfortunately. And why is that? Why do we not see that same kind of mad dash towards India, where there is protection, it is a democracy, there is a protection of IP -- you know, people have recourse if there is a problem.

MS. SCHAFFER: I would argue with your premise. I think there has been at various times a mad dash into India. And going back actually fairly far in the mid-1990s there certainly was a period when American companies were, you know, falling all over each other at the airports.

The volume is less. India historically -- I mean, I'm not going back to the days of John Company, but in independent India foreign investment has not been a large percentage of GDP. And it's still a relatively inward-looking economy, though much more outward looking than it used to be. But the other thing that's happening recently is that increasingly the foreign companies that come there are attracted at least in part by the domestic market.

MR. MITRA: Would you like to make?

MR. PANAGARIYA: India is still a relatively new story. It's only last seven years that the growth has really picked up to the miracle levels like, you know, what I called 8 to 10 percent rate of growth. And he is correct, exactly right that there has been no mad dash by anybody in the Indian market in the sense that, you know, it's still -- compositionally, U.S. is still the largest supplier of direct foreign investment into India. So it accounts for about 13, 14 percent of the total foreign investment into India. And it's the single largest supplier of those investments. Now, the -- what happened in the Indian case was that the portfolio investment was much bigger. And there of course the U.S. is very involved. The direct foreign investment really picked up and only lasts about three or four years, starting about 2007, '08 financially. It's now about the level of 30-, \$35 billion per year, which is significant amount. And I think we'll now perhaps see a lot more rush by all the companies, including the U.S. companies.

MR. COHEN: The gentleman there. Yes, yeah.

SPEAKER: Unfortunately, Tom Pickering has left. I wanted to follow up on his question point about agriculture. Let me assert that Indian agricultural policy, both domestically and internationally, has been a disaster. Despite the green revolution, in recent years -- and certainly the last 20 years. First, the green revolution has run its course, as you all know. Yield levels in staple crops and cereals plateaued and some places are declining. Water scarcity is exacerbating the inherent limitations of the genetics of the first round of the green revolution. And so forth and so on. And Indian research has not kept pace with the need for a second green revolution.

It's only recently in the last -- literally, the last year -- that the Prime Minister -- particularly the Prime Minister -- has recognized this. India -- from the commercial side there is some evidence of renewed interest in agriculture, but Rajan Mittal was here. His subsidiary tried to found a company that would create a supply chain and blah, blah, blah. You know, it failed. Secondly, agriculture in India has always been tilted toward the urban core. Government pays a support price, acquires -- especially during crises of large amount be sold to the government for distributions, sold at below market price in the urban areas. The government makes it up to the

farmers by forgiving credit, spreading money across all -- I'll get to the end on this, Steve. Don't worry. And we have agriculture growing at 1, 2, maximum 3 percent a year when the industrial economy is growing at 12, 14 percent a year. Finally, agriculture is the principle problem in terms of India's negotiating stance on Doha or any other multilateral trade liberalization. So as far as I can tell, Indian agricultural policy has been, in recent -- in the last two decades -- has become a failure. What can be done?

MR. COHEN: Arvind?

MR. PANAGARIYA: Yeah. This is a very big question. And I have a -- you know, a couple of chapters in my book on the whole sets of issues. Bottom line, really, is this. In the end agriculture never grows more than -- in really good times, it might grow at 4 percent. If you are a miracleist, you might grow it 5 percent. But that also not for more than a decade or two. So in my thinking the ultimate -- I mean, there is a lot of reforms to be done in agriculture. Quite a bit is actually going on. Part of the problem arises because agriculture is a state subject and different states have different capacities to do their reforms. It's not something that the center can actually do in India.

But nevertheless, some reform is under way. But ultimately the bottom line really is that it is the industrial engine which has to start kicking much harder, much stronger. In particular, the labor intensive sector such as apparel, footwear, light consumer goods industries, et cetera, which employ much larger number of workers. Unless we have that transition of these workers out of agriculture into the industry -- and maybe some of them in services -- at a much more rapid pace than has been the case, you're not going to solve that problem in India. And, you know, unfortunately the present government is very focused on all these redistributive programs which, in the short term, are a good thing. You know, soften the blow that people are facing in their lives every day. But in the end, this is the way to tie down these people into the low level; low income professions rather than having them actually leave those professions and seek out better paid jobs. So there is both ways I think, you know, trying to kind of keep the guys who are poor into these poor professions at the same time the industrial engine has not been kicking on much faster.

Remember that India's growth has been driven largely by services. These are not necessarily the, you know, financial sectors (inaudible), high-tech services like software, but large number of informal sector services and so forth. These are not the ones that employed people at good wages, at high wages, in large numbers. You need the labor intensive manufacturing to actually kick up, that's where the big challenge, in my opinion is. And that requires a bit of reform of the power sector, but more importantly of the labor markets themselves. And the big difference between India on the one hand and the entire east Asian set of economies is that in the east Asian economies -- whether it be Taiwan, Hong Kong, Singapore, Korea, China -- labor markets are incredibly flexible in India. Labor markets are most inflexible -- only 7 percent of India's workforce is actually employed by the organized sector in India, whether it's services or industry.

So India has a big challenge doing labor market reforms. Until that happens I think that, you know, ultimately with 3 or 4 percent growth in agriculture even in good times, you are not going to make people's lives much happier much faster.

MR. COHEN: May I ask Eswar to perhaps compare the trajectories of Chinese agriculture reform and Indian agriculture reform? Because when the Chinese abandon the cultural revolution I think the first of the modernizations was agriculture.

MR. PRASAD: 1979.

MR. COHEN: So did that make a difference in where India is and where China is in terms of overall economic modernization?

MR. PRASAD: I think there are two parts to it. One is how well the two countries did in agriculture, and second how well the two countries did in moving away from agriculture. And the latter is really where China's strength has been in terms of moving a lot of people away from agriculture towards industry in particular, even though they haven't generated that much employment growth.

In terms -- our colleagues Susan Collins and Barry Bosworth that of course have done this analysis of productivity growth across sectors in China and India. And the general conclusion was that other than in the services sector, productivity growth -- measured in labor productivity growth or TFT growth in both agriculture and industry has been much higher in China over the '80s and '90s until the first half of the 2000s. But I think the real answer lies with what Arvind has referred to. It's not getting agriculture right -- it's an important part, but I think ultimately we're going to have to think about how to make India a more modern economy with the industrial and services sectors generating jobs and providing a little more dynamism than they have.

MR. MITRA: May I just add that this does not detract from a very serious issue of Indo-U.S. collaboration in agriculture.

MR. PRASAD: Of course.

MR. MITRA: It is one of the issues and there has been no progress, to our knowledge, of the type that we need in terms of research collaboration, in terms of extension services -- which are typical of the first green revolution. So, I think there is a missing gap -- missing opportunity here. Where having said what you both have agreed on saying, I would say that in the strategic sense a common person on the grassroots level in India, when they feel the impact of U.S. engagement in extension service -- which happened in Punjab, which happened in Haryana, then spread to other parts of India -- is a very critical missing link. And we from the track, too, must present to both the governments that this is an area which progress of this dialogue -- one of the 18 dialogues -- has been rather slow and needs much faster.

MR. PANAGARIYA: No, absolutely. I want to just add to that. There's something -- you know, one good news -- a very small one is that Tata actually donated \$50 million to Cornell, which has a good agricultural school. And part of the mandate of that is to precisely calibrate and research in agriculture. But much more needs to happen from the Indian side. I think now, you know, we are not in the '60s mode where the U.S. was proactive coming in with the Ford Foundation, Rockefeller Foundation kind of thing. We on the Indian side has to be much more proactive in seeking that as a stance. And I think we are not doing a good job of that.

MR. COHEN: Gentleman in the center in the back. Thank you.

MR. PRIEG: Thank you. Arnie Prieg, Manufacturers' Alliance. I hope my voice holds up. My question is about potential U.S.-India free trade agreement. Two or three comments said it may be a distant hope, it may never happen. But my question is related to two current circumstances. One, of course, the U.S. has had this huge unprecedented trade deficit in recent years. Went down some last year but it's taken off again the first quarter of this year, particularly with Asia. But then it is one of the fastest growing export markets in Asia is India, of course. And yet FTAs -- comprehensive FTAs -- goods, services, intellectual property, et cetera, it only lasts five years. India has been negotiating them with all our competitors, which put us at quite a competitive disadvantage. For example, the EU has always had a much larger market share in India than the U.S. Maybe not individual countries, but as a group. And has been growing in the last five years.

Now, you have the euro going down 10 or 20 percent, but the FTA with India-EU was concluded. The plan was to sign it in October at the summit in Delhi. Then you had the two that were concluded recently since '06 with Singapore, South Korea. Trade investment is booming, U.S. small market share. You have the Japan one getting close, as I understand. And they also have

this freight card agreement, Mumbai, Delhi which will mean big infrastructure trade and investment. And then you have other FTAs being negotiated with Canada, other ASEAN countries. So, India -- it's a whole different world, quite frankly, than a traditional Indian reps in Geneva. But all this puts the U.S. at a -- is moving it very quickly to putting us at a really -- a very adverse competitive position. India -- we're losing market share already, and I didn't mention China which has moved in even without an FTA, for other reasons. I would agree with the FICCI representative on the problem this represents.

But for all these reasons, why is it not a mutual interest for U.S. and India to do what India has just done with the EU, is doing with Japan, is doing with Canada?

MR. MITRA: If I may respond to that, Steve. The EU -- you raised the EU issue. EU would be the big FTA in terms of size. But they have two issues which we have not been able to resolve. One is the social issue of labor standards being brought into trade negotiations, and the two is climate change issues being brought into trade negotiations.

As for the U.S., from FICCI we have proposed that it is possible to look at a services and goods free trade agreement with the United States over time, but agriculture is not on the cards because U.S. still subsidizes agriculture massively. And has an aggressive position in terms of coming into our market.

And the only way we can justify that is NAFTA. According to Carla Hills, who shared this with me, NAFTA was done without agriculture. And later, U.S. and Mexico signed a bilateral treaty on agriculture with Canada just simply refused to have agriculture as one of the areas. So, there is some thinking that these are possibilities. But they have not yet received the kind of sanction which creates a dialogue on the subject of FTA with the United States within the pressings of services and goods. This is a future.

MR. COHEN: The gentleman over here -- I'm sorry -- Ms. Schaffer?

MS. SCHAFFER: I just wanted to add a reality check. The U.S. free trade agreement with Korea, which has been negotiated for some time, has been sitting on Capitol Hill un-ratified for how long? How long is it now? Since before the present administration took over. We are currently in a particularly horrible political season for trade in the United States. Free trade agreements and, indeed, any change in trade -- as Ernie knows because he's an old trade hand for even longer than I have been -- requires Congressional action. I think a free trade agreement is a great vision to hold out there but let's be clear that it's a long term vision.

MR. COHEN: Just let -- woman right here. Yeah, there'll be a microphone, it's coming.

SPEAKER: (Inaudible), Manchester Trade. Excellent panel, great discussion, thank you very much.

Talking about agriculture it gives a good segue to what I have to ask Dr. Panagariya. Like how Eswar Prasad just mentioned, India should take a leadership role. And when one visible leadership role that India has taken has been in the Doha negotiations, and that has not gone too well. It takes two different sides, according to me. One hand it is like this emerging power which wants to be a force to reckon with. On the other hand, it's like a poor country. Oh, my god, we will assign with Africa, we are agriculture is so bad. You know, we can't be in the same level as an emerging giant. So, where -- there's a big contradiction going on in India's position. And that might be the reason why the negotiations have stalled or taken the way it has gone. So, could you throw some light on what India's position could have been to get the negotiations going? Or, how do you foresee it going from now on? Thank you.

MR. PRASAD: You know, my position on this has been that there's a bigger problem on the U.S. side. I think on the Indian side the problem had to do with the agricultural safeguard, which I think would have been resolved -- can be resolved. Maybe Amit would know more. But on the U.S.

side, apparently the U.S. is asking for much more. You know, this is after so much agreement had happened in July 2008 in Geneva that U.S. now wants a lot more concessions, both in services and in industrial products. So, one of the sticking points -- even in Geneva, actually, had been other than the safeguard issue on the Indian side. That the U.S. was also insisting on sectoral liberalization, which was not a part of the earlier agreement, actually -- the framework agreement that had been reached. So, India was correct on that one. Now it is totally a different ball game that if anything happens the U.S. wants far more concessions than were on the table ever. So, I'm not sure, you know, what's going to happen there.

Now to your -- this issue has been floating around and I'll just say two sentences on it about G77 versus G20 and so forth. Now, nations always have these multiple identities. It doesn't bother me that, you know, certain issues we will be G77, India will be G77 issue. Then there are other issues where we can play G20. So the same way that the U.S. will sometimes play G7 or G8, rather than G20. So nations have multiple identities. Like immigrants, you know. I'm an immigrant. So I have an Indian identity and I have a U.S. identity. It doesn't bother me. I think, you know, I live in both identities. There may be more than two, actually. But, you know. So I'm not too worried on that count.

MR. MITRA: Let me just add that what really happened is that the United States and Europe and all wanted developing countries to accept what is called a Swiss formula. In other words, you will cut your import duty by this much by accepting a Swiss formula. India initially did not want it. They agreed to it. Then, they said the coefficient in the formula has to be this, India accepted. So after the matter was closed, as Arvind correctly said, the U.S. suddenly came back and said, now we want more. In certain sectors in addition to the Swiss formula you must have zero duty.

For example, automobile component sector. And that's the point at which it became very difficult to pursue this matter. So I think that's where it rests today, and it can be rekindled if we can open up this logjam of agricultural subsidy by United States in addition, sectoral opening. So that's why it looks dead today, because there's too much on the table that developing country interests don't permit.

MR. COHEN: I think we have to end the session because we're running almost a half hour late. But let me first say one thing myself, that this panel was sort of a trap. We asked the economist and others to talk about strategy. I think the lesson I learned was that the word strategy itself is being transformed, partly by globalization partly by the inter-penetration of states and economies around the world. So maybe we ought to abandon strategy as an organizing principle. Although Ambassador Lalit Mansingh would oppose this. I think you have to think of the relationship as a mixture of strategy and economics, and other elements. And I think that's a critical -- those are urgent -- oh, I'm sorry. Claudio, yeah.

SPEAKER: (inaudible)

MR. COHEN: Claudio, identify yourself.

CLAUDIO: I'm at the U.S. Trade Representative's office. And in defense of Ron Kirk and the rest of us --

MR. MITRA: (inaudible)

CLAUDIO: No, no, no, you're not alone. Amit, the rest of the group as well. I think it's important -- and I'm not the one to deliver this message, but I would say there is another side of this argument. And I think you were getting at it at the very end of your point. And that is, what's on the table or off the table. And I think from the U.S. perspective there has been so little on the table from the rising economic powers that looking back at -- arguing over where things fell apart three years ago or two years ago, I think that is in history now. Because the truth is, is that India walked away from the table as well at that time and the reality is that we're at an impasse now because

there is both -- there are demands from the U.S. that are not being met by the rising economic powers, and we have the realities politically here where we can't sort of be in -- any longer sort of a donor into the international trading system.

And India is significantly still a closed market. And its WTO role reflects that as well as well as the struggles that we have in some of our bilateral negotiations. And I don't mean across the board, but certainly in agriculture and in other areas. And I think somebody said it was either in this panel or an earlier panel that -- actually, maybe it was Tesi that the economic relationship between the U.S. and India will be defined by India's unilateral economic reforms. We've seen that happen and we're still waiting on some of those to happen, which is a great debate internally in India about these.

We have our opinions about where we think should go, but ultimately it's about India's debates internally and how that -- so, thank you for giving me just a moment.

MR. COHEN: Yeah, okay. We have to close but I can't resist a personal intervention. I have -- of my many children, one of them is starting a branch of her company in Delhi. They start -- a brand new startup branch of an American company in New Delhi, and my--and one of my sons is working for Tata Communications in Washington. So, I'm not quite sure who's going to thrive and prosper, but let's hope they both do. Let me thank the panel. Amit -- for a wonderful panel. Thank you. (Applause)

MR. COHEN: Also -- yes, Amit said, there will be lunch right now. There's veg and not veg lunches outside. Take your lunch, bring it back, and let's try to get started in 15 or 20 minutes for the final session. Thank you.

(Recess)

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