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PANEL 3: WHERE IS THE U.S.-INDIA STRATEGIC RELATIONSHIP HEADED IN THE COMING YEAR?

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MR. COHEN: Could you please take your seats. We'll begin in a minute for the last, final session. It's my honor to co-chair this panel with Ambassador Kanwal Sibal, who I first met a number of years ago when he was serving as the Deputy Chief of Mission in Washington, which is always an Ambassadorial post at the Indian Embassy. And Ambassador Sibal has served in many other positions -- retiring as Foreign Secretary of the Government of India. But he's had a distinguished international career, and is now frequently a commentator and writer in the Indian press, and perhaps the international press. Let me introduce our panelists now, and then I'll make a very brief remark and then Ambassador Sibal will make a brief remark, and then we'll go to the panelists. On the far right is Edward Luce, whom I first met about 10 years ago in New Delhi. He's was then the *Financial Times* correspondent in India. And fortunately, he then became the Chief of Bureau of the *Financial Times* in Washington, so we still continued the relationship. Ambassador -- Mr. Ajay Shankar is a distinguished retired Indian civil servant. He actually went to school in the United States briefly, and got a master's degree at Georgetown, and now resides in Washington. He is associated with TERI -- The Energy Research Institute. Karl -- Rick Inderfurth is an old friend, was former Assistant Secretary of State for South Asia, now a distinguished professor at George Washington University. And Jonah Blank is a distinguished -- well, scholar, academician, staff aide. Jonah was also a journalist for awhile but is-I think at least in my circles, he's better known for his several books on India, *Arrow of Blue-Skinned God*, and *Mullahs on the Mainframe*. Now he works at the Senate Foreign Relations Committee.

So let me begin by saying a few words, and then ask Ambassador Sibal to follow on. We've turned the lights down, by the way, because it was kind of blinding up here. So you may not be able to see us, but at least we can see you. We're watching you. Let me say very briefly that I've found the discussion so far high quality, and presumably as high if not higher than the official discussion. My concern is really with the future, the next year. Mark Twain said we don't know much about the world except the history we have not read. And I think we live in an era where it's quite possible that unknown events, or unpredictable events, or events that we're not prepared for will in fact shape where we'll be a year from now, more than the predictable events. I think there are a lot of aspects of the U.S.-India relationship, strategic or otherwise, which are on a clear trajectory -- people-to-people relations, economic relationship, even strategic relations in terms of diplomacy vis-à-vis China, maybe Pakistan, and a whole series of other issues. But I think between now and then, there may be events which are predictable, but not precisely.

I would anticipate that there will be one or more significant terrorist attacks in India or in the United States. These could be traced back to the subcontinent, perhaps to Pakistan. And I would imagine it's not unlikely there would be another crisis in South Asia, this one perhaps involving the United States even more. What I think is important is not to know that there may be such events - that they will shape where we'll be a year from now -- but to prepare for them. And to prepare for them in the sense by discussing scenarios and having close relations at the political level, at the level of journalists and communicators. Because a lot of this is blown out of proportion quickly by the so-called -- by the Fox Channels, which have multiplied not only in America, but in South Asia. Somebody said of Pakistan, they have 50 FOX channels. And India may have a dozen or so -- I'm not quite sure.

So I think that the media serve as an echo chamber. And it's clear that policymakers now respond to the media as much as anything else. I talk to senior Americans, Indians and others, they're really more attentive to the media than they were in the past. They feel that they're driven, they have to respond. So, in a sense, this echo chamber of gossip and rumor and fear, perceptions really shapes policy. And this, of course, is part of the strategy of terrorists. What they want is attention. What they want is to disrupt relations, normal relations, between states that they don't like. We've seen this in the Middle East for decades. You know, whenever Israel and its neighbors get close, there will be a terrorist attack. And I think we've seen this in the case of South Asia on more than one occasion -- I think, most recently, the Mumbai attack. I think it was aimed as much as the relationship, the larger relationship between Pakistan and India as anything else. So I think that we have to be prepared for a shock of awful events -- unspecified but awful events -- and they could come from any direction. And therefore, I won't say I'm pessimistic about where we'll be a year from now, but I think we have to be prepared to absorb and manage these events as they do take place.

With that gloomy but, I think, realistic assessment, let me turn to Kanwal.

AMBASSADOR SIBAL: Thank you, Stephen. Well, it gives me great pleasure to join you in chairing this session with such a distinguished panel -- As you know, the topic for the third panel is "Where is the U.S.-India Strategic Partnership Headed in the Coming Year?" Now, this assumes that there is a U.S.-India strategic partnership.

Now, I know that Lalit Mansingh, earlier on, quoted one of the articles I had written some time ago asking the question, "Is there a strategic partnership?" And the thrust of that article was simply this: that improved ties with the United States, and even transformed ties with the United States do not necessarily mean a "strategic partnership." And I'm glad that I am not the only one who's had some doubts about what should be the nature and content of a real strategic partnership. Because some thoughts in this direction were expressed very clearly by Marshall Bouton this morning, where he advocated very strongly that the hardcore security issues must be discussed frankly and openly if we are to build up a strategic partnership.

Therefore, if we're going to talk about the strategic partnership and where is it headed in the current year, we first have to be very clear about what is the content of the strategic partnership, and what are the objectives. And if the hardcore issues are being ignored, and the accent is largely on soft-core issues, or the accent is on issues on which India and the United States can cooperate multilaterally, or at the global level, then the question would -- can legitimately be asked that are these largest, multilateral, global issues a part of a bilateral strategic partnership between India and the United States? And I'll explain why. But let me come to the hardcore issues -- the rise of China, how it affects our interests. Of course, it has a global dimension, but it has a very particular impact on our security because of the outstanding differences we have with China. And there is, of course, the issue of India-Pakistan relationship, this confrontation that has gone on for 65 years. And at least for the last two, three decades there has been a very strong component of terrorism in this.

Add to this the fact, from our point of view, that there is a very strong China-Pakistan nexus, which has very serious security implications for us. There's one issue which has not been even alluded to this morning, which is the reports that China -- I think it's the Carnegie Endowment's own report that China is preparing to set up two additional nuclear power plants in Pakistan and will defy the NSG if it comes to that, and that the signals from the Obama Administration are that they may not oppose this, or they may overlook it because they need China's cooperation on the issue of sanctions on Iran, and dealing with the North Korean crisis, et cetera, et cetera.

Now, given the fact that from India's perception, China's proliferation activities, especially in Pakistan, given Pakistan's nuclear and missile capabilities, is about the worst that China as an adversary could do, in terms of India's security interests. And that the Chinese have been long saying that the India-U.S. nuclear deal has been a U.S. gesture to India which creates disequilibrium in South Asia, creates further disparity between India and Pakistan, and therefore, to set right this nuclear imbalance in South Asia, there should be a deal with Pakistan. This they have been saying for some time now. And now they seem to be able to -- seem to want to implement what they've had on their minds. So think, in terms of our own

bilateral strategic partnership with the United States, this will become a very critical question, very critical question. Because this is really a hardcore security issue for India in the background of A.Q. Khan, and the fact that from Pakistan there has been transfers, nuclear transfers to Iran, which has become a big issue for the global community.

And then there is the issue of Afghanistan, where we see with some concern the thrust of U.S. policy. We understand the difficulty that the United States faces, practical difficulties, and the need for them to make sure that they don't get bogged down in Afghanistan, and how they can devise a strategy which would allow them to begin a process of withdrawal -- which is, I think, dictated by the American electoral politics. And our concern is that if, as a result of this strategy, the Taliban and the ideology that they represent -- whether Afghan or Pakistani Taliban -- if this ideology gets more space in this region, then it will pose a huge problem to our security interests in the medium to long term. Because not only Afghanistan would acquire a certain Islamic complexion, it will impose a lot of pressure on Pakistan itself. And from Afghanistan, it will begin to put a lot of pressure on the central Asian regimes, which are pretty unstable. And this ideology will become the dominant ideology. And given our own domestic situation, and the Kemullah in India, and 150, 160 million Muslims we have in our country, this is the worst thing that can happen to us, in terms of the impact of the spread of this kind of thinking and ideology in our region.

And if this is the price the United States may feel compelled to pay, to let -- and this is the whole sense of the policy of the integration and reconciliation -- to make a political deal at some stage, when conditions are ripe, with the Taliban, and get Pakistan to oversee this deal and ensure that the Taliban's connections with Al Qaeda are cut. And, therefore, Taliban, even if they want to live by the Islamist theology, do not pose a terrorist threat to U.S. investor interests. This might make a lot of sense from the U.S., Western point of view, but it will be a huge problem for us. Because the corollary of that would not be that these forces would not target India, and will not continue to consider India as the next enemy to be defeated -- especially under the impression of Pakistan.

Now, I must say that, in terms of strategic partnership, we've heard comments being made that, you know, it is still in a brick-and-mortar stage, phase, that we certainly have a transformed relationship. We intend to deepen this relationship further. Areas have been defined -- very extensive areas of cooperation between the two countries. And -- but, you know, these are areas which will require a lot of time and effort, because these would involve policy changes, these would involve R&D. These will involve a lot of investment. It will involve legislative changes. And it's not going to come about easily. It will take time. And, therefore, if we are going to look at our strategic partnership in a one-year dimension, then I'm afraid that we might head in the right direction, and we may make incremental progress in implementing many of the items that we have on the agenda, but very little of that would actually be ripe within the span of one year, and for us to be able to show, concretely, that in important areas we have deepened our strategic partnership.

But, you know, these five pillars, under which there are so many areas we have identified as areas in which we can deepen our relationship, the question that, of course, comes to my mind is whether these areas have been conceived in a strategic context, or these are simply the areas that present themselves, objectively, as India's needs and the capacity of the United States to fulfill those needs. And if India grows at the rates of growth that we think we will have in the next few years, and if we undertake the kind of economic reforms that we should take, then in any case, not only U.S. business, but business from all over the world will get attracted and will come to India. So, what I fail to understand as yet -- and I think it's not clear -- as to what is the strategic aspect to this. Because even without a strategic partnership, this growth of India-U.S. economic ties and cooperation in the various pillars will actually go forward. And a lot will depend, of course, on what the Indian side does.

But if this strategic partnership, in the context of modernizing the Indian economy, is being thought of in a strategic context, which means that it is not going to be entirely market driven, but there will be a political element to it, and that the U.S., at the political level -- even, at times, at the cost of the market element -- will drive the process forward. Which, therefore, means, in so many ways -- and this issue has come up -- what will the United States do in terms of, let's say, easing the flow of technology to India? Will there be some mechanism devised by which India will have access to the kind of technology it needs to be able to

modernize its economy? And what will be the conditions? Will the IPR regime be strictly enforced? Will there be more suppleness and flexibility in terms of export controls, which seem to be on the agenda in any case, as we have heard this morning. But that will take time also. It's not going to happen, you know, overnight. It's a very complex process. In terms of export controls, maybe yes. At the administrative level, at the policy level, if certain restrictions are applicable to India, those can be easily removed. But where there are legal obligations on the U.S. administration, then we're afraid that will require a change in U.S. law, then that's not going to be an easy process.

And then, of course, the whole issue of the entities which have been spoken about this morning, which still remain on the U.S. entities list, and which are an obstacle in terms of flow of technologies. Issue of trust. Can we say realistically that this issue of trust, or the element of distrust -- whichever way you put it -- has been fully overcome by the India-U.S. nuclear deal? I think to a large extent it has, because there is recognition that the United States made a remarkable, remarkable -- how should I say? -- reversal of its longstanding nuclear non-proliferation policy by making an exception to India, and actually doing the heavy lifting in the NSC. There's no doubt about that.

But while this can be the stepping stone to building trust and expanding cooperation in various areas, including in defense, I don't think, at this point in time -- especially because of the fact that a nuclear deal itself became very controversial in India, and there are still lobbies and forces which continue to criticize, and the reason why the Nuclear Civil Liability Bill has become problematic is because the same forces that were opposing the deal are not fully convinced about the necessity for India to go in for this kind of legislation, which is a precondition for the U.S. nuclear industry to set up nuclear plants in India. So that element of, let's say, lack of trust, or trust deficit, still remains. And this is fueled -- and I'll come back to what I said earlier -- this is fueled by the fact that we still -- or large segments of the Indian public opinion -- still are not persuaded that the United States has the right policy in terms of India, Pakistan, or Afghanistan.

Now, we heard, for example, the U.S. Undersecretary of State this morning say -- which is the unexceptionable -- and he was quoting our own national security advisor to say that, you know, India and China should have a healthy relationship. But the point arises, if, in terms of our strategic dialogue all that we can come up with is a general observation that India and China should have a healthy relationship, then I'm afraid we're not going too far, in terms of really grappling with the issue. And if, as he said -- and I don't fault him for saying because our Prime Minister himself says that it's vital for India to make peace with Pakistan, and he's taken several initiatives vis-à-vis Pakistan in terms of dialogue, despite the fact that we have a lot of complaints about China -- or about Pakistan being slow in dealing with the perpetrators of the Mumbai attack, and generally dealing with the Punjab-based jihadi groups -- that both Mr. Burns and Mr. Wisner said that, you know, the United States will support, give full support, for a dialogue between India and Pakistan. And this rankles many Indian circles. There's an old history of equating India and Pakistan as if both countries are equally responsible for the situation that has got created, and therefore it is incumbent on both of them to, at a level of shared responsibility and shared guilt, to deal with this problem. Whereas India would see this problem rather differently, and would feel that the problems are being essentially created by Pakistan, because of its support for terrorism against us for so many years, and therefore we are the -- if you like -- the victims of Pakistan's policies, rather than equal guilty partners in terms of the standoff that exists at the moment.

There is -- there are two small issues I wanted to mention before I actually spell out, in concrete terms, what I see can or cannot, or will not happen in the next year. One is that if we are going to have a strategic partnership with the United States, from our point of view, it is fundamental that the United States must be committed to India's territorial integrity. It is remarkable that the United States is far more clear in terms of China's territorial integrity. But when it comes to India's territorial integrity, which is challenged both by China and Pakistan, the United States -- I don't think we have reached that stage in that dialogue where this issue has been put on the table. Because the implication of this is that this whole issue of Kashmir has to be frozen. It has to be frozen. And this formulation that, you know, it has to be settled in accordance with the wish of the people, and the formulation that has been used till now which keeps the whole issue open, that has to be -- that has to be dispensed with. And, of course, the Chinese claims on Arunachal Pradesh which they have been making in the last year or so -- of course, one can

understand the United States ought not, and perhaps is not obliged to take a public position on this, but if we can slowly build our relationship in that direction, that there is certainty in our mind that the United States is committed to India's territorial integrity, that would be a very important element in building a strategic relationship.

The other thing is that there has been deference to recognizing India as an Asia-Pacific power. And this has been said by the President, himself, by Bill Burns, and by Mr. Kerry in an op-ed piece he wrote for the *Times India*. And I really don't understand what it actually means. There is a connotation -- there is some nuance, if one wants to read too much into it -- of, you know, the China element. But I really don't know if there is or there isn't. But I think we need to understand that the United States is certainly an Asian power by virtue of its presence in Asia in a big way. But in terms of the new regional Asians architecture, which has been referred to be, again, the Undersecretary and the President himself, the U.S. itself is absent in part, you know, in this East Asia summit in the other -- another organization, the RFES --

SPEAKER: (inaudible)

AMBASSADOR SIBAL: Huh? No, not APEC. There is the East Asia summit, and the --

SPEAKER: (inaudible)

AMBASSADOR SIBAL: -- East Asian Community. The East Asian Community. We would very much like America to be in. And I'm personally surprised why Japan and others don't insist on the United States being in. Because, from our point of view, it would be very important that the United States be not excluded from any of this architecture that is being set up in Asia.

Now, finally, one more point. There was -- it was mentioned by the Undersecretary -- which, again, is all right as a statement, but if you are looking at it from the strategic point of view, it needs a little elaboration -- but India has interest and influence that have taken it beyond its immediate neighborhood. But the point is that all the problems that the United States itself is grappling with -- and we are, of course, grappling with -- are in our neighborhood. And wanting India to look beyond this neighborhood actually is asking that the real core issues be skirted. Because the issue of terrorism, the issue of religious extremism, and the issue of proliferation, they're all in our neighborhood. And India and the United States have a common interest in dealing with these issues. Rather than exhorting us to look beyond our neighborhood and look at the global multilateral questions, however important that they are, and in which we have common stakes, cannot be the sum and substance of our longer term strategic relationship.

Finally, I would say, and I'll agree -- I'm not pessimistic like Stephen is about what may happen in a year's time (laughs), and I hope no terrorist attack occurs and destabilizes the whole situation -- but I think we'll move in the right direction. As I mentioned, there will be incremental progress. But there will be no dramatic change, because the issues that are on the table require long-term action. I think the Civilian Nuclear Liability Bill -- although it's not been mentioned in the joint statement, and wisely so, perhaps -- should go through. Because it has been mishandled, in terms of creating public awareness of what actually it implies. And now, unfortunately, the government has this double task of first rolling back all the mis-perceptions that have got created, and then creating acceptance in public opinion and parliamentary opinion about the need for such a thing. But I think, and I hope, that it will go through.

Similarly, on the education side, the Foreign Education Providers Bill -- again, there is considerable hope on the Indian side that this will be done. And I think both these things need to be done before President Obama reaches India, or at the time of his visit, these can be announced. In terms of liberalizing export controls and dual-use technologies, as I said, this is a complex process on the American side. And even if the good will is there, I can't see anything much happening in concrete terms in the year ahead. And the same is the case with removing the Indian entities from the entities list, because these entities are involved in India's nuclear weapon and missile program. And these are such sensitive issues for American policymakers, and the legal requirements on the American side that, again, some kind of exceptionalism would have to be done for India, and I can't see how that might happen. Defense purchases -- there has been much talk about this 126 aircraft tender given by the record, Indian record in *Defense Procurement*. I can't see this thing coming to a head in a year's time. But certainly the United States companies stand a very good chance, and my own personal view is that the competition ultimately

will be with the United States and Russia, and one will see what happens at the end of it, because the other aircraft are far too costly.

But associated with the deepening defense relationship are U.S. demands which are required under your laws, of more assurance on the Indian side on the safeguarding technology. And then there is the Logistic Support Agreement, and the Interoperability Agreement. As yet, there is no consensus in India on the last two. And I don't think, even under the pressure of President Obama's visit, one can be certain that there will be enough momentum built up within the country to get these finalized for signature or whatever. Military exercises -- much has been made of it, and I think these are to be welcomed, and they should be increased in scope and size. Personally, I feel that this is the right thing to do. And we would, of course, see it in the context of a mounting Chinese presence and expansion of its naval ambitions in the Indian Ocean. And without having to state it clearly, if India and the United States step up their naval cooperation in this area increasingly, I think it can build up a sense of confidence that we have shared strategic interests in a very vital area. But the only thing I would like to mention in this regard is that these military exercises, and their frequency and scale and scope, as long preceded even the thought of setting up a strategic dialogue with the United States. This has been happening for quite some time, and the Indian naval headquarters have been far in advance of the Indian government as a whole in terms of -- or the Defense Ministry -- in terms of taking the initiative to build this kind of a relationship with the U.S. Navy. And -- well, that's about it.

And of course the big thing a year from now, or less than a year from now, in six months from now, would be the President's visit. We all welcome that. I think it's an exceptional gesture that the President is making, that in less than two years in his first term of office he decided to visit India. It sends a very positive signal to the Indian public opinion, and will certainly remove some of the misapprehensions that exist about the commitment of the Obama Administration to the relationship with India built up during the Bush Administration. And all of us would welcome that. Thank you.

MR. COHEN: Okay. Okay. If I could clarify my remarks in one sentence: I think that the U.S.-India relationship will be tested in the next year by some event which we cannot specify, but which will be awful. And I think that the President or the Indian Prime Minister will respond by picking up and calling the other first. I'm not sure where the phone call will come, but I think the relationship is strong enough, and the interdependency is great enough that each will see the other as an immediate partner in whatever the problem will be. Let's begin with Ed, and work down the table. Edward Luce.

MR. LUCE: Thanks, Stephen. Just a quick health warning: I'm by far the least qualified person on this panel. As Stephen mentioned, I used to be based in India, but I've been here in Washington for the *Financial Times* for the last four years. So, in terms of being up to date on this critically important relationship, I am the least qualified. It is, in that regard, very nice to see some faces of old friends. And I particularly want to mention Amit Mitra, the indefatigable Amit Mitra, who happens to be a cousin of mine by marriage, my wife also being Bengali. So I wanted to mention you. I had hoped to get a little bit more up to speed on the condition of this relationship this week, with the inaugural strategic dialogue, covering that and getting into some detail. But, like most of my colleagues in the media, I'm drenched in gulf oil, and I haven't had that opportunity. So I'll keep my remarks to a fairly general level. And I should note also, in terms of illustrating the adage that the urgent drives out the merely important, that it's notable that this very important inaugural round of strategic talks between India and the U.S. has not received one word of mention in any notable newspaper. It's -- I'm sorry to say, including mine. We will rectify that. So I'll keep my remarks to a fairly general level. And if I could pick up on Ambassador Sibal's comments, which I think, illustrate very well a theme of bilateral relations between India and the U.S. under the Obama Administration, which have taken a very different tone than between the Bush Administration and India.

And I think, you know, regardless of the warm and constructive diploma-speak you hear in public, and will be hearing later today with the joint statement, there is a strong undertone of Indian suspicion and even, one could say, in some respects, paranoia about the Obama Administration. And it's puzzled a lot of people here. So let me give you a stab at trying to explain it. And in so doing, I hope give some pointers to Stephen's question about where this relationship will be a year from now. Where U.S.- India 3.0 -- as

Hillary Clinton has called it -- will be a year from now. If you look at India-U.S. 2.0 over the last decade, it's really a tale of two relationships -- first the bilateral and then, second, India and the U.S. in multilateral fora. And they're completely different relationships. On the bilateral side, the speed with which U.S.-India relations went from 0 to 60 miles an hour is remarkable. I don't think anybody would have predicted that you'd have this flourishing level of bilateral cooperation that Barack Obama's Administration has inherited. Ten years ago, nobody would have anticipated a civil nuclear deal of this nature pushed through enthusiastically by the Bush Administration, pushed through a fairly reluctant Congress. I don't think anybody would have anticipated something that Hillary Clinton mentioned yesterday, which is that the U.S. now conducts more bilateral military exercises with India than with any other country. That's a fairly remarkable development. And then Ambassador Sibal's "soft" areas -- agriculture, education, and anti-piracy patrols in the Indian Ocean, although that's more "hard."

I mean, across the board the level of cooperation has been extraordinary. But at the same time, over the same period, the same two countries' engagement with each other in the multilateral organizations has been as difficult and as fissile as it ever was. Look at India's role, or America's view of what India's role was in essentially bringing the Doha Round to a halt -- to a fairly long halt, by the looks of it. Or, indeed, the tensions and suspicions between India and the U.S. over the U.N. climate change talks, with India, I think, with some grounds seeing America's double standards as being part of the problem. Or, indeed, India's continued use, perhaps with less frequency, of third-worldist rhetoric at the United Nations on some issues. There's this extraordinary contrast between these two tracks, in terms of India-U.S. relations. And then along comes President Obama. This will be familiar to most of you, but it bears repeating, that Indians have a deep distrust and dislike of Wilsonianism, of liberal internationalism -- from Democratic administrations -- that usually takes place through multilateral organizations. Behind the liberal moralist, internationalist stance of Democratic administrations -- in Indian eyes -- you get a wolf in sheep's clothing about the potential for do-gooding interventionism in places like Kosovo and Kashmir.

And I think some of you might have observed, in terms of just picking up on what Ambassador Sibal was, without specifying, I think referring to as a "re-hyphenation" of India and Pakistan by the Obama Administration. I don't share that view, but I think I can fully understand why many Indians are suspicious that might be the case. Some of you will recollect that the then British Foreign Secretary, in January 2009, in the last few weeks of the transition period of the Obama Administration, before the inauguration, David Miliband, the then British Foreign Secretary visited India. And he made a fairly innocent sort of mistake of using the word Kashmir in an op-ed a couple of days before in the *Guardian* newspaper, for which he was really made to run that gauntlet when he arrived in India. The trip was an absolute disaster. And people were scratching their heads and wondering why. Well, my friend and colleague Raja Mohan put it best when he said India was killing the chicken in order to scare the monkey. And "the monkey" was Richard Holbrooke, whose role as Barack Obama's special representative to the region, to the South Asian region, was still a little bit ambiguous at that stage. And sure enough, within a few days it was made very clear that Richard -- Ambassador Holbrooke would be in charge of AfPak, not AfPak-India. Likewise, I think it's fairly plain that had Barack Obama been in power between 2001 and 2008, or indeed, had President Gore been in power -- or, for that matter, President Wilson -- there would have been no Civil Nuclear Agreement. And I think, you know, that's fairly hard to contest.

So, where does this lead from here, in terms of just looking at what might happen over the next year? Well, I think, rather belatedly, the Obama Administration has got up to speed over India's sensitivities on these questions -- particularly the creeping re-hyphenation, the problem of creeping re-hyphenation that you so clearly articulated. But I don't think they've got up to speed in terms of finding a solution to addressing India's fears on that question. There's going to have to be a great deal of -- a great deal more Obama Administration triangulation between Pakistan and India on this question. Put crudely, Indians suspect that the more the Americans need stuff out of General Kayani of Pakistan, the more Pakistan will use that leverage to get better defense materials, better defense technology, more arms sales, et cetera, at India's expense -- and that that pressure will gradually escalate between now and July 2011, which, as you mentioned, is a pretty clear electorally-bound date that Obama has got on his horizon.

Likewise, that will limit India's willingness or ability to tamp down its presence in Afghanistan in order to allay Pakistan's paranoias about India's attempts to shut off Pakistani strategic depth in that country.



In terms of the India-Pakistan talks, which the Obama Administration, you know, has now got in terms of its vocabulary word perfect: It would like to see it happen, but is in no way playing a role. I'm probably different than some analysts in seeing the Kashmir problem as much as a symptom of the difficulties in India-Pakistan relations as a cause. So I wouldn't expect any dramatic -- quite apart from all the obstacles there are to progress on this question, I wouldn't expect any dramatic progress there until there is clarity, or more clarity, on the larger AfPak situation, and the Obama Administration's success or failures in that regard.

Just two other final points -- sorry, really one larger final point, not so much a prediction -- is to look -- again, to pick up on something Ambassador Sibal mentioned -- India-China relations. Now, I expect -- it was quite striking that Hillary Clinton in her remarks yesterday mentioned that America was fully committed to the military modernization of India. And she has been taking some steps to cut through the extraordinarily complex bureaucratic thicket of export controls and use assurances that the United States needs to liberalize technology exports to India, and therefore, I think is getting up to speed on that. But the level of bilateral military cooperation I think will continue to grow. The joint anti-piracy patrols you see from the Straits of Hormuz to the Straits of Malacca, and then as far south in the Indian Ocean as Madagascar, will continue, not just to contain piracy and secure the busies -- help secure the busiest trading route, maritime trading route in the world, but I think also to deepen that interoperability that you're seeing now between the Indian and American military. And it's -- you don't have to believe, you don't have to fully take at face value, the most strident Indian claims about China's string of pearls, which I'm sure earlier panels have addressed -- these ostensibly trade-based ports that the Chinese are building around India's neck, from Gwadar to Chittagong, and then Myanmar. You don't have to take India's worst fears on these ports at face value to note that China is very, very clearly extending its maritime reach to the Indian Ocean, and that this is a fact, and that this is going to become more of a fact in the coming years.

And, you know, the fact that Hu Jintao has visited the Seychelles and the Maldives -- these tiny little countries -- I can't really see any other reason for visits than that China has very clear strategic appetite for building stronger relations with countries like that. I started by mentioning India's paranoias about the Obama Administration, and its sensitivities. But I'd like to conclude by saying I think it's got a learning curve on India that is relatively steep, and it's shown it has climbed that curve. I was on President Obama's trip to China, covering that, last November, and it was there in the Great Hall of the People, when they were reading out -- this famous press conference where neither Hu Jintao nor President Obama took a single question, and they read out these statements. They both read out the joint statement. And that line on U.S. and China cooperating, not just on Afghanistan but in the broader South Asia region really did sort of stick out at me. And sure enough, there was a statement from the Ministry of External Affairs in New Delhi the following day. I don't think that kind of mistake is one that the Obama Administration is going to make again. It has got up to speed on that. And the fact that Obama will now be visiting in early November is going to concentrate minds and focus resources and the interagency process on getting India right, or at least avoiding some of these pitfalls. So I'll conclude by saying I think that under the Obama Administration -- and in spite of the fact it would be inconceivable to imagine him, as President pushing a civil nuclear deal of this nature through -- that under the Obama Administration India will gradually come to be seen in the same way, in a slightly more modest form, that the Bush Administration saw India, which is as an undeclared first line of strategic hedging against the peaceful rise of China going wrong. Which everybody hopes doesn't happen -- but as a hedge against that scenario. (Applause)

MR. COHEN: Ajay?

MR. SHANKAR: I'd like to begin by saying that I'm a little more optimistic about what things will look like a year down the road than the other voices I've heard. And I draw that sustenance for that from the language which has emerged in the pronouncements on both sides, and which I take to be accurate and honest and realistic -- a defining partnership for this century, matter more to each other and more to the world as never before, the rise of India being in the interest of the United States, the United States being central to India's achievement of its developmental goals and aspirations, and giving its people the good

life. And I see the coming year as delivering on these promises and commitments. So I'm far more optimistic.

The other is that you referred to worries about something terrible happening which may cause complications. Well, nobody can predict what will happen, but the level of cooperation on counterterrorism, and the speed with which it has improved over the last year is really from the Indian side, I would imagine. There is a great level of trust, understanding and confidence on that score. Coming to how we see the next year -- first of all, the enormous good will amongst civil society stakeholders on both sides. And the enormous expectations of the Obama visit, I think, would lead to fulfillment of many of the expectations of the strategic partnership. And the strategic partnership in this current phase, the phase 3.0, I think covers both the bilateral and the multilateral. In that sense, it's genuinely a 3.0. Because Edward rightly pointed out that bilaterally, we're very strong, but in the multilateral there were sort of discordant voices. So there I see a greater coherence on both the bilateral and the multilateral side. Coming to more specifics, I think the global economic recovery is still fragile. I think events in Europe are a cause for great concern. And I think the G20, its role, its cohesion on handling the global macroeconomic situation is still very important, and will be very important in the coming year or two, at least.

And I think here, India and the U.S. have really worked very closely with the G20 process over the last one year, and we see that continuing as a very strong and close partnership in the G20 process. Commitment to macroeconomic stability, to the addressing of global macroeconomic imbalances, in the generation of global demand, et cetera. And the new architecture for global financial governance. In all of these there is greater understanding and, I think, consonance in the approaches of the two governments than is recognized publically, I think. To this I may add that in terms of the addressing of global imbalances, India does not need to make any adjustments, because we're not really -- we are different in the sense that ours is not an export real economy, so when we go at 8 percent, or we go 10 percent, our trade is generally balanced with the U.S. and with most of our trading partners. There are some marginal surpluses either in services or in goods.

And vis-à-vis the U.S., I think in the earlier panel it was pointed out that the economic engagement is, of course, at the moment modest, but the growth is dramatic. And in the current year itself, I think U.S. exports to India have (inaudible) over 20 percent. And if one looks at the last two years, the Indian economy didn't really have a recession. We had a slowdown in growth, and the slowdown was about 6.7 percent. And 6.7 percent -- for those of you who have been seeing India for a longer time -- was about the best we thought we could achieve 20 years back. In the worst global economic crisis, we did 6.7 percent, which is more than the best we thought we could 10 years back. And similarly, if one looks at the integration of the Indian economy with the rest of the world and its openness, I think it has surpassed whatever was thought of as being very optimistic world ambitions about five years back. If you look at the inflow of investment in India, it has gone up eight times over the last six years. At the height of the economic downturn FDI into India continued to rise.

If you look at the Indian investments overseas, there (inaudible) is the most extraordinary story in recent economic history. It's a developing country, a country which still has so many people below the poverty line, but yet it produces a person like Mr. McPhill and his company which is going to spend 11-point-some billion in an acquisition this month. And then, if one looks at Indian investments in the U.S. and Europe -- and the success of these investments -- so these are Indian companies which are truly becoming integrated into the global economy, which are doing well wherever they go. And by their very nature, they are international.

So I was in Korea recently, and the great success story of foreign investment there is when Tata Motors bought out the trucking business of Daewoo Motors in 2002, it was the biggest investment by the Indian multinational (inaudible), 200-, \$300 million -- and it's a booming business. And the CEO of that company is a Korean. And, similarly, if one looks at the other Indian companies, wherever they are, they create jobs locally, they respect local cultures, and they are able to integrate it with their global operations very well. So the Indian economic success story is different in many ways than the other success stories we've seen in the last 30, 40 years. It is the emergence of truly global companies, with the kind of global culture

which the U.S. has generated in the last century. So if one looks at Accenture in India, or IBM in India, they're great success stories, and they have Indians working for them. And if you look at Indian companies overseas, it's the same story.

And here we are beginning to see, I think, a huge leap forward. Because in the earlier panel it was mentioned that if you look at dollar terms, our growth rates have been around 10, 11 percent. And we're at the early part of that catching-up process. So, as a prime minister who's very modest and restrained has said, 10 percent is what we need to work on poverty, and we hope to get it. It used to be, earlier, 8 percent. And I personally recall 2001, '02, arguing with more senior colleagues that let's do the numbers at least for 8 percent. And they said, "You must be out of your mind. Actually, six is about the best we can do." So that's the scale of India's economic foundation.

Now, when I look at the strategic partnership, one dimension that I think is undervalued is the potential of this partnership in terms of creating global public goods. In the joint statements and other statements many things have been mentioned, but two are particularly important. One is green technologies, and the other is food security. Now, if you look at green technologies, one of our firms was honored by the U.S. lead counsel for having developed the most green corporate office building in Pune. And the company Suzlon began, like his company, with just three people 15 years back -- is a global corporation, the third largest in wind technology in the world. And I was recently in Minnesota, and they have a very strong presence there. We've just launched a major solar mission, where we hope to do 20,000 megawatts by 20/20. And these are areas where the innovation, the creativity, the venture capital spirit of the United States, and the emerging ecosystem in India for innovation -- and what the CEO of (inaudible) once called, "frugal engineering" -- is a perfect fit. And it is the fit which mankind needs if we are to succeed in the challenge of climate change. Because irrespective of the political rhetoric, I think many of us recognize that if we are to be realistic, it is technology which has to give us the breakthrough for clean energy, and success in challenging -- meeting the challenge of climate change.

Similarly, if one looks at food security, at the height -- just before the economic crisis, we had this situation in India where we learned that, globally, food prices had gone up by 400 percent. And we had to go through all kinds of exercises, and putting export restrictions. And then heads of government from African countries coming and saying, "Give us 50,000 tons of rice," or a million tons of rice. And if one looks at the whole challenge of poverty in Africa -- and even India. Because it will -- agriculture was referred to in at least one of the earlier sessions -- I think we need a breakthrough in productivity, in biotechnology, to provide food security for mankind. So I think when we look at the strategic partnership, we should not undervalue the potential for creativity -- good global public goods. And here India and the U.S. are the perfect fit, because both of us drive innovation through globally competitive companies in the marketplace.

So with that, I would say that I see the coming year as really fulfilling the potential of an enormously productive strategic partnership between our countries. Thank you. (Applause)

MR. INDERFURTH: I'm going to try to shorthand some of my remarks so we can get to your questions and comments, because I'd very much like to hear where you think this relationship is heading in the next year. Steve had sent us an e-mail asking us to provide a series of assertions, predictions and guesses that can serve as a benchmark for a discussion one year from now. And I just want to say that I had a little reaction to using the word "benchmark" for our discussion a year from now. Those of you that have been involved in this relationship know that "benchmarks" has a certain connotation. So I will try to do this in a way that doesn't set us up with new "benchmarks."

I also want to say something, not only about where I think it's heading, where the relationship is heading, but where I think it should head over the next year. I'm going to align myself with the optimistic look ahead for relations. I'm going to call attention to something that Undersecretary of State Nick Burns said in 2007, in an op-ed in *The Washington Post*. I'm just going to read this to you. He said, "The pace of progress between Washington and Delhi has been so rapid, and the potential benefits to American interests so substantial, that I believe within a generation Americans may view India as one of our two or three most important strategic partners." And I think Nick Burns was right when he said that in 2007. And I think that he is right today. So I think that that is the future that we're looking to.

I also think that what we have seen in this remarkable transformation in our relations over the last 10 years that you can look to, if you will, the cornerstone of that transformation taking place with President Clinton's visit to New Delhi, with Prime Minister Vajpayee in 2000. The centerpiece of this transformation is certainly the Civilian Nuclear Agreement under President Bush, with Prime Minister Singh, when it was announced in 2005. And I think that we are now in what I would call the bricks-and-mortar phase of building this relationship. It's got a solid foundation. And I think -- I had a chance to read the joint statement before coming over. If you look at that, it is building on joint statements and declarations of the past, across the board relations, whether it be in trade and economics, or energy, or high-tech, or health, education, defense, counterterrorism, the building blocks are there. And I think that what we're seeing with the strategic dialogue over the last few days here in Washington is, as I said, bricks and mortar -- building on this relationship. So I think that's what we'll be looking at for over the next year, to see how much further we can progress in these areas.

However, I do believe that we should have -- when we -- let me put it this way. When we would prepare Secretary Albright for her meetings with her counterparts, we would have the talking points, and we would always have something which was entitled, "Watch Out For" -- what are the things that you need to watch out for. Let me mention two watch-out-fors, in terms of over the next year, in terms of our relationship. One has to do -- and it's already been mentioned here this afternoon -- one has to do with Afghanistan and the region. I think that one thing that is missing in this is a good firm understanding of what President Karzai himself has said is the key to success in Afghanistan. And I'll read you what he said. "Sincere and effective regional cooperation, backed by our allies, is the best guarantee for success." We need to be having a greater focus on a regional approach for Afghanistan -- to include India -- to address Afghanistan's long-term viability. In fact, there was -- you notice out here on the table there is a publication that Ashley Tellis was one of the editors for "Is a Regional Strategy Viable in Afghanistan?" And I think that you could actually answer that question with a question, and that is, "Is a viable Afghanistan possible without a regional strategy?" In my view, it is not. The Administration's focus on "regional" means AfPak. It has consulted with other important parties, including India. But there has not been the focus on bringing together a regional approach.

It will not be easy. In fact, it's become more difficult, because many in the region believe that the clock is ticking for an eventual withdrawal from the region. That will be to be determined, and hopefully condition-based. But I think that those in the region that are important players here -- the neighbors, the six neighbors, including Iran, by the way -- we need to be engaging Iran on this issue. Obviously, Pakistan. But we need to have others in the region that have strong interest in the direction of what happens, including India, Russia, Saudi Arabia, Turkey -- there's a whole group that ought to be pulled together to start working on a regional approach. So I'm hopeful that, in terms of over the next year, that the United States and India would have very in-depth discussions about the degree to which a regional approach can be launched, and one that would have all of these interests taken into account.

The second watch-out-for is on the issue of technology transfer, export controls, dual-use. That is an issue that I had a great deal of experience with during the Clinton Administration. Recently, a good friend of mine, Ken Juster, has written a piece, a paper entitled, "Unleashing U.S.-India Business Trade." A key to unleashing that business trade is dealing with the export controls and munitions lists, the entities list. I think Tesey has already mentioned this this morning. I heard reference to that. This is something that does require high-level leadership on. It is one that fortunately Robert Gates, who does seem to have a track record of common sense on issues like this, is taking the lead on it. And hopefully, his involvement, and other high-level attention, with the upcoming Obama visit at the end of the year to Delhi can be the catalyst for moving ahead on these issues. So those would be my two watch-out-fors. They will impact where we are headed over the next year. And let me just mention what I would like to also see. And that has to do, first and foremost, with seeing India and supporting India become a full stakeholder in the international community.

You've heard the expression "responsible stakeholder." Bob Zoellick applied that to China. I'm talking about a full stakeholder. The issues that we need to deal with across our global interests need India's direct involvement. Already, India has been playing a major role in this sense as a full stakeholder as a

part of G20, which has now surpassed the G8 as the principal economic forum. Already, India played an important role in a not very successful summit -- but it is a continuing process -- in Copenhagen, on climate control, climate change, global warming. India was there. President Obama's National Security Summit, the Indians were there and made an important contribution -- which would not, I think, have taken place had we not done the Civilian Nuclear Agreement. We would not have been able to start having that discussion. So where else can India play a full stakeholder role? The most obvious is the U.N. Security Council, where India should be a permanent member. The notion that we would be reforming the U.N. Security Council to meet the realities of the 21st century -- the global realities of the 21st century, not 1945 when it was created. And India not being a permanent member is -- you know, the question answers itself.

So India should be there, and we should publicly support -- I worked on this issue at the U.N. It will take a long time to get through, but we ought to be publicly supporting that permanent membership. We should also look at other organizations, including the International Energy Agency. Within the nuclear non-proliferation world, look how to bring India more into that regime of Nuclear Suppliers Group, Australia Group and the rest. Work with India, identify with India those areas that they wish to pursue on the global level, and find ways to bring them into that full stakeholder status. It will be in our long-term interest.

And, secondly -- in terms of what I'd like to see over the next year, is a discussion with India about the global commons. Raja Mohan and I have written a piece on the global commons of the seas, the atmosphere, outer space, digital domain. We can do a lot with India in the issue of outer space, exploration, technology and the rest. We're already doing some of that. With the recent announcements of the U.S. space policy, I think actually that opens up more opportunities to work with India. And in terms of the digital domain, cyber-security and the rest, that is an area that we ought to put our best minds to work, because that's a future area that is going to be terribly important to our national security. So I think that full partnership, full stakeholdership, global commons -- these are areas that I'd like to see us pursue over the next year, and get those things launched. Thank you. (Applause.)

MR. COHEN: Our last panelist will be Jonah Blank.

MR. BLANK: Thanks, Steve. And I should note that I'll put on my academic/author/anthropologist hat, rather than my government official hat, in order not only to enable me to speak more forthrightly, but also in order to make sure that I don't inadvertently portray my views as representing anyone's views but my own.

First off, I'd like to just talk a little bit about the framing of the issue in India 3.0, then mention four opportunities that we really cannot pass by -- four opportunities that there's very good reason to expect that we will pass by. And why I feel optimistic anyway. First off, the framing. I think that -- I think it's a little bit misleading to say that we are in India 3.0, or U.S.-India Relations 3.0. Someday we will be, but I don't think we are now. I think a more accurate framing would be to say that India-U.S. 1.0 lasted from 1947 until the dissolution of the Soviet Union. And India 2.0 began after the dissolution of the Soviet Union, and that we're still in it right now. As Rick quite rightly pointed out, we are -- the centerpiece of India 2.0 was the U.S.- India Civil Nuclear deal. But I would contend it didn't have to be. That's just the way it happened to play out. There were any number of other issues that could have solidified this relationship and moved it forward -- some of which, I think quite frankly, may have done a better job of advancing the agenda.

Just to take one that Rick also mentioned, and where I agree completely in my private capacity with him, is U.N. Security Council. The Bush Administration decided specifically not to champion India's membership in the U.N. Security Council with a permanent seat. That was an active decision that was made. And if that decision had not been made, if the decision had been made to use the political capital that it took to get the Indian nuclear deal through and, instead, used that political capital to give India a seat on the Security Council, I would contend that that itself would have done at least as much good for the relationship -- arguably more -- and may well have helped bring India more into the world view of seeing international institutions as an avenue for Indian policy, rather than a threat to Indian sovereignty -- as Ted quite rightly pointed out. So I raise this, not to say that this civil nuclear deal was not important. It was. That's why Congress overwhelmingly voted to support it. That's why I worked night and day to get

this thing through. After the Administration tried and failed to get this thing through on a party-line vote, it was Democrats and Republicans working together to build a deal that would be durable no matter which party came into power. So this is something that has overwhelming bipartisan support. But I would argue it didn't have to be the avenue to solidify India-U.S. 2.0. And I would argue that 3.0 is far in the future, but that isn't a reason for distress.

So -- what are the four opportunities that we cannot pass up? I would say, first off is security. As all of our panelists have quite rightly pointed out, the U.S. have shared goals and interests in the region. I won't go through them all again, but I would simply say that I think the U.S. interests and Indian interests are very much in concert and in harmony. The areas in which our interests diverge are much, much smaller than the areas in which they overlap. Second point is India on the Security Council at the U.N. This is something that the Obama Administration has danced a little bit closer to than the Bush Administration has, but has not quite gotten to the place that, for example, Rick has quite rightly laid out. It would be hard to envision a reformulation of the U.N. that did not take account of India's status. And it would have the added impact of bringing India into the world architecture, rather than have India see this as a challenge. Third area is in green technology, as Ajay quite rightly pointed out. The U.S. and India not only have a pressing need for green technology but, I would say, a natural harmony of talents and niche skills. Any country that is going to be the leader in green technology in the future is going to have to have the high-end and the low-end. It's going to have to have the technology, the capital, the investment to make this enormously expensive and difficult transition. But it's also going to have to invent technologies and industries, and simple ways of doing things that make sense in a -- for the way that most of the world lives.

A solution that works in America may work in Europe, but it's not going to work in Nigeria. A solution that actually solves the energy needs of Nigeria and Indonesia and Brazil is much more likely to come out of India than to come out of Silicon Valley. However, Silicon Valley and Bangalore and Hyderabad working together, I think have a much greater chance of making that breakthrough than either one working by themselves. And whatever country makes this leap to the 21st century technology will not only do great things for the planet, but will do essential things for its own people -- for its own industry, for its own citizens. So I think there is a natural alliance there. The last opportunity that we have -- and there are many, many others, but for reasons of time I'll limit myself to four -- is health care. Both India and the United States have enormous health care challenges, and they fit together -- the solution, the potential solutions, fit together quite well. India already produces pharmaceuticals for pennies on the dollar. Already, you have what are called "medical tourists," people going for high-end surgeries, to Escorts and to Apollo in Delhi, from the United States, from Europe, from all over the world. Not only the fact that you go into any emergency room in America and odds are probably about 50-50 that your doctor, your anesthesiologist, your surgeon, your nurse will -- if all of them are not from India, it would be hard to imagine that you wouldn't have two or three.

This gives us in the U.S. the benefit of India's -- some of India's greatest brains. It also, though, provides India the benefit in that a lot of these doctors and nurses go back home eventually, and are able to bring the expertise back with them. So -- four great opportunities for us to work together. And yet why are we, why do we have cause to feel pessimistic about each one of them? Well, on the security front, we do have to be honest that, while we have a huge overlap of interests, there's a very limited amount that the United States can do to bring about outcomes that we'd like from Pakistan or from Afghanistan. There's a limited amount that India can do on either of those fronts, either. India wants the United States to bring about a change in Pakistan behavior. Pakistan wants the United States to bring about a change in India's actions. All of these things are not only -- not only unrealistic, but quite rightly unrealistic. You know, whenever my Indian friends say, why can't you make Pakistan" do X, Y, or Z, I say, well, you know, Pakistan wants us to make you do X, Y, and Z. Would you ever do that? And, of course, no, no, no. We would never think of doing that.

India and Pakistan can -- and, I believe, will -- achieve a lasting way of living with each other on their own. They came very, very close just two years ago. And I feel quite confident that they will again. I hope it will be in the shorter term rather than the longer term, but eventually I think they will. However, in the near term, I don't think there will be that kind of breakthrough on the security front that all of us would like to

see -- with the danger that Steve quite rightly points out. If there is a Lashkar-e-Taiba of Jaish-e-Mohammad attack in India, as there very well may be, it will very quickly go to a crisis point. Second, on the U.N. Security Council, it makes perfect sense for India to be given a permanent seat. However, in order for that to happen, not only would Russia and China have to agree to this, but the United States would have to agree to this. And even though we may say it makes perfect sense, is this administration, or any administration truly willing to grant a veto to any country that could potentially have -- see its interests differently. I hope that we are able, eventually, to go beyond the tactical decision to simply avoid giving a veto to someone who is not merely, you know, a proxy of ours. But it would be unrealistic to think that this is going to be an easy political choice. On green technology, again, there's every reason for us to cooperate, but we have to be honest. Cooperation would mean the possibility of losing jobs in America, of losing, perhaps, some types of jobs in India, of making politically difficult choices within India about, for example, the subsidizing of power to certain industries, of water, of infrastructure, all these sort of things, that we say in America, why don't you Indians go and do this? And we realize we're a democracy and things are difficult for us to do. We don't -- we often don't seem to realize that India is a democracy and that political actors in India operate under exactly the same kind of political pressures. The same thing is true of health care. It's a perfect union in so many ways, and yet to make this union more complete it would require sacrifices, political sacrifices, in both countries.

So -- why am I still optimistic, regardless of the fact that I don't -- that I feel fairly pessimistic about our ability to actually take these opportunities sitting right in front of us? Well, it's for the same reason that I have bags under my eyes right now. My young son Veer and my older son, Skanda, who are half desi. Their mother is Nepali -- and I can speak separately about why India has drawn the energy and the brainpower from so many of its neighbors that in a sense even Nepalis can be termed desis. But the solution, I figure, is going to be coming from them -- maybe not individually. Who knows what they'll do with their lives? But the fact that their story is really not exceptional, the fact that there are so many Indian-Americans, Indians back in India who have either been educated in America or who have American background. The fact that there are so many businesses, that there are so many cultural links. The fact that we are no longer in India 1.0. Where most Americans saw India as an exotic land of snake charmers and maharajas, that now most Americans see India as the place where their doctor has come from, the place where their computer has come from. The place that is so much a part of their present, and even more a part of their future.

I feel pessimistic about the likelihood of Delhi and Washington working things out at the top. I feel supremely optimistic about all of the rest of America and India working things out -- basically, with Washington and Delhi, hopefully, helping, but at minimum just standing by and not getting in the way. So it's because of that that I still am able to be optimistic about U.S.-India 3.0, which is not here now, but I feel absolutely certain it will be coming soon. (Applause)

MR. COHEN: Next year in New Delhi we'll find out who was right and who was wrong. Actually, I'm pretty optimistic, but I think that my optimism is tempered by the fact that awful things may happen. But I certainly side with Jonah -- and that good things are happening also. Let's go to questions. I was told that, when I organized this panel, by somebody, that you won't have 15 people there at the end. Either you don't have anything else to do, or else this is immensely compelling. I think it's immensely compelling. So let me start in the back with the gentleman back there

SPEAKER: Thank you for the excellent presentations. Raja Karticare. My question is how does the U.S. look at India's potential membership of the SCO. And my question to Secretary Sibal -- would you say that India is in the process of redefining its neighborhood to include Central Asia? And, if so -- it will be great if Ambassador Inderfurth could comment -- how would the U.S. look at that, given that, of course, the state already includes -- it calls it "South and Central Asia." But if India actually, you know, looked at creating maybe, or extending SARC, or maybe making SCO as its prime forum in some way, how would the U.S. look at this?

AMBASSADOR SIBAL: Well, insofar as India looking at Central Asia as part of its larger neighborhood, I think after the collapse of the Soviet Union, when these countries became independent, there has been a great deal of competition by so many powers to position themselves in this energy-rich area. Plus, of

course, there are other geopolitical considerations that are motivating countries to be present here. So far as India is concerned, when these areas were part of the Soviet Union we had no strategic concerns of any kind. And during that relationship, during that period, we had built up very strong equities with these particular Asian states. Immediately after they became independent there have been a lot of high-level visits, especially from these countries to India, with some return visits from our side.

So the political desire to expand our relationship is there. The economic opportunities, in principal, are there. But then there is this huge problem of access. We can't get access to these countries, to Pakistan and Afghanistan. Potentially, we can have access to Iran, but it's not easy, you know, to do business with Iran. In my time as Foreign Secretary we had developed a road link through Iran into Afghanistan and on to Central Asia, but that has not really matured in the way we wanted it to mature. But hopefully -- hopefully -- if the Afghanistan problem is settled, and India and Pakistan are able to resolve their differences and some transit arrangements can be agreed to, then India can pursue its economic goals in Central Asia.

And finally -- as I said in my earlier remarks -- our concern very much is that these countries should not become unstable, and not fall prey to extremist religious forces. And there is a danger of this happening, and there have been developments on the ground in this direction. And finally, we must not forget that if you look at the history of India, the last thousand years or so, there has been very intensive interaction between India as it is today, and these Central Asian states. So there is a historical legacy which definitely has some influence on our thinking, in terms of what we should do in the future with these countries.

MR. COHEN: Surjit Mansingh.

MR. INDERFURTH: Could I just mention --

MR. COHEN: Oh, I'm sorry.

MR. INDERFURTH: Just in terms of the Central Asia connection. That, too, plays into what I said about the need for a regional approach to Afghanistan. Because it's not just a question of ensuring the future, noninterference, or sovereignty, or territorial integrity of Afghanistan, it's also about opening up to allow a landlocked country to become a land bridge to trade, commerce, energy. So this is a very important dimension to move in a direction that would offer that opportunity for Central Asia, for South Asia, and for there to be this kind of commerce taking place among all those countries.

You know, I'm just not familiar right now with where we are with the SCO. It's an issue that has -- that the Administration, I'm sure, has spoken to, but I just don't know where they are with the SCO. I think that some of the concerns the U.S. has had about the SCO probably have been misplaced. It can be a mechanism in many -- the architecture of the regional organizations are one that the U.S. hopefully is taking a good look at again.

AMBASSADOR SIBAL: May I give a little clarification on this? For the time being, the expansion of the SCO membership has been frozen. So they have to take a decision to expand membership. And there are observer countries, like India, Pakistan, Iran, Mongolia, who then would have to be included as permanent members. What the SCO countries have tried to do is to give the observer countries more of a role in the deliberations of the SCO. You know, our prime minister has not attended any of the SCO summits, although Iran has done so at its President's level, the Pakistanis have done so at the President, Prime Minister level. Our prime minister stayed away until the last summit because it didn't make sense for a country like India, for our prime minister to go there and sit in the plenary, and not participate in the real substantive discussion. But at Yekaterinburg, for the first time, our prime minister did go, because they are trying to make arrangements to give the observers -- as I said -- a greater role in deliberations. India would be quite open to the idea of permanent membership, but I think there are hesitations. Because China wants to bring Pakistan in, and Russia is not yet ready to bring Pakistan in. So that's where the problem is.

MR. COHEN: Surjit Mansingh?



MR. MANSINGH: Surjit Mansingh, American University. I, too, am optimistic, not only because, like Jonah, I have two sons who are half Indian and half American -- but I have a specific question.

I have noticed that everybody has emphasized the importance of President Obama's scheduling a date for his visit to India. How likely is it the visit will actually take place, in view of the fact that he has canceled his visit to Indonesia -- where he grew up, after all -- three times in one year. So is this also an unpredictable -- is this also a horrible thing that might happen, that he not go?

MR. COHEN: He might send his wife and family. (Laughter) But any comments? Rick?

MR. INDERFURTH: It was initially speculated that it would take place in the summer, and many of us wondered if that would be possible, given that he should be pretty busy this summer because of the upcoming midterm elections. This visit is scheduled for after those, so think it's a very good chance, and there's a high likelihood that it will take place -- unless we have, you know, another disaster in the Gulf, or something of that nature. Presidents do have to tend to their immediate responsibilities. But I think there's a very high likelihood. Everybody is talking about it. It's in the joint statement. I think it will take place.

MR. COHEN: Yes. Gautam did you have a question? Mike up here, please. We let panelists ask questions, also. Former -- retired panelists.

MR. ADHIKARI: Oh, yes. Sorry.

MR. COHEN: Panelist emeritus.

MR. ADHIKARI: Gautam Adhikari. The question is to Jonah and to Kanwal. Perhaps one reason, Jonah, why something like the nuclear deal was taken up, and not Security Council membership, by the Bush Administration could be because the nuclear deal was a piece of cake (laughs), compared to, you know, getting membership. I mean, after all, you have to deal only with the domestic political situation in the United States, to convince people to get such a deal through. And for India, also. NST -- yes, of course, yes that's true. That's true. But then after the whole thing was over, then the NST came in. But in the case of the Security Council, I mean, how would you proceed to get not just Russia and China, but also Pakistan and Japan?

And Kanwal, it's a related question, is that are we ready for Security Council membership? I mean, do we want it? I mean, we take -- we generally take very -- what shall I say? -- nuanced views on world affairs, I mean, on almost everything. The Security Council won't give us that luxury anymore.

MR. BLANK: Thanks, Gautam. I would say that actually the civil nuclear deal was a very heavy lift. It occupied, it dominated my time and so many other people's time in this town for several years. It was very difficult, not merely because there were a lot of voices in Congress that didn't like the entire idea, the entire endpoint of it, but a lot more people who agreed with the endpoint but didn't like the way of going about doing it.

Let's remember, the original proposal was the Administration coming to Congress and saying, "We propose that Congress vote itself out of having any say in any kind of nuclear deal that the Administration may choose to negotiate." Even Republicans were unwilling to do this. Even the most steadfast Bush supporters were unwilling to do this. So Congress had to basically write this deal from scratch. And then had to -- the Administration had to go to the NSG, and had to go even beyond that, had to really open the NPT for discussion on this -- and to do it in a way that some of us thought was already difficult by going country-specific route rather than a conditions-based approach. And, you know, we can talk more about the differences between those. But my point is it took a lot of the Administration's time and political capital. Would that amount of time have been successful in bringing about Indian membership on the Security Council? It may or may not have been. But it seems on the face of it, at least, to be no heavier a lift -- for the reasons that Rick laid out so well, that if you're going to reform the Security Council, it's very hard to come up with a rationale that would not include India membership. I don't know what argument

could be put forward with a straight face that would stand the test beyond simply Country X has a veto power and decides to use it to block any change. So how would you go about doing it? That is a much more difficult question. That's why I'm pessimistic on the short term for it.

AMBASSADOR SIBAL: Well, I think there is some misperception about Russia's position on India's permanent membership. Russia was probably amongst the first countries to support publicly India's permanent membership, and the only country which at one time -- in the words of President Putin -- said that India must also have veto power. And he explained to us in private discussions why he said that. Because he said that if you create two kinds of permanent members, one with veto, another without veto, this will be the first step in building up a campaign against veto rights to even be existing for the P-5. Subsequently, there has been a little stepping back -- not so much in terms of supporting India's permanent membership, but on what should be the nature and degree of consensus, where they talk about a virtual complete consensus, rather than it going for a vote and, on the basis of two-thirds vote as the charter stipulates, a country can be eligible for a permanent membership. And Britain and France, as you know, openly support it. And the new British government, in their enunciation of their foreign policy, to my surprise were very forthright and clear on the issue of supporting permanent membership of India.

So that does put the United States -- that puts the focus on the U.S. position that if -- China, one can understand, doesn't want to support India. But if the Russia, France and Britain can publicly support India, then why is the United States hesitating to do so? Of course we understand what their reasons are about the kind of -- the size of Security Council, and it should remain efficient and functional. And there is still some concern about the voting pattern of India. And there's this new issue that is being raised about representation for Islamic countries. So, you know, Egypt, Turkey, Indonesia, et cetera, et cetera. I might also say that Russia doesn't want Japan in. Canada doesn't want Japan in. And China, of course, doesn't want India in. And after Brazil's initiative vis-à-vis Iran, I don't know if the United States would be very enthusiastic about (laughs) getting Brazil into the Security Council. I think India certainly wants it, is ready for it. We have this campaign, as you know, four countries joined together and worked for it. Now there is a text on the table which is being discussed in the United Nations, and there are those who feel that we are slowly moving in the direction of probably a vote on this in the not-too-distant future. But India is ready.

MR. COHEN: Thank you. We have time for one more question, because we do want to finish on time. A gentleman back there has had his hand up for some time.

MR. PARAMESWARAN: Prashanth, from the Project 2049 Institute. First of all, Mr. Sibal, I disagree with your notion that somehow looking beyond the neighborhood, when the United States asks India to look beyond the neighborhood they're sort of asking India to neglect their regional issues. I don't think those two are mutually exclusive. But I think it speaks to the broader tension that we've seen in all these panels, which is there's all this talk about bringing India into a global role, but within India itself there seems to be a debate -- as Mr. Gautam alluded to earlier -- between whether to take a more narrow, or a regional approach, sort of focusing on regional problems in its neighborhood, like Pakistan, like Afghanistan. Or willing to take a more global approach to certain issues. Or whether to take a more reactive approach to foreign policy or a more proactive approach. So I was wondering if the panelists could speak to how much this is kind of an obstacle or, you know, maybe progress towards moving towards India's global role. Because I think that's the main question. It's not what the United States thinks of India, but so much as what India perceives itself as doing.

SPEAKER: I'm sorry, the one thing I will say is that I think it's striking how little global strategic thinking is taking place in India. And I don't necessarily just mean in the government of India, I mean amongst the think tanks, I mean amongst the sort of broader cognoscenti, India's foreign policy is still pretty much in a reactive phase, and not in a proactive phase. And it would be fascinating to see it move from one to the other but I don't think it is at the moment.

MR. COHEN: Go ahead...

MR. INDERFURTH: I'd been to a conference about two months ago, in the U.K., a (inaudible) conference with the title, "Is India Ready for Superpower Status?" Which goes to this question. I mentioned that to Ambassador Shankar and she said, oh, no, no, no, no. She said, we are a developing country. We will talk about that later. And I do think that India itself will make a determination of its engagement with the world. It's clearly decided to engage the United States -- and Ambassador Mansingh and others have been a key part of seeing that relationship develop. But it will make its own decisions about how it wishes to engage and what level. When I talked about a full stakeholder, I did make a reference to the fact that India itself must decide how it wants to engage. And if it does wish to engage -- as it clearly does, in terms of its stated preference for a permanent seat in the U.N. Security Council -- we should be supporting that. But, again, these are Indian-driven decisions. But I think as much it's in our interest, U.S. interest, strategic interest, to have India as engaged as it wishes to be at this time.

MR. COHEN: Now, Ambassador Sibal would like to make some concluding remarks.

AMBASSADOR SIBAL: In response to your question, you know, if India cannot be seen to be able to handle its regional problems effectively, and assert its leadership in its own broader region, its global role is not going to acquire the kind of credibility that it would and should have. Because we can always be dragged down from any global role, and be boxed into South Asia. And the whole strategy of China and Pakistan has been to keep India boxed in South Asia. And China stepping, helping Pakistan go nuclear, and giving it this capability, delivery capability, is to prevent India from playing its due role because they fear that if India shackles in the region somehow gets moved, then India will become far too powerful. And then, in any case, you know, through a terrorist attack of the kind you were speaking about -- and I hope it doesn't happen -- India can be put in a very, very difficult situation where it will be faced with extremely hard choices. And any military response that India might make, or be compelled to make, to a major terrorist attack by Pakistan would set back India's economic development, its growth prospects, and change the global outlook about India and the region it is in, and create this -- you know, reinforce these feelings of the region being broadly unstable, et cetera. And the second thing is that while there is attempt to focus on India's global role -- in the United States -- and not concentrate on the regional aspect is because the real problems lie there. And there are certain contradictions in U.S. policies and Indian expectations from what the U.S. should do in the region. And for its own compulsions, the U.S. is not in a position to satisfy India on these problems.

Therefore, the best way is to skirt these issues, not to give too much attention and focus on these issues, because that can be an obstacle in terms of building up a larger relationship, and elevate the relationship to a larger, global level so that there, many of the contradictions that are at play are not so visible and problematic. But then, if India should play a global role and the United States would want that to happen, then the most critical thing the United States has got to do is to make India a permanent -- agree to India's permanent membership in the Security Council. But that is where, that is where India will be able to play its global role most effectively.

MR. COHEN: Let me conclude by making -- I guess, first of all, by thanking this panel, and all the other panels for, I think, just very insightful, very useful comments. I used to teach a course on India which would take me a whole year. And I've heard more interesting and original things -- even if they disagree -- in this day than I've heard, often, when I taught a course. Of course, I was listening to myself most of the time. (Laughter) So that doesn't mean very much. But at least I think we've gotten a cram course, a rich cram course on India, and also on the U.S.-India relationship. So I think it's been a great educational experience. Secondly, let me thank -- I want to thank Vicky, Mittal, Mitra and Ranjana. Ranjana, would you please stand up? Because Ranjana has been my -- (Applause) She and her staff have been my co-conspirators in this. When they first approached Brookings several months ago, we put this together. And thirdly, I'd like to say we hope to invite you back two years from now -- here, not at Carnegie, but next door, at Brookings -- to another dialogue. And we hope that there will be one more next year, in India. And then, of course, a year after that here. And we hope that by that time we'll see how well our predictions have come.

So, thank you very much for your patience, for your attendance, and we'll see you very soon. Thank you.

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