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THE FUTURE OF THE U.S.-INDIA PARTNERSHIP

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PARTICIPANTS:

**Welcome and Opening Remarks:**

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**Introduction:**

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**Keynote Speaker:**

THE HONORABLE MARK WARNER (D-Va.)  
Co-Chair, India Caucus  
U.S. Senate

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## P R O C E E D I N G S

MR. INDYK: Good afternoon, ladies and gentlemen. Welcome to the Brookings Institution and to this Third Brookings-FICCI U.S.-India Strategic Dialogue. I'm Martin Indyk, the Vice President and Director of the Foreign Policy Program at Brookings. We are pursuing a time-honored tradition at Brookings at eating and talking at the same time. I hope the Senator will indulge us, but we have such a packed schedule of discussions today on U.S.-India strategic relations that this is the only time that we have to eat as well. And we indeed are going to have I think a very sumptuous feast in terms of food for thought from the Senator.

To introduce the Senator is Ranvir Trehan, a great support of the Brookings-FICCI Dialogue, a great entrepreneur, from Virginia where he knows the Senator well from an earlier life. Ranvir, welcome.

MR. TREHAN: Good afternoon. It's my pleasant duty to introduce Senator Mark Warner to you, although in this town and in this region he needs no introduction at all.

Senator Warner was elected to the U.S. Senate in November 2008 with a landslide victory of 66 percent of the vote. He serves on several committees in the Senate, Banking, Budget, Intelligence and Commerce. He has always been a national leader in finding common-sense bipartisan solutions to our problems and he has been assiduously working in that fashion all his life. For instance, he was a member of the Gang of Six, three Democratic Senators and three Republican Senators, who were trying to trim our national deficit by \$4 trillion out of the \$14 trillion that we have currently. Also before that he worked on the regulation of the financial institutions and the banks in a very bipartisan way and that has been proceeding forward. Earlier he worked on other

issues such as women's health, in Veterans Affairs and effectiveness of federal agencies and reducing waste in the federal government.

Before the Senate, Senator was Governor of Virginia from 2002 to 2006. He came to the governorship with a maximum record deficit in the budget of the State of Virginia. During his time with bipartisan support from the two houses which were both Republican, he converted it into a surplus. We also devoted considerable efforts in education and in business and brought 135,000 jobs into Virginia during his tenure. Virginia was universally regarded as the best-governed state during this period.

Before that, Senator Warner studied here at The George Washington University for his undergraduate and then went on to Harvard Law School for his law degree. He was an early investor in cellphone technology and the company that ultimately became Nextel and of course was extremely successful in this country. He has also been an entrepreneur and an investor in early start firms thus bringing more jobs into the economy. So with this introduction, I bring to you the Senior Senator of the State of Virginia, the Honorable Mark Warner.

SENATOR WARNER: Thank you, Ranvir. Thank you for that very generous introduction. More importantly, thank you for the many years that you and your family has given me friendship. I can think of very few people I know that are more involved in their community and more generous in so many different ways than Ranvir Trehan. So thank you for that introduction.

Martin, it is wonderful to be back at Brookings. I know when Martin introduced this setting that there are so many good discussions going today that you have to actually eat and listen at the same time. That is unique to Brookings. It is wonderful to be at a place where there is civilized, thoughtful, reflective conversation

where people are trying to discuss solutions. That is very different than where I work during my day job.

But it is a great honor for me to be here with Secretary General Kumar and all of my friends from FICCI to talk about the opportunities we have between the United States and India. The one part that Ranvir left out of that introduction I would have thought --

MR. TREHAN: He is the leader of or the Co-Chair of the Senate U.S.-India Caucus and during his time the caucus membership has increased to 39 members. He has energized the Senate, and I can tell you that he's always looking to find common-sense, creative solutions and initiatives for cooperation between the U.S. and India at all times. And he is going to India in January I think for a trip.

SENATOR WARNER: And you left out one other thing. Who was the first governor in the history of Virginia ever to lead the largest delegation at that point ever to India?

MR. TREHAN: A delegation to India.

SENATOR WARNER: Thank you, Ranvir. Thank you. He's very generous. I thought I had written the whole introduction out for him. He said all those nice things and then he forgot.

MR. TREHAN: A great friend of India and Indian-Americans in this country.

SENATOR WARNER: It has been remarkable in the last 10 years to see the growth of this relationship. I think every politician always starts with the discussion of the fact that the world's oldest and the world's largest democracies, how important it is that we are friends, allies and partners. It's also remarkable, I know we're supposed to be politically correct here, but that really wasn't so true until the last 20 years. As we

think about the evolution of the relationship between the United States and India over the last 10-plus years starting with President Bush's I think dramatic support for India, the move forward on the key agreement on nuclear power back in 2008, the fact that President Obama I think appropriately hosted Prime Minister Singh at his first major state visit and state dinner, President Obama's recent visit, I guess not to recent now, almost a year ago, to India and the announcement of increased ties in terms of \$15 billion of deals between our countries, all important steps forward. One of the themes of what I want to try to talk about today is how we move this relationship that has evolved into a strong friendship into a strong partnership. Because friends can agree and disagree, but partners do more than have photo ops, do more than announce big deals, they actually work through the details of a tremendously binding relationship that will draw our countries closer and closer together because it is in both our countries' self-interest to increase this opportunity.

As Ranvir mentioned, one area that I hope I can contribute to this is as Co-Chair of the U.S.-India Caucus in the Senate. We've grown to 39 members. I just picked up Jeanne Shaheen the other day. We're up to 40. Our goal should be north of 60 I hope before the next 6 months are over. I don't think that should be too much of a challenge. Mark Bruner, you're going to get fired if not. What our hope is with the caucus, when Secretary Clinton first started the caucus a number of years ago, it went through a period when the relationship between the U.S. and business was blooming so much, and then I think as our relationship matured, the U.S.-India Caucus in the Senate took a lower role. It's time for that role to reexpand, for us to increase not only the number of Senators but for the caucus to make sure that we're in regular communication with friends of the U.S.-India relationship on a regular basis, to serve as a conduit particularly as we build our business relationships and to also look at cultural

opportunities. I think another great step forward was taken in this relationship at the Celebration of India at the Kennedy Center a few months back. What we also hope to do with the caucus is build out and use this as a conduit for the growing Indian-American communities all across the country. We really think this is an opportunity and the caucus can be one of those voices for Indian-Americans not only in terms of direct policy issues, but, again, cultural, educational and other opportunities as well. Let me go through some of the points where I hope this relationship can build and then I'll be happy as time and interest allows to take some questions.

First and foremost, we do need to make sure that we continue to increase our commercial ties. Again, my congratulations to so many strong Indian business organizations, FICCI being of course one of the strongest. It is terribly important that we take advantage of these opportunities. Over the next 10 to 15 years as again our Indian friends are quick to point out, 200 to 400 million more people will enter into the middle class and you will soon have, what is it, more than a dozen cities that are basically equal to the size of New York, 10 million plus. This is a wonderful opportunity for increased trade and relationships, but not only in this emerging middle class and in the metropolitan areas, but I think we need to also think about increased commercial ties between rural areas in India and rural areas in the United States.

How do we do this? Part of this is striking the right balance. We need to continue to work with our colleagues in India in terms of increased opportunities for foreign direct investment. Progress has been made but there still remain challenges in terms of multibrand retail, banking, insurance, and we need to work on a cooperative basis to expand these opportunities. One of the things that I often list as one of the areas to focus on is well is increased educational opportunities. Although I've been appropriately informed that while we may need to spend some more time waiting for

legislation to get through at the national level, there exists a great deal of opportunities for American educational institutions to partner directly with Indian states and as a former governor I think this is an area that again we in the caucus can help accelerate those ties.

As to the area of increased commercial activity, something that Ron Summers and the U.S.-Indian business community has talked about is the notion of I think we ought to brush of and relook at the notion of bilateral trade agreements and how we elevate those. The question is does this path lead ultimately toward a free trade agreement between the United States and India? I think that should be our long-term goal. But I think there are intermediate steps that we can take in terms of looking at bilateral trade agreements and increasing opportunities so that we don't have Indian products coming into the United States and American products and goods going into India, that we do as much as possible to lower some of the friction points.

I also have been very proud over the years to promote more Indian direct investment in the United States. My appeal has always been, and friends in the room who I've met this have heard this from me, but I encourage my Indian business colleagues as they look at investing in the United States I urge them to look beyond the traditional areas. This is somewhat controversial, but I think Indian businesses looking at investing in the United States need to look beyond Northern Virginia or New Jersey or Northern California or the areas where there are already large established Indian business communities, the value in Indian businesses investing in more rural communities. In areas that have not seen the benefits of globalization is enormously powerful. I will often recall the Indian company Esopropak who we brought to Southern Virginia that was a polymer manufacturer. This was a community in Southern Virginia that was vehemently antitrade because its traditional industries had been tobacco, textiles and furniture, not exactly industries that have had long prosperous recent futures

or recent times in the United States. Esopropak came down; put a polymer manufacturing facility in rural Virginia in Danville. It has grown three expansions over the last 10 years. It has about 400 employees right now. The whole community's view on trade and globalization has changed because they've seen the benefits coming both directions. There have been some development opportunities in this area, but I think there is more than can be offered as we think about the tremendous growth of Indian back office operations in the IT sector. If we can figure out a way to do a back office operation in Bangalore, we should also be able to figure out a way to do a back office operation in Martinsville, Virginia. And for Indian companies who have broken those barriers, I think it is the Indian company's self-interest as well as overall commercial self-interest if we can strengthen these ties particularly in rural communities. Let me also assure you that if this is of some interest and you're looking for a state where you might have rural areas to invest in, I still wear my former Governor's hat as a promoter of Virginia.

Another area that clearly has been of enormous importance in the last few years has been strengthening security and defense cooperation. India and the United States both have been victims of terror attacks, India unfortunately more recently and more repeatedly. India and the United States stand united in opposition to terrorist groups and are both equally disturbed by direct or indirect state support by certain nations of terrorist activities. I think there are beginnings of collaboration between our Homeland Security operations in the United States and some of the Home Office operations. I know Secretary Napolitano was either going or just has been to India, but this is an area where increased collaboration opportunities I think need to be higher on our agenda around the area of homeland security and national security. I understand again this is a sensitive issue in India in terms of appropriate appreciation of India's long-



term policies in terms of autonomy, but this is an area I think of potential collaboration around homeland security.

One of the reasons I was late was I was just with Admiral Willard who is the American military commander for the Unified Command for the whole Pacific and Indian Ocean Region. He has command based out of Hawaii not only our Navy but all of our Army, Air Force and others. He has talked about the dramatic improvement of collaboration and joint exercises with the India defense forces. This is still an area that needs I think again increased collaboration. I'm proud of the fact that now the U.S. Navy and the Indian Navy have more joint exercises. The Indian Navy has more joint exercises with the United States than any other nation, again, an area that needs focus and I believe sensitivity to it. I know Ambassador Rao is not here. We look forward in the U.S.-India Caucus to host her up on the Hill in a few weeks. I've brought up a couple of times and I won't bring up again the disappointment we had about the Merka announcements in terms of the fighters, but we do think clearly India has made their announcement of \$80 billion in investments to modernize their military. India is going to be a great customer and we need to make sure that from the caucus's standpoint we work with both our Defense Department and State Department making sure that American military enterprises can have the kind of sharing with their Indian counterparts to make sure that we can be good customers. Obviously while I'm very proud with the announcement of the C-17s and that \$4 billion purchase, I hope that we can lead this to other opportunities.

Let me also mention that I had a much more diplomatic sounding specific speech, but I thought I would give that to the question period. Let me also acknowledge one other area that we need to work on and that is we need to continue through our immigration and visa challenges. I know there were many concerns and my staff said

whatever you do, don't mention the H1B issue. I understand the concerns where an important policy goal of the United States was perhaps dealt with on a pay form that was maybe or maybe not the right spot, but that's behind us. Let's look forward on how we can continue to broaden H1B opportunities. Let's look forward as well, one of the things that I'm strongly supportive is on the entrepreneur's visa and lowering that threshold from a million dollars to a half-million dollars and Senator Kerry has got a bill on this. This is again good for joint collaboration between our countries, and as we struggle with slightly lower growth rates in the United States than India, opportunities I think to create American jobs and we need to continue to sort through, and I say this wearing my more American hat, comprehensive immigration reform so that as we continue to have the kind of educational collaboration that has been such an opportunity particularly for so many Indian-Americans, I have to say selfishly that we make it a valid open chose for those Indians who come over here to study particularly in the stem areas. If they choose to build that world-class operation here in the United States, they ought to have that opportunity and we need to again work on that as again my hope is that there will be Americans that will go over to Indian institutions as well and choose to do the reciprocal type of entrepreneurial opportunities in India as well.

But we do need to guard. I opened my comments with the fact that I work at a challenging spot right now in the United States Congress. It is very important that not only at the Brookings of the world but that we continue to make the point to the American people and to many of my colleagues that we clearly live in an enormously interconnected world whether like it or not. We've seen certain actions by certain members of Congress recently that have said let's play toward nationalistic interests or let's play toward cutting back on America's role in the international financial community or cutting back on American foreign assistance that helps develop and spread what I think is

America's greatest asset, our love of democracy, love of the market, entrepreneurial spirit. We need to make clear that the U.S. and India truly are not only friends, but are norms partners, that our interests are so intertwined and we need to make sure that these kinds of conversations take place not only at Brookings but take place with members of Congress and throughout the whole country. We need to get out of Washington and have these. My challenge to FICCI and my challenge, and this is clearly not in my prepared remarks, is we need to get out of Washington and New York. We need to have these kinds of settings in smaller community and secondary-sized cities all across America because Americans right now are scratching their heads sometimes wondering why are we on the precipice of another economic downturn because of a banking crisis in Greece? Why do they only hear those voices who say that globalization has only led to decline of jobs when actually in many ways globalization has led to the dramatic increase in raising the overall standards of living for people all across the world? We need to get out of our comfort zones to build this case. So while I give great thanks to Brookings and FICCI for this forum, I hope from the U.S.-India Caucus in the Senate that we can be that kind of positive voice with the goal of 60 Senators, and once we get those 60 we'll be able to get votes on most everything we need since 60 unfortunately seems to be threshold number now, but we do need to broaden this conversation and we need to make sure that the goal is U.S. and India not simply as friends, but truly, truly as partners and I hope in some small way I can be part of that process. Thank you very much, and I'd be happy to take questions. Martin, are you going to proceed?

MR. INDYK: I'm going to moderate just in case we've got some difficult questions.

SENATOR WARNER: Very well. Very good.

MR. INDYK: Although I know you can look after yourself. Let me begin first in thanking you for departing from your speech and giving us such an interesting and I think useful roadmap for the bilateral relationship. I've just come from India where we at Brookings are trying to build up capacity in India, Brookings in India in fact. I hadn't thought about Brookings in Indiana, but we'll come back to that in a moment.

What's striking when you go to India these days and you look at what's happening in Washington is that there is in some ways a crisis of governance in both countries as two great democracies. The sources are different I think, but I think it might be useful since you're so involved in trying to break the gridlock here, if you would give our audience a sense of how you're going to do that.

SENATOR WARNER: That almost makes me want a question on Pakistan instead. One of the missed opportunities of the last year, and I say this as a strong supporter of the President, has been the fact that the President and to a degree Congress didn't either make the case to the American people of how we got in this circumstance. The reason we have a \$14 trillion debt is not due to one political action of one party or the other. Too often it is viewed, the Democrats say it's because President Bush started two wars that weren't paid for. The Republicans say it's because President Obama spent money on stimulus and other government spending. Those are not the underlying reasons. The underlying reasons are more demographics. I'd like to say the real cause of the debt crisis in this country is the medical community because we're all living too long. We set entitlement programs that were based upon when Roosevelt set 65 as the retirement age for Social Security, life expectancy was 64. And if we are going to reach the ability to drive our debt-to GDP ratio down, we have to, as Ranvir mentioned, take off \$4 trillion. We don't have to do that overnight, but we have to have a real plan that the business community and the American people will believe in.

The only way you can get there is if both political parties are willing to give on their kind of sacred cows. One, the Democrats have to be willing to reform entitlement programs so that they are sustainable over 75 years. And the Republicans need to be willing to acknowledge that with spending at all-time high but revenues at a 70-year low, you're going to have to increase revenues and you can do it through tax reform and not raising rates. Let me give you the bad news and the good news. The bad news is that the agreement that was reached at the end of July was both political parties agreeing to the lowest common denominator of the other party, and the reaction from the markets and the reaction from S&P was devastating not only to the United States but indirectly to an already very fragile world economy.

The bad news as well is that in the past, my belief it was, was that America always had enough of a preeminent lead in so many areas that if America couldn't get its act together for a year or two, it was bad but was not devastating. India is not waiting for America to get its act together. China is not waiting. Brazil is not waiting. So we don't have the luxury of avoiding this hard choice.

The good news is that there is a group of Senators -- we have now 36 or 37 I believe who signed up to say we'll be for this grand bargain. There is a growing number in the House of Representatives, Democrats and Republicans. We need the business community. The business community sat out most of this last debate because I think they didn't believe we would perform as poorly as we did. But it's in the business community's self-interest that we put a real plan in place. And we have an opportunity right now when we set up the Supercommittee of 12. One of the things that I know must be confusing sometimes to our Indian colleagues is the American congressional political process. It's confusing to me as well. But the one opportunity we have is if this Supercommittee acts, their proposal will get a straight yes or no vote, no I'm for this part

but not for that part. It will have to be a grand bargain and we shouldn't try to miss that opportunity. So what I've been working on, and I had a series of meetings last week and something was reported at a dinner with a number of business leaders at my home last week, to make it safe for the Supercommittee to go big. We've cut \$1 trillion, and they need to go really another \$3 trillion more. That means entitlement reform and tax reform. And if we can show them that there will be political support that will not criticize them the first words out of our mouths, I hope they will step up. And I also believe that the one message I heard from traveling throughout not just Virginia but other states in August was the American people are ahead of the political class because they are desperate for us to get something done and they will be willing to kind of grant us a little leeway on each side if we actually act. So I remain optimistic.

MR. INDYK: Thank you. We'll go to questions from the audience. Please wait for the microphone, identify yourself and make sure there's a question mark at the end of your question. We're going to start with Rajan Kenoria here up front.

MR. KENORIA: Thank you very much, Martin. I apologize, but I'm going to break that question mark part of it and I'm just going to make a comment. I would like to thank Senator Warner for being with us, and on behalf of FICCI we really appreciate the work that you're doing to build the India Caucus and to build this partnership with India. I'm delighted to hear from you that you want to move from a transactional to a partnership mode. We in the business community would support you completely and FICCI would love to work with you in any manner possible.

There are a few concerns which we do have. One, we find that whereas the engagement with India from the large corporations point of view has been good, I think we have to find a framework where we can get small and medium businesses to participate in this growth and opportunity in both these countries. In terms of investment,

the accumulated investment, surprisingly U.S. investment in India is lower than the Indian investment in the U.S. and we would love to see that change because I do believe that the technological gain and the technological advantages which are possible to transfer from the U.S. into India we have not yet really taken the full potential of that forward. And I believe there are some changes which have come about in the transfer of technology which are very welcome in the grading of India in terms of allowing this technology transfer to happen and that would help the partnership.

I think it's also important that within the psychology during the discussions that I have had in the last 9 days in Chicago and in New York, we have to look at what India has already done by way of opening up and liberalizing its economies and looking at the positive aspects and not just at what is yet to be done, and I think that psychology needs to perpetrate that a lot has been done and there are tremendous opportunities which are already on the table and those which are not there are still being done and there is a positive movement. I think our president of FICCI compared this to India having embarked and got into a train where the train is moving. It might slightly slow, it might move fast, but that it is going forward is definite and I think that's very important. So I just would like to leave these comments in thanking you.

MR. INDYK: Thank you. Before you respond, Senator, your staff are telling me that you have 5 minutes.

SENATOR WARNER: I've got 10. I've great to be still boss of one thing. Let me try to respond here very quickly.

MR. INDYK: Sure.

SENATOR WARNER: This is one of the areas on working through; this is where I think about partnership versus friendship. Friendship makes big announcements and grand photo opportunities. Partners are somebody who works with

you through the State Department to get some of the technology transfer regulations changed so that we can actually see this increased collaboration, number one. Number two, I agree with you that large corporate America has made the investments in India, small- to mid-sized corporate American businesses have not. Don't take that personally because small- and mid-sized American businesses have done very little export or direct investment anywhere because as you know, they've had the luxury of the largest market in the world and very few of our small- to mid-sized businesses know how to do business abroad. They're starting to learn that 95 percent of all future customers are going to be outside the United States. They have to learn. And one of the things that we're trying to work on and the administration has talked about but we've not seen their full proposal is we have a very cumbersome set of programs to assist American businesses, some at the Commerce Department, some at the U.S. Trade Representative, the Export-Import Bank or OPEC. There is not an easy entrée point for someone who wants to do business in India to figure out how the United States government would help them.

And third, just to continue to see if I can a little bit controversial, most American businesses that are investing in India are by India-Americans. How do I say this on camera that won't come back? We need to do maybe an outreach effort from FICCI and other organizations to find partners. Again I come back to some of these secondary communities, not just the New Yorks and Chicagos, for American businesses that might not be India-American in origin. Is that the politically correct way to say that?

MR. INDYK: I think we got it. Let's take three quick questions together.

SENATOR WARNER: And I'd love to help present those opportunities. I could see a tour of secondary cities around America where we can bring FICCI or others and get mid-sized chambers to do this and I think it would be a very interesting opportunity.



MR. INDYK: Good. Let's take over here, please. We'll take them three in a row, Senator.

SENATOR WARNER: I'd like to answer all your questions, but Martin is not letting me.

MR. SINGH: Atul Singh. I'm the founder and editor-in-chief of "Fair Observer" a new multimedia, multidisciplinary, multinational journal analyzing issues of global significance. My question is twofold. One, very quickly, I was in an ex-counterinsurgency officer in my past life and I served in Nagaland and Kashmir. At that time we had expertise that could have helped the Americans not just in Afghanistan but in operations across the border into our lovely neighbor Pakistan. My question to you is how far -- you talked about defense, you talked about the navy, all very good things, but the fundamental question is intelligence. How far do you think you could from the Senate push this intelligence cooperation between the two countries which I think is essential, it is a sine qua non, given the joint challenges we face from the same adversaries and the same concerns? Question two is, very quickly --

MR. INDYK: You're only allowed one question. Sorry.

SENATOR WARNER: Let me very carefully, I am a new member on the Intelligence Committee. I am learning a lot and I am very interested in your question.

MR. INDYK: That's what they tell you to at the Intelligence Committee. Let's take this one here.

SPEAKER: Thank you very much, Senator. My question is that India has been a victim of terrorism across the border from Pakistan for the last 30 years and still today it is not India to (inaudible) the United States. The Afghani Network is now being -- I don't have to tell about this. Everybody has spoken about this from the State Department to the DOD to the Senate and you've had hearings. India is being

surrounded by the rogue nations today. If you were the Prime Minister of India and (inaudible) from China and the warnings from China and (inaudible) from Pakistan, if you were the Prime Minister of India today, what would you do, sir?

MR. INDYK: Should we take a few more questions?

SENATOR WARNER: I'm not sure I'm going to answer a few more. Let me say this. I think Prime Minister Singh has shown remarkable, remarkable restraint, and that the Indian government in light of some of the not one but multiple acts of aggression has acted with a level of restraint and class that is commensurate with the best traditions of India.

MR. INDYK: Yes, please.

SENATOR WARNER: That was pretty good.

MR. KADIAN: Senator, I am Rajesh Kadian, a fellow Virginian, and you didn't mention that you actually held the first open house for India-Americans and I was among the multitude who attended.

SENATOR WARNER: Thank you. Ranvir will not get to introduce me anywhere since he didn't include any of those.

MR. KADIAN: Since you met the chief of PACON this morning, my question is where do we see port calls for our ships, U.S. naval ships in India, and where do we see the role of nuclear-powered engines for ships, that's something that we specialize in in this country, as an export or as a collaborative venture with India? Thank you.

SENATOR WARNER: Two very good questions. I didn't ask either of those to Admiral Willard, but what I will do is we didn't ask specifically about port calls. Do you want to add anything on that, Martin? And on the nuclear-powered ship, I would

like to get you a specific answer. Rather than me just trying to give a political answer, let me get you specific answers on both of those. I'll take one more.

MR. BOUTON: I'm Marshall Bouton from the Chicago Council on Global Affairs. Even though it doesn't count as a secondary city, I share your enthusiasm for getting more of these conversations beyond the Beltway and beyond New York.

The civilian nuclear deal was advertised and while it's not been consummated fully yet, it's advertised as a critical breakthrough in the relationship, taking us to a whole new level of trust and potential partnership. Can we go the rest of the distance in this relationship in the incremental way that I think Mr. Kenoria was suggesting is at least necessary now? Or do we need another big breakthrough, and if so what might it be, such as some kind of joint strategy on dealing with a failing Pakistan?

SENATOR WARNER: The Pakistan relationship is clearly one of the most delicate in the world, not just U.S.-Pakistan but obviously my sense is that India has so moved on to the world stage that Pakistan is still focused on a neighborhood battle. But thinking that there will be the breakthrough that this next big transformative step would be around the Pakistan issue, I think that is doubtful. I do believe there is still, and this is again where I come back at least in my mind to the friendship versus partnership, I think there is a lot of work still to be done on nuclear. We have the announcements, we have press conferences, but I fear at times that we have governmental bureaucracies that may not always get the message down from the political leadership that, yes, we actually want these things to happen now. Part of what at least we can do from the U.S.-India Caucus is to help be that active nudge on our side to move these grand bargains into real specific partnering arrangements and I think we've got a lot of room.

I do think the idea of some other grand event that has another big leap forward is a very intriguing idea. I just am not sure it's going to be realistically around

Pakistan. But a very, very good question. I'll take one more and then get out. Although this for those of you who are wannabe politicians, for future politicians, it's always the last question that gets you. Martin?

MR. INDYK: We got to take a safe one from Garry Mitchel. You got to keep it short, Garry.

MR. MITCHELL: Senator, thanks. I'm Garry Mitchell. I write "The Mitchell Report" and my question is this. The thrust of your remarks was about a sort of three-legged stool building the relationship, the commercial ties and defense and intelligence and the immigration and visa question. My question is what do you suppose if a group that was meeting today were a group of people in India who were talking about what it's like to do business with the United States? What would be on their short list? What are the two or three things that make it most difficult to deal with the United States of America today?

SENATOR WARNER: Good question. I would imagine that one would be around some of these issues around tech transfer, that I thought we were friends and why can't we get access to some of these tools that these other countries get that don't seem to be nearly as good friends of the United States. Number one. Number two, and I think this has not got the same level of anger around this issue as there was maybe 4 or 5 years ago, but kind of a defensiveness from some Indian businesses who are doing outsourcing, that why are we being demonized in the American press when all we're doing is working for an American company? One of the points I've always tried to make is one of the ways you can defuse that is if you've got three operations in India, put an operation in the United States as well. Don't put it in Northern Virginia. Put it in an area that's going to make a difference.

The third in terms of frustration, I'm sure my friends from FICCI could give me the next 10, let me make a presumptive comment that probably I shouldn't. I think for a mid-sized Indian company accessing the United States, it's almost culturally easier business they've got friends, relatives or ties in the United States to help navigate. That mid-sized American business in Iowa may not have that same both tradition of accessing India and the inability to kind of sort through the cultural -- and part of our challenge ought to be if we're going to really develop customers on both sides of this, we need to build up that relationship for that mid-sized business in Des Moines.

MR. INDYK: Senator Warner, thank you very much for sharing your views and time. I think you've educated all of us and we now understand even better how important it is that you succeed in your efforts.

MR. INDYK: Thank you, Martin. I thank all of you. And my 95-percent thanks to Ranvir. Thank you all.

MR. INDYK: Thank you.

SENATOR WARNER: Let's take Brookings and let's take FICCI on the road around the rest of the country. Thank you all.

MR. INDYK: We're going to take a 5-minute break and then reconvene for our global session. Thank you.

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## CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

/s/Carleton J. Anderson, III

Notary Public in and for the Commonwealth of Virginia

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