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THE FUTURE OF INDIA'S FOREIGN POLICY: A CONVERSATION WITH YASHWANT SINHA

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P R O C E E D I N G S

MR. COHEN: Good afternoon. My name is Stephen Cohen. I'm a senior fellow at Brookings. It's my distinct pleasure to invite all of you to remember to turn your cell phones on when you leave. Okay.

Today, as part of our India Initiative and Distinguished Speaker Series, we're pleased to have the Honorable Yashwant Sinha back with us again. In 2002, I had the pleasure and opportunity of introducing then-Minister Sinha. And again, I have that delight to do that again today.

Let me acknowledge that we have as our guest today Ambassador Nirupama Rao in the audience. And I don't see Arun Singh here. He may have disappeared. And so today, the format will be that Minister Sinha will speak briefly about Indian foreign policy and then the chair will be taken by Ambassador Teresita Schaffer, who will conduct the discussion at that point.

There's a biography attached on your desk or on your chairs. Mr. Sinha was born and raised and educated in Patna, Bihar; went to school at Patna University and got his Ph.D. there. And at that point, joined the political science faculty at Patna University, a bad career move. At the very same moment, I was going into political science myself at Illinois in Wisconsin. I stayed and he got out of political science and joined

the Indian Administrative Service a few years later.

He had a distinguished career as an IAS officer and then quit the IAS to join politics, and then joined the BJP and rose to become finance minister in 19 -- what year was that? -- 1988. He was then finance minister in the NDA government a few years later and at one point switched roles with Jaswant Singh, who became finance minister, and Jaswant Singh became foreign minister. And that's when he was at Brookings and we met for the first time at that time. He's had a distinguished role, also, in the World Bank as part of the policy decisions there and was the first minister from the G-20 to head the G-8 Committee on Development Issues.

He will speak for approximately 15 minutes, then we'll turn it to questions and answers. Ambassador Schaffer, who will assume the podium at that point, had a long distinguished career in the U.S. Foreign Service, then resigned and left the Foreign Service and joined the think tank community here and became a nonresident fellow at Brookings a year ago. And she's the author of several books, including one recent book on Pakistan negotiating behavior, and she's now writing a book with us at Brookings on Indian foreign policy.

So let me introduce Mr. Sinha and he'll speak to us for a while. (Applause)

MR. SINHA: Thank you very much, Steve, for that introduction. You know, Ambassador Schaffer, Ambassador Nirupama Rao, ladies and gentlemen, you must have noticed from the CV that Steve read out just now that I'm a quitter. (Laughter) I quit one to try something else, then quit that to join something else. So I don't know where for the remaining years I'm going to get deposited. (Laughter)

But I'm very happy that Brookings has given me this great opportunity this afternoon to come and share some thoughts on India's foreign policy with you. And I'm greatly looking forward to the interactive session that we shall have subsequently.

You know, the avowed objective of any country's foreign policy is protecting and promoting its national interest. This objective is qualified by two factors. The first is the moral factor. Every country claims that it is upholding high moral values in whatever it does in foreign policy and pretends to be highly moralistic in its approach. We know from experience that pursuit of moral values alone will not serve national interest at all times and, therefore, morality is often tempered with pragmatism. In our world today, economic and military power has a direct bearing on the moral and the pragmatic stance of nations.

The second factor is the contemporaneous global situation in which foreign policy has to be made. And we all know that in today's

world waging wars, indulging in military conquests are luxuries which most nations cannot afford to take the cost, too.

A third dimension which attaches itself very, very forcefully is the -- to India's foreign policy is the extension of its domestic policy of inclusive growth. Improving the quality of life of the people is a demand that no government can afford to ignore in democratic India. So trade talks, climate change negotiations, bilateral economic and trade relations, and sometimes the domestic policies of major nations become a matter of utmost concern to the government and people of India.

Twenty, 25 years ago, what happened here in 2008 or what is happening in the euro zone today would have been the concern only of the curious in India. Today, it impacts on the lives of millions of Indians because, like every other nation of the world, we are not -- we cannot remain untouched by global developments. Very important people here, for instance, in the U.S. talk about restraining (inaudible) outsourcing. Then it becomes a real problem for those Indians who are working at odd hours to provide value to U.S. companies. So this is something which is not theoretical anymore. It has a very practical impact, as I said, on the lives of people far away.

The economic content of our foreign policy has become a very important and essential part of it. And no defense of our national

interest can be complete without the defense of our economic interests worldwide. Of course, the supreme national interest of India, like any other country in the world, is to protect its people and its territory.

Now, we have two neighbors from which there could be some threat to India's territorial integrity. We have a 4,000-kilometer-long border with China; some parts of it are still disputed. Fifty years ago, in 1962, China had invaded India and captured and it still holds large tracts of what we had considered to be Indian territory. It also lays claim to an entire Indian state, namely Arunachal Pradesh.

It is already to fish in troubled waters in our neighborhood to make our life difficult from time to time. Many of us believe that China is encircling India in order to keep it contained. The pinpricks along the border continue, but India has risen in the last five decades. The global situation has altered and China knows, as India does, that the border issue will not be settled by a clash of arms, but through negotiations. And that is exactly what the two countries have been doing for the last three decades.

The boundary question is not easy to resolve. Fortunately, both countries have realized that the totality of that relationship should not be held hostage to the boundary question. So while the boundary talks go on, we have permitted our relationship to grow in other areas, especially in

trade, where China today has emerged as India's largest trading partner as far as merchandise trade is concerned. Bilateral trade between the two countries has reached a level of U.S. $74 billion and is growing by the day.

The balance of trade is heavily in favor of China and against India, but that is something about which we should be concerned and take steps to ensure that we establish some semblance of balance. We cannot blame China for it.

China, along with Russia, is in a trilateral grouping with India. This group has started functioning somewhat tentatively in the year 2002, when I was a minister for external affairs in India and the then Russian foreign minister took the initiative to bring the three of us together on the margins of the UNGA session.

In 2003, I played host from my two colleagues from China and Russia in New York. Subsequently, two important developments have taken place: the meetings are no more an adjunct of the UNGA session, they're now held in their own right in a place in one of the three countries; and the level has been raised to the summit level.

The other grouping of great significance is the BRICS in which Brazil and South Africa join these three countries that I mentioned. These five countries had a very productive summit-level meeting in New

Delhi in March this year. China, along with India, is also an important partner in the group of countries known as BASIC, namely Brazil, South Africa, Indian, and China, which is active in the climate change negotiations.

I'm mentioning all this to emphasize that while the pinpricks in our relationship may continue, they're unlikely to degenerate into hostilities or prevent the furtherance of the relationship in its entirety. India, however, will have to be careful and not lose the psy-warfare with China, which is so adept at waging.

The other neighbor who eyes our territory is Pakistan. It lays, to my mind, an entirely untenable claim on the Indian estate of Jammu and Kashmir of which it had captured and it still retains a large part through a military aggression some 65 years ago. It has also conceded a large chunk of this territory which it had captured to China, which gives China a strategic advantage over India in that region.

We have already fought three and a half wars with Pakistan. But with full-scale open and declared war being ruled out as an option, Pakistan has been resorting to what the world has now come to recognize as the gravest threat, namely state-sponsored terrorism against India. India has been at the receiving end of this terrorism for over two decades now. Pakistan has been constantly in denial about its role in the of

sponsoring terrorism, but the truth is out and it's also being chronicled. So it becomes very difficult for Pakistan now to deny that its -- the elements in its government have a hand in promoting this terrorism.

A few things stand out in this long and sordid drama of terrorism. First, it took the world a long time and the trauma of 9-11 to realize that India was indeed a victim of terrorism sponsored by Pakistan. Two, that terrorism is the gravest threat to civilized societies, especially democratic societies. Third, that terrorists are an organized gang committed totally to violence and can only -- cannot only wage war against nations, but threaten their very existence. Fourth, the tentacles of terrorism are spread far and wide, and through its nexus with drug smuggling it has built a powerful financial muscle. Fifth, that terrorists are served the heady wine of religious extremism to kill and get killed. Sixth, terrorism knows no boundaries. It's global in its reach and can be tackled only through concerted global action. Seven, it does not recognize even its own creator and can easily turn against those who are sponsoring terrorism, as we know from experience now. Eight, the perpetrators of terrorism often use this as an argument to obliterate the difference between the victim and the aggressor. And ninth, the global community often demonstrates its weakness by making a distinction between bad and not so bad terrorists. Those who attack us are bad; those who attack

others are not so bad.

I have no doubt in my mind that the global fight against terrorism has suffered as a result of this ambivalence in our approach. I have also no doubt in my mind that the fight against terror is ultimately the prime responsibility of the government and the people of the country affected by it. They must wage this war against terrorism, do whatever it takes, and win this war. I must also add that some recent developments in Pakistan, like the assertion and the strengthening of its democratic institutions, are encouraging and could lead to far-reaching changes in which Pakistan thinks and acts.

It is one of the mysteries of history that India became independent and chartered its course as a sovereign nation and embraced democracy and competition as a way of life. But somehow in the economic field we chose what is generally known as the license-permit-quota raj and the dominance of the state as the guiding principles which effectively killed the competition in the economy. Similarly, it is a mystery that the two largest democracies of the world, namely India and the U.S., could not and did not quite get along with each other for over four decades after India became independent. It was only towards the fag end of the last century and the beginning of the present one that we saw the virtue of a new approach of building on our commonalities and minimizing our

differences. And as I stand here before you today, I can claim some credit for that change in India's approach to the U.S.

India's nuclear tests in 1998 marked a watershed in our relationship. It deepened the misunderstanding between the two countries to begin with, and you are aware that you imposed economic sanctions on India, which I had to suffer as finance minister of India in 1998. But with the strenuous efforts on the part of both countries, this was converted into an opportunity and marked the beginning of a new phase in our relationship. The successive visits of Presidents Clinton, Bush, and Obama to reciprocate the visits by Indian Ministers Vajpayee and Dr. Manmohan Singh symbolized the maturity of our relationship, the like of which has not been witnessed in earlier eras.

One of the cardinal principles of managing our subsisting differences is that we shall not surprise each other. So whether we are going to act in a certain way or you are going to act in a certain way, we'll keep each other informed.

And, you know, this is a relationship which is driven by people on both sides. A hundred thousand Indian students are today studying in U.S. universities. They are making a contribution of something like $3 billion to the educational institutions in this country. The number of Indian diaspora in the U.S. is 3 million and we are aware that they are

playing an increasingly important role in the public life of the U.S.

Now, this is an investment which is not driven by the government. It is driven by the people of the two countries. The private enterprises in both countries are playing an important role in promoting Indo-U.S. ties.

And, you know, you're going to have soon strategic discussions between the two countries. I believe that we have 30-odd working groups between our two countries which are looking at various segments of our cooperation. And, you know, it's a relationship which is really flourishing, and I have no hesitation in saying that in India we regard the U.S. as our most important political, strategic, and economic partner. And as somebody who contributed to the building of this relationship, I'd like to reiterate that in their beliefs in the most cordial and friendly relationship with the U.S., and whatever differences there might be should be minimized as we go along through our discussions amongst ourselves and through negotiations.

The nuclear deal between India and the U.S. did divide public opinion in both countries, but it is a done deal now. Much will depend on how we implement the deal in future and show sensitivity to each other's concern. And I am quite sure the administrations in both countries are capable of doing that.

The Arab Spring and the struggle against the authoritarian regimes in the Arab world has major geopolitical implications for India and for the Arab world, including democracy, regional stability, and oil diplomacy. We need to watch the situation very closely and carefully. It will be a great disappointment if the so-called spring turns into a winter and creates a chill that will affect the whole world.

The current economic slowdown is a challenge as well as an opportunity for India, indeed the whole world. The recurrence of these financial and economic crises is once again a wake-up call to the international community that it cannot be business as usual. Globalization has to be redefined. Its rules have to be reset. You'll be surprised that India today is the second highest investor in the U.S. after, I think, UAE or one of the oil-producing countries. And, therefore, it's not only trade, technology, and investment; everything has become a two-way street. And, therefore, I am saying that the rules of globalization have to be reset.

A common currency, to my mind, without a common budget is an investment to disaster, and that's what we're witnessing in the euro zone today. So is living beyond one's means and running huge debts year after year. This is bound to become unmanageable in the course of time. And I'd like to tell you frankly that I'm a conservative as far as government finances are concerned, as far as deficits are concerned.

And I strongly believe in the fact that governments must live within their means and should not cause problems for others by living beyond their means.

In order to talk about the future let me delve into the recent past in India. Elections were held earlier this year in India for five states. In one, the one major trend that emerged once again was the movement from a fractured verdict to a clear mandate in favor of one political party or formation. I am confident that 2 years later, when more than 700 million voters in India will -- and most of them are below the age of 30. When they go to polls, they go to vote, we will see a decisive verdict. This will lead to the formation of a strong government in New Delhi that will take the necessary difficult decisions in the area of both economic as well as foreign policy.

There are many in India and outside, including the *New York Times* today, who are raising doubts about the India growth story. I belong to an opposition party in India and I'm saying this with the fullest sense of responsibility that the India growth story is far from over. India's growth story has been based in the past largely on domestic savings, domestic investments, and domestic demand. Both or all the three can be easily accelerated to take us back to the growth part that we witnessed in 2003 and 2008. I remain sanguine about the future of India and its place

in the world as a large market economy country and an important and responsible democracy.

Thank you. (Applause)

MS. SCHAFFER: Mr. Minister, thank you very much for a most stimulating presentation. I'm going to exercise the privilege of the chair and ask you a couple of questions to kick things off, and then we have a roomful of people who will probably have many things on their mind.

I was struck by the fact that you started your presentation with two problem neighbors and then went on to discuss the great promise of India-U.S. relations, and I think you are quite well-justified in taking credit for being part of the transformation of this important relationship. I wonder if you could say something about how you see India's relations with its less problematic neighbors, what kind of India sees for itself in its immediate neighborhood, and what kind of policies you think are most -- are best designed to achieve India's goals.

MR. SINHA: Well, you know, I mentioned to you about -- I've already mentioned to you about Pakistan and China. As for the neighbors are concerned, in Bangladesh we have an excellent relationship at the moment. We have had very high-level visits and things are going well. There is no problem with Bhutan, which is our neighbor and a

member of the SAARC.

We have had some issues with Sri Lanka recently around the question of human rights. And they're not very happy with us that we voted with you in the Human Rights Commission on the Resolution on Human Rights in Sri Lanka.

Maldives has gone through some political problems recently, but we have acted, I think, with a great sense of responsibility in Maldives and, hopefully, there will be early elections which will settle things for Maldives.

Myanmar is not a part of SAARC, but the prime minister is visiting and there have been some very welcome developments in Myanmar recently. And the prime minister's visit has been extremely productive and very useful, and I hope that our relationship with Myanmar will go on.

As far as our East Asian neighbors are concerned, you know, we are part of the summit-level talks with them on an annual basis and I think we are doing very well.

Afghanistan is a different subject altogether, so I'll not take your time on Afghanistan just now until somebody were to raise this issue.

This is generally the scenario I'll say. What is it that we would like to do with our neighbors? I think about one thing all of us are

very clear: that we are prepared to give them an asymmetrical relationship considering that India's GDP and landmass is twice the size of all these countries put together. So we are not insisting on reciprocity with any one of these countries. We are prepared to have a relationship which is based on our symmetry. We are prepared to help them in whatever manner it is possible to help them.

There is always a problem because many in these countries feel that -- Nepal I forgot to mention. Nepal is going through the throes of making a constitution for itself and, hopefully, things will settle down in Nepal and they'll have a democratic constitution which will enable them to move further in their equality.

The big question is many in these countries treat us as a big brother. We don't have a big brotherly attitude, and that's why I made it very clear that we are in favor of even an asymmetrical relationship with each one of them. I wish SAARC would make more progress, especially in the trade and economic field, than it has done so far in 25-odd years of its existence.

India has, you know, has always had a very, very friendly outlook towards all our neighbors. The only one thing that we expect our neighbors not to do, and that is not messing with our security. If there is anything which is happening in their territory which is impacting on our

security concerns, then we hope that they'll take steps to ensure that those activities are abolished; I mean, they're not permitted to indulge in anti-India activity in their territories. I think that will very briefly define our relationship and our policy towards our neighbors.

MS. SCHAFFER: And if I could ask one further question, could you say something about where you see the balance between engagement in multilateral systems, multilateral organizations, and bilateral undertakings as far as India's concept of how it would like to conduct its foreign policy?

MR. SINHA: You know, there are multilateral forums. There are many occasions; I have just mentioned the BASIC group, which includes China and India, where we are cooperating with each other in terms of the climate change negotiations. We often work closely with Pakistan in the WTO, in trade negotiations. So considering that we are a very large developing country and considering the fact that India has played a very important role historically in the Non-Aligned Movement, in the Group of 77, in the G-15, and in all the forums where the developing countries come together, we have a special responsibility in promoting not only our case, but the case of all the developing countries in these very important negotiations which are taking place globally. And India's approach has always been to take all these countries and their concerns

fully on board and speak not only on our behalf, but also on behalf of these countries if we are given an opportunity.

And that is the reason why India has played a very important role in the WTO negotiations. Doha Round has, unfortunately, not come to anything so far, but we are trying our best to bring it to a conclusion. There are issues on which we have differences with major countries, including the U.S., and in climate change negotiations. But it is very important for India, it's very important for the developing countries, not to be burdened with the past of the developed countries. We look to our own future and we would like to have a regime which is fair, which is equitable, and which will allow the developing countries, including the India, the space to grow.

MS. SCHAFFER: I'm going to open the floor to questions. If I could ask you please to identify yourselves and your affiliation. And since the minister has limited time, try to keep your questions short so that other people get a chance.

Okay, I see Michael Krepon and Howard Schaffer.

MR. KREPON: Michael Krepon, Stimson Center. Thank you for your time.

MS. SCHAFFER: There's a mic coming.

MR. KREPON: Thank you. Mr. Minister, could you identify

for us one area or the most important area that you believe a BJP-led government would differ from the current coalition government with respect to national security policy?

MR. SINHA: I think you're being unfair to ask me to define just one single area. (Laughter) There may be many areas where we'll have a different approach.

But, you know, we believe that considering the security threats that India faces, we have to build our economic and military strength in a manner which will, in case of an accident, enable us to meet that threat. So we believe in a strong India. We believe in a self-reliant India, an India which is not critically dependent on foreign supplies for its defense needs. And, therefore, you will recall that when we were in office, we had opened the defense industry sector for even foreign direct investment in order to build up the capacity and not depend so much on imports.

So I would like to say as far as national security issues are concerned, we will strive to build friendships because that is the biggest guarantee against threats. But wherever we feel that negotiations will not succeed, we must have the strength to be able to counter that threat economically and militarily.

MS. SCHAFFER: Howard?

MR. SCHAFFER: I'm Howard Schaffer of Georgetown University. Let me go a little beyond Michael's question. If you came to power in the election -- and I gather you feel that you've got a pretty good chance of that -- how would you change or alter in any way the present government's approach to your two neighbors, Pakistan and China?

MR. SINHA: You know, first of all, let me say that Indian electorate, like electorate everywhere, are most unpredictable, so, therefore -- but I thank you for your sentiments.

There is no guarantee who will hold office in Delhi after the next elections in 2014. But given a chance, if we were to become partners and leading partners in a coalition, then as far as Pakistan is concerned we have a lead in the parties and the party has a clearly defined policy. And this is slightly different from the policy of the current government. The prime minister of India has said, he's encapsulated this into one phrase: trust and verify vis-à-vis Pakistan. We'll reverse it and say verify and then trust. That is one.

The second is we believe strongly that terrorism and talks cannot and should not go on simultaneously. It suits Pakistan imminently to be seen talking to India and, at the same time, unleashing terrorism against India. And, you know, we all tend to forget the excesses in the field of terrorism which have been committed, but you will recall, just as

you'll recall 9-11, those three horrendous days in Mumbai, when people living in hotels, getting -- alighting from trains in railway stations were, you know, brutally massacred. And this has had a deep impact on the psyche of India.

So where the government of the day might want to talk to Pakistan, is indeed talking to Pakistan, I am talking to Pakistan because I lead a parliamentary delegation to Pakistan. I've done it twice already, I was mentioning to Steve. And they have come to India once. They are coming to India once again. And you might have noticed that I have said that there are certain developments in Pakistan which I consider to be encouraging. And if those developments are strengthened, they really achieve the objective, then we'll have a Pakistan which will be much more moderate in its approach, which will strive to obliterate terrorism from its soil.

But until that happens, you know, we have to be fully on our guard and make sure that we are not victimized. So, therefore, we'll follow a policy of great caution with Pakistan. And I'd like to add at the same time that it was actually Prime Minister Vajpayee who engaged Pakistan despite, you know, what happened in Kargil, that short war that we had with Pakistan; the failure of the Agra talks with President General Musharraf. But we still carried on.

And that ultimately resulted in a very, very important, very brief joint press statement in January 2004, when Prime Minister Vajpayee was visiting Islamabad for the SAARC Summit. And we had bilateral discussions with Pakistan, General Musharraf. And at the end of it, we issued those 17-sentence, brief joint press statement, where Pakistan for the first time admitted that it was unleashing violence against India, it assured us that it'll stop that violence, and we then told Pakistan in that joint statement that we'll talk to you then, you know. But violence against India has continued, so we'll hold Pakistan to the commitment that it made in that statement of January 6, 2004, and in subsequent joint declarations or joint communiqués which have been issued. And if Pakistan were to eschew this violence, this terrorism against India, then I'll say the sky is the limit of our cooperation.

And in the trade and economic field, there is such tremendous opportunity between the two countries and it'll also have a very beneficial impact on our outlook, on their outlook, and the global outlook on Afghanistan.

MS. SCHAFFER: And China?

MR. SINHA: And China. You know, I said one thing and deliberately I did that to my brief speech today. We cannot allow China to get away or get the better of us in the psy-warfare. They're forever

psychologically trying to subjugate you through whatever means. So if you're going -- our ships are going looking for hydrocarbons in the South China Sea, they'll buzz them, you know. Just one instance. There is absolutely nothing to prevent us from looking for hydrocarbons in international waters, but, you know, China will issue a warning.

From time to time they'll say this part of India belongs to us, that part of India belongs to us. You know, they'll cross the border, their troops will cross the border, paint a stone red and make a Chinese sign there, so leaving signatures behind in Indian territory. These are things which go on and they may have a demoralizing effect. Our point will be we'll not be demoralized. We'll meet you headlong as far as the psy-warfare is concerned and we'll not give up. Muscle will be met with muscle.

MS. SCHAFFER: The gentleman in the second row.

MR. KURIC: Thank you. I'm Vince Kuric (phonetic) from Johns Hopkins University SAIS. I know your term involved so many trilateral dialogues, like China, Russia, and India; or U.S. and Japan, India; also India, Brazil and South Africa, so many. And U.S. Government is proposing a trilateral dialogue between U.S., India, and China. And my question is what's your Indian position if that happened? And what talks may be talked or what's the subject of this trilateral dialogue?

MR. SINHA: China, U.S., and India.

MS. SCHAFFER: That's the one you're asking about, correct?

MR. KURIC: Yeah.

MS. SCHAFFER: Good.

MR. SINHA: Well, that's in the realm of the future. Very difficult to answer what the agenda of such a coalition will be.

But I'd like to mention one thing to you. In the economic field we are negotiating what we call a Comprehensive Economic Partnership Agreement, in short CEPA, with China, also. Given the huge trade imbalance, given the size of the Chinese economy compared to the Indian economy, we are still negotiating with them a Comprehensive Economic Partnership Agreement, which will include not only trade, but it'll include investment, it'll include technology transfer, it'll include business opportunities, bilateral taxation (inaudible) increment, bilateral investment protection increment, and all that, the entire gamut of an economic relationship. And I'll hold that as a great symbol of the confidence in our dealings with China.

MS. SCHAFFER: Yes, on this side.

MR. KANSARA: Minister Sinha, I'm Jay Kansara with the Hindu American Foundation. And one issue that we have been working

on as an organization is the persecution of Hindu minorities. In many of the countries that you mentioned India has relationships with, we have to report on these incidents. And I wanted to ask you, do you foresee any hindrance to India's foreign policy if, one, they give refuge to Pakistani Hindus that have sought refuge in India currently -- there's about a few hundred throughout India, especially in camps in New Delhi -- and also to expedite the resettlement of Kashmiri Pandit refugees from 1989, who have been ethnically cleansed out of their native homeland of Kashmir? And if there is a hindrance, if you could let us know what is that hindrance to India's foreign policy. Thank you.

MR. SINHA: You know, as far as the persecution of Hindus in Pakistan is concerned, this is an issue which was raised by our colleague, Dr. Murli Manohar Joshi in parliament before the session ended. And we demanded a statement from the government. Minister Krishna made a statement in which he said, yes, Hindus are being persecuted in Pakistan. There have been a number of instances of that. And he said that they are taking it up forcefully with the government of Pakistan to protect the minorities in Pakistan. So we'll continue to express these concerns, whether they're the Hindus in Pakistan or Hindus in Bangladesh or wherever we feel that this minority is subjected to suffering or is being persecuted.

The second issue is about the Kashmiri Pandits, who, unfortunately, have had to leave their home and hearth and migrate to other parts of India. The Jammu and Kashmir situation has today vastly improved. I can say this because I have traveled to that part of India and seen with my own eyes how secure everybody is feeling, including the tourists who are thronging there in large numbers. So ultimately, the return of the Kashmiri Pandits is the dependent on their feeling of security when they go back, and that is something which is taking a little time. We are not forcing them to go back because, you know, that is not possible, but we have provided them with a number of opportunities, including jobs in other parts of India, so that they can stay there comfortably for as long as they want until their conditions are propitiated for them to return to their homes in Kashmir.

MS. SCHAFFER: There's a gentleman on this side. Yeah, you just took your hand down. Yes.

MR. LIMAYE: Thank you, Minister. My name is Satu Limaye from the East-West Center here in Washington. Sir, you focused on some of your territorial concerns at land. I wondered if you might say a little bit about what kinds of concerns that you see for Indian interests in the wider Indian Ocean and whether you see any prospect of cooperation between the United States and India on Indian Ocean issues, if at all.

Thank you.

MR. SINHA: You know, India is part of a grouping which is a grouping of countries along the Indian Ocean rim. And this group meets from time to time to promote the national interests of these countries. It's a well-functioning group. And we are aware of the interests of others in the Indian Ocean, including the U.S. Navy and the Chinese Navy. We have no issues with the U.S. Navy. Sometimes with the Chinese Navy there are issues. But, as I said, the international waters are international waters, and everyone has the freedom to make use of them. It is only with regard to the exploitation of natural resources in the ocean bed that issues might arise. There, the international law is fairly clear and we will insist that the laws of seas should be fully and strictly observed by all countries as far as the Indian Ocean is concerned.

MS. SCHAFFER: Yes, you on the aisle.

MR. LONGMAN: Thank you, Minister. Christopher Longman (phonetic) from Locke Lord Strategies. Last week in the shadow of the NATO Summit, Chairman Bhutto Zardari came to the United States and issued a few statements regarding Pakistan's relationship with India, and said that in light of some tension with the United States, the relationship has been growing. And my question to you is do you see any conflict arising with the ultimate removal of U.S. troops from Afghanistan in

the upcoming years and the influence that Pakistan may then have on Afghanistan? And what would India's position and role be in the future when that would occur? Thank you.

MR. SINHA: You know, as far as the withdrawal of NATO troops from Afghanistan is concerned, I'll say that this is an exercise which has to be undertaken with the greatest degree of caution. I said this elsewhere that when the U.S. went into Afghanistan, they should have worked out the exit plan at that point of time. You can't leave Afghanistan at the mercy of Taliban or at the mercy of Pakistan. I understand that the U.S. and the NATO plan to maintain strategic reserves in Afghanistan. How effective will that be remains a question in my mind. Because knowing Afghanistan as we do -- and I like to tell you that India enjoys enormous good will among the people of Afghanistan, you know, they're very friendly towards us and not so friendly towards Pakistan. We would not like the Taliban to again come to control large tracts of Afghan territory as a result of the withdrawal of the NATO troops.

And I was mentioning elsewhere that, you know, fortunately, we had in those days, when Taliban had overrun Kabul, we had the Northern Alliance. It was, you know, largely the Uzbeks, the Tajiks, and the Hazaras who were holding a part of the northern territory of Afghanistan. And, in fact, the Northern Alliance troops were the first to

enter Kabul when the U.S. went there. But we don't have any Northern Alliance now. So I don't see any local resistance building up immediately if the Taliban were to attempt to overrun Afghanistan.

And I'm greatly concerned, and this I have great fears, that Pakistan for its own geopolitical reasons might want to encourage Taliban to again take over Afghanistan. And the NATO troops might just become pockets of -- or islands in a large country where they will strike at you, you will strike at them, but it will remain in the realm of guerilla warfare and the territory actually will pass into the hands of the Taliban or the extremists. That is my fear and that's why I'm advocating everywhere that U.S. -- I know there are domestic pressures. I know it's an election year, but the U.S. has to stay the course in Afghanistan, NATO has to stay the course in Afghanistan until we are absolutely confident that they have got an army and the armed forces of Afghanistan are in a position to meet the Taliban threat.

MS. SCHAFFER: I'm going to have one more question from the floor. The lady in the purple dress here.

MS. NGUYEN: Thank you, Minister. My name is Jeanie Nguyen with Voice of Vietnamese Americans. So we -- I'm from Vietnam and we're neighboring with Myanmar, with Laos, Cambodia, this area called Indochina. So we respect India for your culture, the ancient culture

there, and also for everything combined that very much deeply have affected us in the whole area.

So what is your vision for the roles of leadership of India in that area to the development culturally and also the democratization of the whole area? Because you're the leader in that area with a democratic society. And essentially with Wada, the situation of Wada, would you take the lead to help with all the people along the Mekong River for -- against China first? Thank you.

MR. SINHA: Well, let me say that I have great, great admiration for your country, you know, not only because of the way you achieved unity, unification, but also in the manner in which Vietnam has progressed economically in the last years. It's a very vibrant democracy now.

We are aware of our responsibilities in this region. We are aware of the fact that India has its historical footprint in this part of the world. And those cultural ties have endured throughout history and there is no reason why they should not continue in the future. So we have a very close relationship with Vietnam, in fact with a whole lot of countries in the Indochina region. We have interests in Mekong and we have an organization, a grouping --

MS. NGUYEN: Mekong-Ganga Cooperation.

MR. SINHA: Huh?

MS. NGUYEN: Mekong-Ganga Cooperation.

MR. SINHA: Mekong-Ganga Cooperation, you know, where these two very major river valley civilizations and now thriving countries economically could come together. So we are trying to do our bit as far as helping the countries in this region are concerned.

You're all part of the ASEAN. And with ASEAN, as I mentioned to you, we have now summit-level discussions. We have entered into a free trade agreement with ASEAN. And it is India's intention to engage the countries in ASEAN, especially the countries in this region, economically, culturally, civilizationally, and build a common future with these countries. So we have very, very cordial feelings towards the countries in this region and particularly for Vietnam.

MS. SCHAFFER: And I'm going to give the last word to my colleague Steve Cohen.

MR. COHEN: Thank you. Mr. Minister, let me thank you again for giving us this opportunity to host you once again. We hope you'll come back in the future. But let me ask a question.

As I sit upstairs in my office, I'm visited and I talk to a lot of American officials who deal with India and a lot of American businessmen, corporations who deal with India, and they're trying to implement all the

agreements we've reached. They're trying to transfer technology to India. But they find it difficult to do this. And I get the impression from them that they're pursuing India more than India's pursuing the United States. I know you've heard that question before. But what do I tell them?

I've written a book on why India's arming without aiming, but besides telling them to read my book, what's the answer? Is this going to be a relationship where we're going to dance around this issue indefinitely or is there an obstacle on the Indian side or are we approaching India the wrong way? I mean, how would you answer that question?

MR. SINHA: You know, you're aware, Steve, that I just met a group of U.S. businessmen earlier in the afternoon and they had similar concerns. I told them -- I gave them a very simple message and that simple message is: If you are engaged with India, in trade with India, in technology transfers that are investments in India, then it is not for the next six months or one year or two years. It is a long-term engagement. And you have to, therefore, necessarily look at the prospects of doing business with India in the long term. And if you look at the long term, then these temporary problems that we seem to be encountering -- and there is a global problem and there is a domestic problem. Both these problems will have to be tackled, and they are being tackled in its own way by the government of the day; they'll perhaps be tackled more forcefully,

hopefully, after 2014. But in the long term, the India growth story will sustain itself.

And I mentioned to you in my presentation that the reason why I'm sanguine is that there is such a huge unmet demand in India, you know. The so-called socialist era was predicated on curbing consumption and demand. And in the liberalization era we are encouraging the fulfillment of those demands. And, therefore, India will continue to be a huge market for our own industry, for foreign investors.

And whatever field you touch -- I mean, I talked to a person who was representing the agricultural and the food sector. And I made the point to her, I said India permits 100 percent foreign direct investment through the automatic route in our food processing (phonetic) industry. Come and take advantage of it. We are the second largest producer in the world of fruits and vegetables. Much of it is being wasted because we don't have proper storage facilities or processing facilities. There's such tremendous opportunity for U.S. companies to come to India in this particular area. So through discussions, through understanding we have identified in the past, and we'll continue to identify in the future, areas which lead to win-win cooperation between our two countries and between private sector companies in both the countries.

MR. COHEN: One last question, sub-question. Would you

say then that it's an exaggeration to say that the U.S.-India, you know, dialogue and agreement has been oversold?

MR. SINHA: No. No, I don't -- I wouldn't believe that, you know. Again, this was a question which was somebody contested my theory when I mentioned that Prime Minister Vajpayee had described India and the U.S. as natural allies. And he said he disagreed with this description because it raised aspirations. It raised hopes which are not being met. I said we must raise hopes. We must raise aspirations in order to be able to meet them. If you don't have aspirations, then what are you going to do?

So I believe that we are -- and, you know, Steve, you know that the point which I made in my presentation that we are building on our commonalities, you know, minimizing our differences, that is the approach. And I find it very difficult as an Indian, I speak on behalf of my party, I find it very difficult to subscribe to the view that the U.S. is more keen than India at this point of time, is doing more to engage us, and we are the ones who are the reluctant debutante in this case. No, we are not. We are completely forthcoming.

And Ambassador Rao is here and she'll, I'm sure, confirm this, that as far as engagement with the U.S. is concerned, we will -- we are not found wanting. We will not be found wanting in future.

And there are such vast scopes of cooperation which is not possible with any other country. It is possible only with the U.S. Who do we cooperate with in space? Who do we cooperate with in nuclear technology? Who do we cooperate with in high tech? Here we'll have to cooperate with the U.S. because you are the leaders in these fields. So it's not merely merchandise. It's not merely ICT. It is these areas of the future which we'll have to develop a partnership with each other which will hold the promise.

MS. SCHAFFER: Well, thank you very much for a wonderful hour. I hope that you have enjoyed it as much as we have.

MR. SINHA: I have.

MS. SCHAFFER: I think your closing thoughts are a useful reminder that the transformation of U.S.-India relations took place at the instance of both major parties in both countries, and that is what gives it strength. So thank you for being with us today.

MR. SINHA: Thank you. (Applause)

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