

THE BROOKINGS INSTITUTION

INDIA'S ROLE IN THE WORLD:
A CONVERSATION WITH SHIVSHANKAR MENON

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P R O C E E D I N G S

MR. TALBOTT: This is, I think, going to be not just an educational and stimulating 90 minutes or so, but if we're allowed to use the word "fun" on the kinds of topics we're going to be discussing, it will certainly so qualify. I think, as I look around the room, while there are a few folks I don't recognize, there are a whole lot that I do and you all, I know, share the admiration that Martin Indyk and Tanvi Madan and I and other colleagues here at Brookings have for Shivshankar Menon.

He has been someone that I've had the good fortune to know for quite a number of years. He actually got to know Martin before that among his many, many important posts, which I suspect you all know, includes three assignments in Beijing, including one as ambassador, a high commissioner in Pakistan, foreign secretary, of course, national security advisor to the previous Indian government. He was also, I believe, the second Indian ambassador in Israel and that was an assignment that overlapped with Martin.

Shankar is born to diplomacy, if I can put it that way. He is the part of the third generation of his family that has served his country so well. And he now is in a position to rest a little bit, see more of his family, some of which are here in the U.S., and also to reflect on his career and to help those of us who are trying to understand what's going on in the world, which is a particular challenge I might say these days, and I think he's going to do that with us this morning.

While of course we're going to want to talk about the U.S.-Indian relationship, past, present, and future, Shankar is, as we sometimes put it around here, a global guy, sort of like Martin Indyk; he knows a lot about one region, but he knows a whole lot about the world. So, what I'm going to propose is that he and I start a dialogue and then we'll make it a multilogue and bring you into it in a half an hour or so.

So, Shankar, thank you so much for being with us, and perhaps maybe the obvious and appropriate place to start would be to get your take on the meeting between our two leaders. A number of us were struck here by not just the aspirational outcome, but the specificity, the list of areas where India and the United States not only can find some common ground and common interests, but already have and are going to build on those.

So, what is your overall assessment, both of the meeting itself and what we could see of it publicly, and what do you see as the principle opportunities, and for that matter, the obstacles as well moving forward?

MR. MENON: Thank you, Strobe, and thank you for having me. Thank you for that over-generous introduction. As you can see, he's a friend. He's biased. And thank you for what you said, because that's a hard sort of billing to live up to.

MR. TALBOTT: Not for you, but go ahead.

MR. MENON: On the visit and India-U.S. relations, I think you're absolutely right; it was clearly a good visit in several senses. It cleared some of the cobwebs. I think there was a sense, at least in the public mind, of drift in India-U.S. relations before the visit. Certainly, in India, that's gone. It got wall-to-wall coverage in the media. There's been a lot of commentary, and most of it, very positive.

But I think for me the key is what you said, the joint statement, apart from drawing on what Brookings had done in terms of work beforehand.

If you look at the kind of detailed work that India and the U.S. are doing together, in that listing, it really shows you how far that relationship has come in the last ten years or so and how far we've progressed and the whole range of issues on which there is congruence. And this is congruence built not just in terms of global issues and worldview or in terms of overall we all aspire for the same kind of world, we share the

same values, but it's also congruence built from the bottom up, which is what's apparent, I think, and that was, I think, one of the achievements of the visit.

The other, I think, is that you have a new government in India, which clearly has plans, has ambitions, has aspirations, and it's attached itself very firmly to a much stronger relationship with the U.S., and I think that's the message that got out in India.

Of course, I think, you know, he was very active in terms of public diplomacy and the public diplomacy side of the relationship is really quite impressive, so for me it was a good visit.

There are those who say, ah, but where's the meat? Where are all these little concrete outcomes? I don't think Prime Minister's visit to actually produce nickel and dime outcome, I don't think that's the purpose. The purpose is to actually push the relationship as a whole forward and I think that was achieved.

One thing with India-U.S. relations is our political cycles don't coincide, and we're both democracies, we know what that means, we have electoral cycles of effectiveness in administration and government and I think it's important that we use visits like this to actually flatten the sine curve, if it's possible, and I think we've done that. We've done that successfully and consistently over various kinds of governments in India and various administrations in the U.S.

So, for me, the last 15 years is really steadily upwards and successful and that's the big picture that I think the visit really confirmed.

MR. TALBOTT: Let me, if I could, touch upon a couple of regional issues almost boxing the compass starting with China. And the reason for starting with China -- and by the way, much of our China team is here -- is not just because you know that country so well, but because the last several weeks, including the run-up to the

Prime Minister's visit here, saw some fresh tensions in the India-China relationship, and as of course you know, while the Obama Administration is trying to strike a balance between keeping the positives in the relationship, there's also rising concern about precisely the issue that has somewhat roiled the India-China relationship, namely aggressiveness with regard to territorial claims.

Back in 2000 it was suggested by a number of foreign policy thinkers in this country that the United States should solidify its relationship with India as a strategic hedge against China. A number of us here and elsewhere don't think that's a good idea, we shouldn't be playing three-handed poker against each other, but we are in a situation where there is apprehension or let's say a wariness in both capitals, New Delhi and Washington, about what China's up to.

What do you think China's up to and what specifically was it up to just at the time that the Chinese President and the Indian Prime Minister were meeting?

MR. MENON: I think with China, yes, certainly, I think for both the U.S. and India, China is a preoccupation. It's probably, for us, a major strategic challenge in terms of how we deal with it. Do we understand China? I don't know. China studies are a growth industry. Judging by that, I think we probably understand China less today than we did before even though we have so much more to do with China, so much more contact, so much more in terms of visits.

We have a very complex relationship with China where, yes, China is our largest trading partner in goods -- not in goods and services, that's the U.S. We have the world's largest boundary dispute with China. We rub up against each other because we basically -- we share a periphery and our periphery is theirs and vice versa.

We have other issues which divide us, but we also have a whole set of issues on which we work together where unless we work together, actually, it's going to

be difficult to move -- to see the peaceful environment that we need to transform India.

So, I think we are seeking with China very much what the U.S. is seeking, where we're not seeking confrontation, we're trying to build a cooperative relationship in which both sides have stakes, actually, in producing an improving climate of relations and responsible behavior.

Now, can we manage the boundary dispute? I think we've shown over the last -- well, now 30 years that it can be managed and since 1993 when we signed the first agreement with China about maintaining the status quo on the border, I think we've done so. It's been a relatively peaceful boundary, but it's still a political issue with potential to actually cloud the rest of the relationship.

The basic agreement, which was reached when Rajiv Gandhi in '88 was that we'd separate the boundary issue from the rest of the relationship. The rest of the relationship has grown as a result. There's almost 10,000 Indian students in China today, which is -- it's quite a large number when you think of it.

So, it is going to stay complex. I think the Xi Jinping visit like previous visits like Li Xekiang's visit last year, for instance, all the way back to Hu Jintao's visit in 2006, saw more of the same. You saw very strong emphasis on economic ties and on building those. You saw a serious discussion on the political and geopolitical issues, and you saw a stark reminder that there was a boundary question, which needs to be settled.

Now, for the first time in many years, both sides, India and China, are saying, we need to settle this quickly. Prime Minister Modi has said this, President Xi Jinping has said it since March last year, that we need to -- and in the past, one side or the other was saying, let's settle this now, the other side was saying, let's push it to the next generation, which is what (inaudible) used to say.

Let's see. So, at the very least, these incursions would have

consternated minds on both sides, and I think we need to actually see what they do, whether both governments now can actually address the issue, can they find a solution or do they kick the ball forward and say, okay, we'll keep managing the problem but we won't settle it because it's politically too complex?

I think that's still an open question. I don't think we can say how it's going to evolve. But I don't think, you know, some of the commentary and so on has been pretty hysterical about the incursions. I mean, frankly, four men and a dog in a tent are no military threat. I mean, this is political and I think we need to look at it as such rather than as, oh, it's about to erupt into some form of military conflict.

MR. TALBOTT: Staying with the issue of disputed borders --

MR. MENON: For the first time, this time, you had during the Modi visit to the U.S., a reference by both India and the U.S. to the South China Sea, to territorial issues and so on. And so, clearly, I think, we have a shared concern there about how these things are going to evolve in the region as a whole in the Asia Pacific.

MR. TALBOTT: Staying with the issue of your neighbors and borders, how do you read the latest LOC troubles that are in the paper today --

MR. MENON: With Pakistan?

MR. TALBOTT: -- with Pakistan?

MR. MENON: It's a sad thing to say, but every time you have a leader in Pakistan who makes it clear that he wants to improve relations with India, we seem to have trouble. Either --

MR. TALBOTT: And he seems to have it --

MR. MENON: And then he seems to have trouble subsequently, either on the LOC or in terms of terrorist incidents. I don't know, it's depressing, actually, when you think of it in those terms and it's been so consistent that, you know, beyond a point it

cannot be coincidence. It makes you -- I find that very sad because it actually prevents, you know, the region, Pakistan, us, from really using the potential that is there. In the three years that I lived in Pakistan, it was popular among the people to improve relations with India, but there were very strong institutional and other interests against it, which would seem to lead to this situation.

That's my problem with it. Now, the individual incidents? I don't know. They've asked for a flag meeting. They'll probably do that later.

MR. TALBOTT: I won't lead you, but my own sense is that there's a fundamental difference between the China problem in this regard and the Pakistani one. In the case of Pakistan, it's manifest that there is almost a structural tension between the elected political leadership and the military and the ISI and there's a tug of war going on.

MR. MENON: There's a huge difference, actually, between the two. Even if you just look at the lines, the LOC with Pakistan and the LAC with China -- the LOC with Pakistan is actually jointly demarcated, it's drawn on a map, the two DJMOs have signed it, there are written agreements about respecting it, where it runs and all that, and yet, that's the one that's hot, that's live, that's the one that terrorists cross, that's the one where actually firing takes place.

The LAC with China is actually not jointly demarcated or delineated on a map. It's actually -- it's a concept more than a line, if you think of it, and yet it's calm. The last death on that line occurred in 1975, October. That's a long time ago. No shots have been fired for a very, very, very long time along that line and there's no such confrontation or build up of troops. In fact, most of it is just empty territory up above 18,000 feet. It's not even -- so, there's a huge difference between the actual situation on both lines.

Structural differences are clear. In one case you're dealing with, well,

4,000 years of state craft, the other case you're not sure you're dealing with a state. So, there is a difference.

MR. TALBOTT: Well, Nawaz Sharif has lived through the perils of that relationship back in -- after -- during and after the Kargil crisis, which almost led to his execution. Staying in that part of the neighborhood, the triangular relationship among -- well, it's even a quadrangular relationship, you could say -- India, Pakistan, Afghanistan and the United States -- would you give us your sense of how things are looking now that there seems to be a political reconciliation as to the leadership of Afghanistan and how do you read that, particularly given the determination of the United States to continue its draw down?

MR. MENON: Well, you know, we've talked about this before. I've never been among the Cassandras who say that it's all going to fall apart. Yes, I think the situation in Afghanistan maybe will reach a lower equilibrium or revert to an earlier equilibrium, maybe, but it seems to me that Afghanistan has changed enough in the last 13, 14 years that the neighbors also see an interest in a much more stable situation in Afghanistan, which maybe they didn't 15 years ago. And that objectively speaking, we can work together in the region, but most important with the U.S., to try and strengthen those forces so that all these worst case scenarios that we've been talking about and that are used to actually frighten us into doing what the various proponents would have us do, I think those can be avoided, that we can avoid all these worst case scenarios.

So, my own sense of it is that you have the beginnings of a government of national unity in Afghanistan; you have a stated determination on all sides to try and avoid the worst possible scenarios. We'll have to see how it goes.

What worries me, though, is when there are people who are influential who can actually help to bring this about, bring better outcomes about in the Afghanistan

situation, and we need to get them involved -- Iran, for one, has influence, has an interest, China, we've been talking to China, to the Russians -- and ultimately the Pakistanis have to make up their own mind about what kind of future they want here.

But I think there's room for a lot more political, diplomatic, other work, economic work as well, as well as the purely military aspect. If we treat it as purely a military problem, which unfortunately is what we've tended to do increasingly, the less -- we have much less chance of producing anything we can live with.

MR. TALBOTT: Well, I don't want to be a Cassandra either, although as I recall, Cassandra ended up being right --

MR. MENON: Right.

MR. TALBOTT: -- that's the only problem with that one, but just looking backwards rather than forward, one of the depressing constants in --

MR. MENON: Look what happened to Cassandra.

MR. TALBOTT: One of the depressing constants in Pakistan is a stubborn zero-sum attitude towards anything going on in the neighborhood, if India wants to do it, including in this case, help stabilize Afghanistan, it will be seen by very powerful forces in Pakistan as therefore, by definition, contrary to Pakistan's interest, and I don't see any change in that at the moment. Do you?

MR. MENON: I think the primary victim of that is Pakistan itself, of that state of mind, that attitude; I think it's clear when you look at the situation today. So, whether that mindset will change or not, I don't know. I'm not an optimist, not necessarily.

MR. TALBOTT: Well, rather than -- go ahead.

MR. MENON: But that's only one factor and that's where what the U.S. does, what other people do, becomes so important.

MR. TALBOTT: I was going to say, just drawing from what you've said, maybe rather than making a prediction, suppose it as a question, is it fair and useful to wonder if Pakistan, the prevailing attitude in Pakistan were no longer to treat India as the existential threat to Pakistan's statehood, but to look inside Pakistan itself for that threat, that would be --

MR. MENON: Far be it from me to speak for Pakistan.

MR. TALBOTT: Well --

MR. MENON: No, besides, there are many attitudes in Pakistan. I mean, it really depends who you ask, who you talk to, and it depends on how power is balanced between them, between those various elements. I don't think it's a straight forward, okay, this is Pakistan's attitude. I wouldn't deal with it as such.

MR. TALBOTT: Well, yeah, but up until now, it hasn't been equilibrium.

MR. MENON: Up until now it was those who said what you said who actually had preponderance, but I think -- and this is, I think, the change -- if you look at the situation in Pakistan, it's, I think, power is much more evenly distributed today than it was before and I think that's what you're seeing.

But I'm not an optimist. I'm not saying, oh, no, everything's changed and everything is now going to be wonderful. Not at all.

MR. TALBOTT: When we go to an open discussion, which we will before too long, there are a couple of Schaffers here who I hope will get in on this, but Shankar did mention, more than just in passing, Iran. That is obviously a very preoccupying subject in this town. Give us your own perspective on where Iran is in its evolution and what the remaining tough issues are and where there may be some opportunities that we should be thinking about here in this city.

MR. MENON: Well, I think we normally look -- we, meaning us in India --

we look at Iran in a broader context. I think on the nuclear issue, it's clear. We and the U.S. and all right thinking people want to see that resolved so that there isn't another nuclear weapon state in the region. There's quite enough already. But Iran, for us, is also a potential factor of stability, whether in Afghanistan, whether in the Gulf, whether in energy markets, she is important, important in Central Asia as well, and frankly, if we are to fight radical extremism throughout that region, I think we need to work with whoever we can work with and Iran, I think, has interests, which need to be harnessed.

Our problem with the situation today is that while we all say we seek the same goals, we refuse to talk to each other and we refuse to actually work together. That, for us, is not a happy situation, especially when you're facing things like ISIS and I think it's important that we actually get everybody together on the issues where we can. I'm not saying that you need to solve everything to do anything. You need to actually pick and choose your issues, build the coalitions that work, and I think these are serious issues, as you said, Afghanistan is a very serious issue, ISIS, serious issue, nuclear issue equally serious, but I don't think you can make everything conditional on one being resolved or being completely satisfactory.

That's, to my mind, the only way to make progress here. Now, I know this is not the prevalent -- this is not conventional wisdom in this town, but that's how it looks to us because we're sitting in the middle of it, we're affected by all of this every day at home, and that's -- so, let's have an argument.

MR. TALBOTT: Well, we may, but let me just pick up on your own experience. You've made, what, seven or eight trips to Iran going back how far?

MR. MENON: Going back eight years.

MR. TALBOTT: And how -- since not very many of us in this room have been there, in my case I had the last interview with the Shah, so you can -- I'm amazed

I've been alive that long, but in any event, you've seen it up close. How would you assess the Iranian government by comparison with its predecessor and the trajectory since the revolution?

MR. MENON: Well, I think you need to apply a shifted frame of reference when you look at Iran. For instance, you look at the role of women in Iran, the public image is, everybody wears a chador, it's very traditional, and yet if you look at the degrees of freedom within that shifted frame of reference, participation in government and posts and everything, it's probably higher than most other countries, I'd say every other country, in the region except Israel.

And now so you have this odd problem of perception, of what Iran is like, of how it works, how it operates, and it's true, it is a shifted frame, it's a very different frame from what we are used to. You look at the media, for instance, but there is space in there for what in other societies would be regarded as political activity, which, as long as it's not called political -- now, I don't know, I'm probably being very unclear here, but the fact is that I think we need to open our minds a little bit more about how we look at Iran and developments in Iran.

Certainly the Iranian government is part of that process, of moving the frame and moving it closer to how the rest of the world frames issues and looks at them, closer, not yet identical, but closer.

MR. TALBOTT: I'm going to ask for hands to go up in just a moment, so please have your thoughts, comments ready, but I do want to come back to ISIS. You've referred to it a number of times and obviously it is now a very high priority of the current Administration here.

The phenomenon itself is still hard for many of us to understand. It came out of the blue. It's almost what Martin and his colleagues call a black swan. It's also an

example of the extraordinary and often malignant power of non-state actors. But here is a non-state actor that claims to be a state, but it's so mysterious we don't even know what the right acronym is for it, and it has aspirations moving in your direction. I might add, also, leave it to me to drop Russia into the conversation, moving into -- in Russia's direction as well.

Against that backdrop, what is your view and assessment of the coalition that the United States is putting together and is already operating? And can you see opportunities and room for India to be in some way involved in that?

MR. MENON: Well, sure, India will do what it can. In terms of actual, you know, I think because this phenomenon is something that cuts across the whole region. ISIS itself is a product of the infinite vision that happens in extreme groups. I mean you've seen this happen with various -- you saw it happen with anarchists, you saw it happen with communist movements, you now see it happening with extreme political Islam as well, and you see what it does to al-Qaeda, it prompts al-Qaeda to suddenly waking up and setting up a branch for South Asia, and I'm sure it will happen to ISIS as well one day, there will be a more radical version of ISIS. But hopefully each successive split is going to get smaller and smaller and more extreme and more isolated.

But it needs to be dealt with not just militarily, it needs to be dealt with politically, socially, at a whole set of levels. My fear today is that the coalition is primarily looking at this as a military problem, and I don't think it's so easy to solve in that way, but if that coalition can evolve, starting with the intelligence, which I know we all already work on together and have been working on together for some time, but going on to the other end of public action so the narrative that we tell of ISIS.

There's a point beyond which I think where some of ISIS' most effective propaganda is being done by us, by our media today. I think we need to actually try and

broaden what we are doing against this phenomenon, and it's not only ISIS, it has to be ISIS and groups like ISIS and all the various spinoffs and so on, and I think that's the important thing.

MR. TALBOTT: Though I love the --

MR. MENON: It's good to have one enemy and, you know, and put that out there, it's useful, it's a useful political device domestically, but I don't think it's so useful in terms of a strategy to contain this.

MR. TALBOTT: I admire the phrase infinite fission of extreme groups, but unfortunately there's also a component of fusion, which is to say, you've got ultra extreme Islamic radicals hooking up with former officers, Saddam Hussein's army, who were, of course, to one degree or another, secular, which has given them additional competency of the worst kind.

Let's -- Tezi? There's a mic.

MS. SCHAFFER: Tazi Schaffer, nonresident senior fellow at Brookings, and it's lovely to see you here again.

I want to go back to the title that your talk was given, "India's Role in the World", and I want to ask you to think for us out loud about the phrase that keeps coming up, strategic autonomy, which in some respects is the intellectual heir to the nonalignment tradition, in practice, there are moments when it looks like avoiding choices that might constrain one in future.

How does that work in an increasingly globalized world in which India's economy is increasingly integrated? How does that work with the relationship with the United States and with the other large powers that are important to India?

MR. MENON: Actually, I'm a bit surprised that it causes so much concern.

MS. SCHAFFER: I'm asking for a description, not expressing worry. I'm curious.

MR. MENON: Because, to me, strategic autonomy only means saying that we're going to pursue our own interests. If you put it like that, that's what every state does. I don't see that as being somehow unique to India. The U.S. followed a similar policy for most of its history, actually. So, what does strategic autonomy mean? It doesn't mean I won't work with anybody else, I won't talk to anybody else, I won't participate in the international community. Not at all. In fact, if you look at it, India has really been, after China, probably the greatest beneficiary of global interdependence, of the free trade investment, other flows, since the end of the Cold War.

Once the world opened up and interdependence really became a reality, I think India's one of the biggest -- so, strategic autonomy doesn't mean I'll cut myself off from the rest of the world, not at all, it only means I'll pursue my own interests and choose where I engage and how I engage will be determined by my interests, not the interests of a coalition, not the interests of another partner, but where there's congruence, of course we'll work together.

And I don't think at the very broad levels it seems to me that there is sufficient congruence for the phrase not to worry anybody else, for strategic autonomy not to be a worry. With the U.S., it's clear. I mean, as I said, you look at the joint statement, look at the range of issues that we're actually working together on when you look at defense, you look at climate change, you look at energy you look at -- I mean, whether it's counterterrorism, whether it's -- you name it, all these issues and we're working together, but that doesn't affect strategic autonomy. Strategic autonomy, to my mind, is really making the decisions based on your sense of what your national interest is.

So, to say that this is non-alignment -- I mean, you can't be non-aligned in a polycentric world. I mean, that's not -- that doesn't make much sense.

MR. TALBOTT: Yes, the gentleman there.

QUESTIONER: Interesting talk. Thank you for your being here. I have a question on trade and investment, which is an important part -- component of foreign policy and I'm in manufacturing so some of the things that come up are the sanctity of contracts, like retrospective taxation that the previous government had and the BJP has been hesitating in endorsing the trade agreement that Congress agreed to. So, what is your opinion on that?

MR. MENON: Well, I think there are still issues there which need to be sorted out. On the trade facilitation agreement, I think their understanding of what was agreed at Bali is maybe different from what the U.S. negotiators thought was agreed. They thought both things would be settled simultaneously, whether it was food security and trade facilitation, and I think they're still open to sit down and talk that through, I think that's what they decided during the visit.

On taxation and other issues, they have made some progress already. I mean, you've seen the announcements before the Prime Minister came to the U.S., but let's see, I think they've also made it clear that they don't expect to retroactively apply various taxation measures. I think Finance Minister Jaitley said so in public. But whether they need to actually do something in the law and so on, they haven't decided yet. That's still only a proposal, actually, under the direct tax code, which is on the table. They haven't actually decided yet. Now they think they still have some more work to do on that.

MR. TALBOTT: Yes, sir. And then the lady next to you.

QUESTIONER: It pains me, sir, to ask this question. I am a Freedom

Fighter in 1971 liberation war of Bangladesh, India helped us in the war in getting independence. With the battle casualty on my body and with a battle honor on my chest I ask you this question: you are very involved with the LBA and the Teesta barrage water sharing, which hasn't been done. We have a new issue between Bangladesh and India right now. ISIS has sent their recruiting teams in India and Bangladesh, were apprehended many of them, and the people engaged in recruitment, they are from Europe. They are Muslims from Europe, and still we have information that your West Bengal government of Mamata Banerjee and one of the top ranking members in the Parliament in (inaudible) is aiding Bangladeshi fundamentalists throughout the secular government. In this complex situation, as a well-wisher of India, as a friend of India, we Freedom Fighters are deeply offended.

You were one of our hopes when you were in the government, but nothing was done until now. What do you think should be done at this stage? Thank you, sir.

MR. MENON: Well, I wouldn't say nothing has been done until now. In fact, one of the biggest successes that we've had is what we've done together against extremism against -- in our counterterrorism efforts, both sides, and that applies both sides of the border where we work together and if you look at the results over the last five years, it's been quite spectacular.

I think there is no question that the issue that you've raised, of IS, but not just IS, there is other groups also, and that's very important and that, I think, it's clear, on both sides there's a determination to do something. We have done a lot in the last few years.

The LBA -- I think the BJP has now announced that they will see it through, that they will -- and when Mrs. Sushma Swaraj visited Dhaka, I think she made

that quite clear. That should make it possible to do what we need to do in our own parliament, because we will then have the numbers.

On Teesta, you know, what did the agreement -- the draft agreement say, the one that was -- it said that Bangladesh would receive 50 percent of the flow at Gajoldoba, at the barrage on our side, at Dalia barrage, on their side, and that for 15 years we would jointly measure the flows and then come to an agreement about how to share it. So, what's happening now? Today, Bangladesh is getting 100 percent of what goes past Gajoldoba at Dalia, including all the recharge and whatever, so in actual practice, Bangladesh is actually doing better than the agreement would have given her if you look at the practice.

So, for me, this is actually a political issue of do we implement what we agree or not? We are implementing it in practice. We are sharing data, both India and Bangladesh, on the flows, and we are establishing a joint record of flows so that when the time comes, when both sides feel ready, and emotions calm down on both sides, we'll be able to actually do a sharing on the basis of that.

So, I don't think there's actual harm to Bangladesh today, in fact, if anything, there's a net gain on the flows on the river on the Teesta, but you're right, the agreement has to be done, it has to be signed, and I think that political thorn needs to be pulled and I think that's something that today is stuck in Indian politics.

Now, a lot of it depends on the relationship between the government in West Bengal and the government in Delhi, so it's really our fault, it's an internal issue of our own that we have to sort out among ourselves, but I don't think you need to feel aggrieved in practice on that because you're actually getting the water, but counterterrorism is something that we will have to keep working harder and harder at. The threats are only growing.

It's not only this. If you look across into Myanmar, into the Rohingyas, into what's happening across the whole region, and I think we all have an interest in working together, and that's one place where I think we have been successful, where we've actually achieved a lot.

But you know, counterterrorism is a kind of thing where, you know, what's success? Success is negative. Success is preventing something from happening, and it's much harder to make that case than to say you've done something. But if you look at the record over the last few years, I think India and Bangladesh have a really good record of this.

MR. TALBOTT: Sorry, no, please, just one per person. Thank you.

MS. CHEN: Thank you. Jennifer Chen with (inaudible) Media Group. Would you please talk about your assessment about the current Indian military technology and is there any impact --

MR. MENON: Can you repeat that?

MS. CHEN: Would you please talk about your assessment of the current Indian military technology? And also is there any impact about long-term India-Russia defense cooperation to the recent U.S.-Indian joint development of high-tech weaponry? Thank you.

MR. MENON: I'm no one to assess technology. I'm no great expert on this. But on -- will the India-U.S. defense technology initiative, will it affect what we do with Russia? No, I don't see why it should. I think that's an example of the strategic autonomy that -- and it's been true throughout, and that's something that's gone on right through.

MR. TALBOTT: We're here, and then I'll go to the back of the room.

MR. JOSHIPURA: Sanjeev Joshipura, consultant on India-U.S. business

relations. Mr. Menon, I'd like you to comment for a minute, if you would, on SAARC and ASEAN. SAARC has been viewed as a fairly moribund body in the recent past and that's perhaps an indication of the lack of strength of a lot of the economies that make up SAARC barring, of course, the 800 pound elephant in the room, India.

On the other hand, ASEAN is a much more dynamic group of countries and so my question is, the Modi government, obviously, is one that is very focused on India's economic development and progress. So, what can India do to further increase its ties and cement its ties more with the ASEAN nations? Thank you.

MR. MENON: Well, I think what we've tried to do -- well, firstly, I don't think it's true to say that SAARC is moribund. If you look at how long SAARC took to do SAFTA free trade agreement within SAARC and how long ASEAN took to do theirs, actually SAARC was quicker. But the fact is that growth in ASEAN didn't come from the ASEAN free trade agreement, just as economic growth in South Asia, which actually has been one of the relatively better performing regions in the last decade or so in the world, if you look at it, that hasn't come from SAFTA, it's come from a network of individual agreements that started off with the India-Sri Lanka FTA in '97, '98 when we negotiated it, and it's come from actually improving the bilateral relationships across the board in the region, and finding complementarity, say, with Bangladesh, for instance, three years ago, two years ago, we abolished all duties on everything except a few -- very few, I mean, a few things like liquor and meat and so on, and the same thing with Nepal, with Bhutan, with the Maldives, in effect, yes, with Sri Lanka we have an FTA and we've been talking about improving on it for the future.

The big exception within South Asia is really Pakistan-India where we're still waiting for MFN but we give Pakistan MFN and also the benefits of SAFTA, actually, in practice.

So, I wouldn't say that, you know, SAARC is moribund, I would only say that we need to look at these organizations, whether it's SAARC, whether it's ASEAN, in the true light of how much of a role they actually play and what the real drivers of economic progress and change are.

With ASEAN, we've been looking at a bigger and better -- we did the free trade and goods, we've done services now, we're looking at actually improving it. We've done individual reviews with the countries -- with Singapore, with Thailand, with the others -- and I think we're at the stage where some of the countries are willing to be much more ambitious.

It's my hope that we will also be much more ambitious than we were in the past. I can't speak, I'm not in government, I speak for myself now here, and it seems to me logical that for an economy of India's size and complexity, you know, we should be able to be much more ambitious in our individual agreements here, not just with ASEAN, but with the U.S. as well.

MR. TALBOTT: The gentleman in the far back and then Martin.

QUESTIONER: Deepak from Voice of America. And looking at the decent escalation between India and Pakistan and the fact that Nawaz Sharif is facing internal political challenges, and his position is not very strong as it was a few months ago, and the fact that on the other side we have Modi now, Mr. Modi, who advocates a very robust foreign policy and we have a national security advisor whose views on Pakistan are well known.

So, what do you think about the future of both the countries? Where are they heading for? And what it means for Afghanistan?

MR. MENON: I think you have answered your question in the long introduction.

QUESTIONER: It was not -- if you can, please.

MR. TALBOTT: That's very economical. Martin?

MR. INDYK: I hope I don't answer my question. Shankar, thank you for joining us this morning. It's a real honor to have the pleasure of hosting you here at Brookings.

I wanted to come back to Prime Minister Modi's visit to the United States. One of the notable meetings that he had in New York, although it didn't get any attention here, was his meeting with Prime Minister Netanyahu of Israel, and as we've discussed, Prime Minister Modi's spokesman afterwards said, when asked did the recent war in Gaza come up in their conversation, he said, no, Gaza didn't come up.

If you look back at the development of relations between India and Israel from your time as ambassador there back in the 1990s to now, tell us a little bit about how that's developed, if you would, and is the fact that Gaza didn't come up an indicative of the fact that the Palestinian issue is not a constraint or a failure to resolve the Palestinian issue is really no longer a constraint on the relationship between Israel and India?

MR. MENON: I think it's -- to answer your last question first, I think it's a little early to draw conclusions from silence, but it's clear that we have a government in India, which wants to move the relationship with Israel forward considerably and is much more positively inclined to doing so for many reasons and it's a traditional -- the party in power has traditionally looked at that relationship much more positively.

But today, as a result of what we've done together, and not just since we opened embassies in '92, '93, but since -- actually, since the foundation of the state of Israel and we recognized Israel the day after it was formed, and we've had an Israeli consulate in India, but we've actually worked together on issues, whether it's defense

issues, whether it's counter -- it's intelligence and counterterrorism. On various issues we've worked together.

We actually faced a Saudi oil embargo for seven days in 1974 because we dealt with Israel, a long time ago, but I think today that's a very popular relationship in India. It has popular traction. So, you've reached, I think, a stage in the relationship where it's actually ready to move on to other things.

Now, I wouldn't say, therefore, that, oh, people have forgotten the Palestinian issue, that this is not an issue anymore. That, for me, is a bridge too far at present. I don't think silence is enough. There was another phrase in the briefing after the meeting about Prime Minister Netanyahu speaking at some length on Iran, which I think gives you an idea of the complexity of the relationship, of what we're dealing with here.

The wonderful part of the relationship, at least in my experience, is that we're able to talk all these issues through between India and Israel, and openly, to put them on the table. Maybe it's something both countries share, this love of talking.

(Laughter)

QUESTIONER: Thank you. Since you've been at the apex of foreign policy decision making in India for so long, I was wondering, is there a medium- or long-term view that India has about the U.S.-India relationship? I'm not talking about the short-term because that's open to negotiations, there are convergences, there are disagreements, complaints, but is there a view of where the relationship can head and to sort of take off from what Tezi Schaffer said earlier, is there sort of divergence between strategic autonomy and strategic partnership?

MR. MENON: I don't see a divergence between the two, because if you're going to have a partnership, it has to be based on a sense of self-interest, that it

serves your interest. It cannot be, oh, here's a partnership which is good in itself, but I have a separate set of interests, which, you know, this doesn't -- and to my mind, therefore, they have to go together. You have to have strategic autonomy to decide that this partnership is in your interest and work it together. That's the only way it will work in a democracy, whether it's in India or in the U.S. I mean, that case has to be made, I think.

And being a democracy, you have to keep making the case. It's not that you made it once and that's it.

Is there a long-term view? Do you know, you've had vision statement after vision statement and you're not satisfied? (Laughter) No. I think it depends. You know, we're very similar in that respect. It depends which Indian you ask, which American you ask, but yeah, that's when you say we have shared values, we have shared principles, that's the long-term that we're looking at.

And it works in practice, you know. If you look at South Asia today and compare it to South Asia, well, 15 years ago. It's much more democratic than it was. And actually, that hasn't happened by accident, but it's been done quietly, steadily, by all of us working together at it, each one of us, all the countries in South Asia, India, the U.S., all of us.

We haven't gone around beating a drum saying, look what we're doing, we're pushing democracy, we're doing this, that -- I think that's where shared values actually come in because that's what you're working towards.

And so, yes, I think there is a long-term vision in that.

MR. TALBOTT: I do think -- I'm going to call on Jonathan in just a second -- that Tazi introduced the phrase of strategic autonomy. I can't imagine that phrase being used in the American context because -- and I say this with both irony and

humility, but also realism -- the U.S. has this 100-year, if not 240-year notion of itself as being a unique --

MR. MENON: The city on the hill.

MR. TALBOTT: The city on a global hill -- leadership and all that, and while the United States is as much a sovereignty hawk as India is, as Russia is, as China is, it wouldn't use that phrase because our concept of our national interests carries with it the presumption that its national interest takes account of allies' national interest and natural allies too.

MR. MENON: That's good for General Motors.

MR. TALBOTT: Yeah. Well -- all right, touché. (Laughter) Jonathan.

QUESTIONER: Shankar, welcome back to Brookings. We appreciate the quiet voice of reason that you provide, which is always welcome in Washington.

My question is about China and you described a relationship that, on the whole, between India and China is relatively predictable within certain parameters, but I'd like to see, have you thought about the implications of, if you will, China's pull to the West? There's an unmistakable, if still somewhat subliminal, debate in China, in strategic circles at least, that talks about China's longer-term interests that pulls them into, increasingly, into Central Asia and beyond, issues you mentioned already, counterterrorism, questions where there seems to be, if not common cause, at least a measure of common interest between India and China. Would you see possibilities here or is there any sense of what -- from what you know, the Chinese are or are not prepared to entertain in discussions with India to see whether or not you could imagine a broader and, if you will, even cooperative relationship in areas of intersecting interest?

MR. MENON: I actually we are at the beginning of that conversation with China, at least we were at the beginning in May when we left government, and as I

understand it, that conversation has just begun.

My larger problem, I mean, it's true, this is -- yes, they are looking West, there is a sense of being boxed into the East and that therefore this is where the future lies, and they have been trying to talk to us, talk to the others, but I'm not sure that China itself is very clear about the way forward and the role of Russia, for instance, and how that will work.

But my own -- and this is one of the reasons why I started by saying that to my mind, actually, it's become more unpredictable. When, you know, I think it's -- China scholars are less certain today because of this. I think this is why we're all going through this great reexamination of what does it mean, this new China, how will it behave in new arenas, which she hasn't been active in before, and I think that's part of the problem today for all of us, that we -- so, I'm not sure that I'd say that it's more predictable. In fact, if anything, I think the degree of predictability has gone (inaudible).

Despite all the contact we have, all the access, all of that, in fact, in some ways, there's just too much information.

MR. TALBOTT: Kathy Moon -- Kathy is our Korea chair.

MS. MOON: Good morning, sir. Kathy Moon, I'm a senior scholar in the Center for East Asian Policy Studies. I have a question regarding northeast Asia in particular and the growing relationship with India and it has to do with China as well.

So, China is India's number one trade partner, but --

MR. MENON: In goods.

MS. MOON: Sorry?

MR. MENON: In goods.

MS. MOON: In goods, yes.

MR. MENON: Goods and services, that's the U.S.

MS. MOON: And Japan and Korea -- South Korea -- are very eager, have been eager, and are very active in India economically, also people-to-people exchanges. So, I'd like you to think about the balance between the security interests of India and of South Korea, Japan, and some other regional neighbors of China as well as the economic interests that you have with China and these other countries have with China, as well as these countries' interest with you -- your country. Can you talk about a vision in the long-term of how India might balance the security interests, partly as a balancer, a larger Asian regional balancer to China, as well as a continued economic partner to all of the countries? Is that something that your country has a policy on or a vision on? I'd like to get some thoughts going.

MR. MANON: Well, we don't think of ourselves as a balancer in Asia Pacific, for three reasons; one is, if you look at the balance of power in the Asia Pacific, it's shifting so rapidly, and it's not shifting only because of the rise of China, it's shifting because there are so many actors actually changing relative positions that any calculation is likely to have a very high factor of uncertainty or to be wrong by -- you know, you can make -- a miscalculation actually is very easy.

So, you can only be a balancer when you have a good sense of what you're balancing and it's -- I don't think that's the case today.

Secondly, because of the reasons you mention, there is a degree of interdependence in the Asia Pacific today, which is very high, and we are increasingly tied into that, whether it's our trade with China, whether it's with Japan, whether it's, you know, technology, whether it's financing, any which way you look at it. So, given that level of interdependence, you can't do what Britain did with the continent, for instance, in the 19th century. I mean, we can't do -- I mean, we don't think that's possible.

And the third reason is that I think if you come in trying to balance, so will

everybody else. I mean, the U.S. will try and balance, Japan will try and balance, we will try and balance. I mean, this makes the whole situation completely unstable. You can't have, you know, a balance with -- well, you can have two arms of a balance, but you can't have seven, eight arms and then expect this thing to work.

So, we don't think of ourselves as being balancers in the present situation. What we see, however, is an attempt together, by all of us, all the parties involved, to try and create conditions in which the region evolves in the right direction, that means creating a security architecture, which works, which is open, which is inclusive, which also addresses the issues we have. It also means putting in place incentives and disincentives which work, and this is why issues like the South China Sea, these issues really become, you know, these are the real tests of how we go about it.

And I'm not sure where we're going to come out at the end of it, but I do think that we're in the midst of such rapid change that it's very hard to start applying traditional formula from other parts of the world or from history.

MR. TALBOTT: Yes, right there, and then Howard.

QUESTIONER: Mike (inaudible), PBS Online NewsHour. Could you help explain to us a bit better the dynamics of the BRICS? Because on the outside it looks sort of like a clever phrase developed by a fellow at Goldman Sachs and also three democracies with their inevitable chaos aligned with two other countries, whose response, lately, to chaos, has been to hit it with a sledgehammer. And also the fact that the one evident thing that seems to be happening is that China seems to be coming increasingly disillusioned with its all-weather relationship with Pakistan.

MR. TALBOTT: You can give the mic to Howard next to you right there -
- for the next one, but go ahead.

MR. MENON: Well, I think the way the BRICS has evolved is it started

off looking at precisely those economic issues which affected them in common, and I think BRICS owes the world economic crisis a big thank you, because that's really when they realized they had common issues and that was the basis of a lot of the work that you see resulting now, like in the BRICS bank and so on.

On the politics of it, BRICS hasn't actually done very much together if you look at it in practice, and I don't think -- by the way, I don't think democracies have any monopoly of chaos. If anything, democracies know how to handle chaos better because they let the steam out and they know what to do about it, but that's not what BRICS is about or hasn't been so far.

And I don't see it evolving in that direction either.

MR. TALBOTT: Howard.

MR. SCHAFFER: I'm Howard Schaffer, Georgetown University. Good to see you again, sir. I wonder if I could ask you to reflect a bit and talk to us about how you've seen the evolution of the national security advisor position and where you think it might be going from here.

(Laughter)

MR. MENON: Well, it's -- you know, I think Doval is the fifth NSA. It's very young. It's just a little bit more than a decade. I think each one has done the job his own way and I'm not sure that we've quite accumulated enough experience to actually say it's been institutionalized.

But we were the first parliamentary democracy to experiment with an NSA and that's because we haven't been presidential. It's not really an advisor to a president who concentrates power in them self. In our case, the executive power of the union is with the prime minister and cabinet. So, that's a complex, and therefore a unique, sort of relationship that we had to evolve over time, the relationship with the

cabinet ministers, with the rest of government, but clearly it's a function that needs to be performed because if you look at it know, the UK has an NSA, many other -- Japan has one -- many other parliamentary democracies have also chosen to have this one point where you actually coordinate, consolidate, and bring together what otherwise falls through the cracks between ministries or involves several ministries, and I think the world national security issues today have become so complex and multifaceted that you need a function like that.

In India, it's still a very small function. I mean, the National Security Council secretariat has 56 people working for it, that's all. That's roughly where the U.S. NSA was about 35 -- well, before Kissinger, if you look at it, and it will evolve. It will change as government in India itself evolves, I think it's going to change, but it's here to stay because it's needed, because who else is going to do things like cyber security, for instance? There are issues like this and the prime minister does need somebody as a national security foreign policy advisor, somebody at his elbow. I mean, that takes up so much of their time these days that you -- so, these are -- and the NSA also, in our case, also has the nuclear function, he's part of the nuclear command authority.

So, these three functions, I think will stay, therefore I think the job will stay, it will grow a little, it will define itself over time. But so far, it's been the individuals who define the job, but pretty soon, I think the job will start defining the individuals.

MR. TALBOTT: But I would assume also, Shankar, that there's a similarity between the U.S. and the Indian national security advisor and that is it depends a lot on the working style of the prime minister, in your case --

MR. MENON: Certainly.

MR. TALBOTT: There's been a lot of diversity in the way the function is played here depending on who the president is. This lady here and then Tanvi.

MS. SIROHI: Seema Sirohi, Gateway House and Economic Times. I was wondering, Mr. Menon, if you could look back to the time when you were the NSA and what do you think, according to you, were the reasons why the U.S.-India relationship kind of floundered for the past three years? We know about the complaints that the business lobby here had, but I think there were some other probably bigger issues, if you could sort of talk about that. And I would also like to ask you about Pakistan. You said that the power is more evenly distributed. One would have thought otherwise because the Pakistan army kind of reasserted itself, people say, through protests that Imran Khan conducted on the streets of Pakistan and the civilian government was -- its power was further reduced.

MR. MENON: Well, I don't think the India-U.S. relationship is floundering, because if it was, you wouldn't have been able to have a visit like Prime Minister Modi's visit. This is not stuff that you do overnight. You don't produce a joint statement or an agenda of that kind of depth and breadth with -- you know, in two months or three months. This is the result of sustained work.

I think what happened, really, was that you had this tremendous emotional peak, this high when we did Civil Nuclear, and there was no way you could sustain that. I mean, no relationship can sustain that kind of excitement or that kind of -- and I think expectations were really high, maybe too high in retrospect, but maybe it was necessary in order to do that breakthrough, to make that breakthrough, and I think it served its purpose because ultimately what you're seeing now across the rest of the relationship is possible because of that. You look at what you're talking about now in defense in terms of manufacturing, in terms of technology, in terms of working together, you look at the kind of coordination that you have between your services and your agencies. That kind of thing wouldn't have been possible before, it certainly wasn't.

Now, so, A, I don't accept that it was floundering, B, I think it's useful that it's got fresh impetus now thanks to the visit. But this will go on and, as I said, this sine curve needs to be -- ultimately, it needs to be flattened.

The sad day for diplomats and journalists will be when it becomes a completely normal relationship and you'll have nothing to write about. But don't worry, there's no risk of that happening for a long time to come.

As for Pakistan, I think everybody has their own opinion on what's going on in Pakistan and I don't think any of us can say we have the whole truth and we know everything. You're entitled to your opinion.

MR. TALBOTT: We're coming to the end and I want to -- if it's okay with you, Shankar, I'm going to cluster three questions but have each of them please be quite succinct and just one question. The gentleman there, the gentleman there, and Tanvi.

MR. KREPON: I'm Michael Krepon with the Stimson Center. Nuclear competitions take on a different character when states decide to put multiple warheads on missiles and when they contemplate deploying missile defenses, limited missile defenses. Do you see either eventuality with India and China?

MR. TALBOTT: Michael, I'm sorry I didn't acknowledge you. I have a problem with my vision thing, but welcome. This gentleman here.

MR. TUCKER: Bill Tucker. We've taken a number of U.S. companies into India and the Modi government is certainly knocking down some of the barriers to foreign companies entering the Indian market, but there is still a lot of problems by the opposition parties and, of course, the Indian companies do not want competition, as is normal. And so, what are the chances of the Modi government knocking down some of these barriers and making it easier for foreign companies to enter the Indian market?

MR. TALBOTT: Tanvi?

MS. MADAN: Tanvi Madan, Brookings. I just had a question about capacity in terms of numbers, expertise, even institutional structure. Given the role India is already playing, the number of relationships it has, kind of that leveraging various relationships that you've talked about, do you think that capacity is sufficient? And if not, what would you like to see the Prime Minister do to change things on that front?

MR. MENON: Well, to start with BMD and . The Chinese have already announced they're (inaudible), in fact, they say they're fairly advanced in doing that. I think ultimately, yes, but I'm not sure that at the present levels of what we're talking about between China and India, that these are destabilizing yet because these are still highly experimental technologies on both sides, whether it's China, whether it's India.

I think there has been more talk and more analysis than (inaudible) on both sides, so I think it's a long way away.

Will it be destabilizing? It depends on how it comes about and a lot of it depends on the context within which it happens, the rest of the program. So far, doctrinely, it shouldn't be, if you look at both countries' doctrines. And I am hesitant to say that's going to change, I mean, both the Chinese and we have gone through several reviews, as you know, of our doctrines and we've come back to the same each time. So, I'm not sure that -- so, my answer to you, therefore, is a qualified no, actually, I don't think it's necessarily going to be too destabilizing, but this is complex stuff, this needs a lot more analysis, as you know.

About entry barriers, yes, I think it's clear that -- my own feeling is that they will succeed, the new government, and the reason is simple, because everybody wants to get the economy back onto a high growth trajectory and that's across the board, whether it's business, whether it's political parties, whether it's -- and they know that the only way to do that is to be much more open to the rest of the world and to get a lot more

technology and foreign investment into India. So, yes, my answer would be yes, I think that will happen.

Capacity is always a problem. We only have, you know, 1.2 billion people. It's not -- no, I think the answers are clear. I mean, we've been talking about education, about skill development, about what we need to do, but I think the main problem is specialized capacity, certainly in national security; it's a huge problem finding the right people for the jobs.

I spent a lot of time in my last job doing that, trying to find the right people, and it's the same with the foreign office. It's far too small, 2008, we decided to double it in five years. We've actually doubled it, but you wouldn't notice the difference. It's still far too little for what we want to do, and this is true across the board, which is a bit worrying, which means we really need to do much more in terms of training people. There's no question. But that is really the big constraint.

MR. TALBOTT: Shankar, thank you very, very much for the candor.

(Applause)

MR. TALBOTT: Already you're being applauded -- and the scope and the clarity and the good humor and, by the way, the friendship that I can sense in this whole room, and also your ability to answer a merved question. That was pretty impressive at the end.

I hope we'll see a lot of you here at Brookings and in Washington. Enjoy your respite, your writing projects, and we look forward to many more encounters with you. And thanks to all of you for being part of this conversation.

(Applause)

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