



## The United States and India: Moving Forward in Global Partnership

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*As Prepared*

#### Introduction

Distinguished members of the Confederation of Indian Industry, Ladies and Gentlemen: It is a great pleasure to return to this wonderful forum to discuss once again the ongoing transformation in US-India relations. Through the Aspen-CII dialogue, public policy outreach in India and in the United States, and the many events hosted over the years, CII has played a vital role in educating the business and government communities in both our countries about the multifaceted character of our bilateral relationship. It is, therefore, a privilege for me to return to this forum to discuss the US-India relationship.

I would be remiss if I did not note that today is September 11, exactly two years after the terrible strikes against the United States. These horrible acts propelled America into a leadership role in the global war against terrorism and into an even closer partnership with India - one of the first countries to offer support and assistance to the United States in its effort to bring the 9/11 perpetrators to justice.

Today, President Bush sent a message to Prime Minister Vajpayee. He said, "On behalf of the American people, I would like to extend to you our solidarity and support as you remember your citizens who died in the terrorist attacks in the United States on September 11, 2001." The President asserted, "The struggle to put an end to terrorism will be long and difficult. We wage this struggle for ourselves and for our children, but also to honor the victims of terror and reaffirm the inherent value of their lives."

On this day, I would like to offer once again the grateful thanks of the United States to India for that heart-felt and welcome show of support when we most needed it.

Over the past two years, we have made impressive strides together, establishing the foundations for what we hope and expect to be a durable global partnership. Our recent achievements certainly deserve mention, but we should also recognize that our achievements to date create opportunities for the future, that in meeting today's challenges, we also realize the benefits of our natural alliance as the world's strongest and largest democracies. Many of these benefits are to be found at the global level, where India has rightly assumed a position commensurate with its size and potential, and where our mutual interests are complementary and overlapping.

#### President Bush's Founding of a New US-India Relationship

From the very start of the President's term, the Administration has worked hard to implement the guidance from our National Security Strategy [I quote]: The United States has undertaken a transformation in its bilateral relationship with India based on a conviction that US interests require a strong relationship with India.

Differences remain, including over the development of India's nuclear and missile programs, and the pace of India's economic reforms. But while in the past these concerns may have dominated our thinking about India, today we start with a view of India as a growing world power with which we have common strategic interests. Through a strong partnership with India, we can best address any differences and shape a dynamic future.

I believe that statement clearly and succinctly identifies our plans, our challenges, and our goals for the transformation of US-India relations.

#### Consolidating the Foundation

As with any major transformation, it will take some time to fully realize the changes we have begun to implement in the US-India relationship. But I can assure you today that President Bush and his entire Administration hold a common vision with Prime Minister Vajpayee, a vision founded on certain bedrock values: democratic principles, respect for individual freedom, the rule of law, and peaceful state-to-state relations. We also share a number of converging national interests: combating international terrorism, slowing the spread of weapons of mass destruction, stopping the trafficking of drugs and human beings, and promoting peace and freedom. Working in concert with the United States, India's power and potential can bring us all closer to President Bush's goal of building, as he has said, "a world where the great powers compete in peace instead of preparing for war."

#### Unity of Purpose

The President's dedication to transforming the US-India relationship implies a commitment that is shared by the entire Administration, by all agencies and departments that play a role in the foreign policy process.

As the Assistant Secretary for South Asia, I have the privilege of implementing the President's policies. I can testify from my own personal experience in the interagency process that the Administration is united when it comes to understanding India's relevance and importance to the US objective of promoting a peaceful and well-ordered concert of democracies.

#### Trial by Fire

Of course, the commitment to a transformed relationship has not been one-sided. Sometimes the best way to judge the character of one's friends is by observing their actions under difficult circumstances. As I pointed out earlier, India's response to the horrendous events of September 11, 2001 immediately cemented our partnership against global terrorism. The United States will not forget that in those early hours of pain, confusion and grief, India was among the first to respond to the tragedy with a generous offer of political and military assistance.

Let me just take a minute to say a couple of things about terrorism. The United States, and this President in particular, has condemned all forms of terrorism in the strongest possible terms. The attacking of innocent civilians is a cowardly act for which there can be no excuses - and against which there must be no compromises. The recent bombings in Srinagar and the deadly blasts in Mumbai are horrific examples of this crime. President Bush categorically condemned those bombings and extended the sympathy of the American people. He added, "Acts of terror are intended to sow fear and chaos among free peoples. I hope that the perpetrators of these murders will be identified quickly and brought to justice."

The US will stand by India in its battle against terrorism just as India has stood with the United States in its battle against terrorism. I can also reassure you that the issue of cross-border infiltration remains a very important issue on our agenda with Pakistan.

The collaboration with India that began in the aftermath of 9/11 has only deepened and has taken different forms: from joint patrols in the straits of Malacca; to the inclusion of terrorist groups operating against India on the US Foreign Terrorist Organization List; to the prosecution in Virginia and Pennsylvania of eight alleged Lashkar-e-Taiba terrorists for engaging in a conspiracy to "prepare for and engage in violent jihad" against foreign targets in Kashmir. While much more remains to be done - and should be done - to free the world from terrorist threats, our enemies have themselves exposed the many ways in which the people of India and the United States see the world in fundamentally similar terms.

### **Taking Stock**

I am happy to report that the goals and plans of our two governments have been matched by concrete achievements. Many of our most immediate concerns are found at the regional level and represent the central focus of my consultations here this week.

At least since the beginning of the Cold War, India's regional concerns have been of more than passing interest to Washington's top policy-makers. But the attacks of 9/11 have literally turned us into neighbors. US forces are on the ground inside and on the borders of Afghanistan, cooperating with Afghan and Pakistani forces against the remnants of al-Qaeda and Taliban. At the same time, the US has increased its diplomatic engagement with, and assistance to, Nepal and Sri Lanka. We also continue to maintain our good relationship with Bangladesh.

The challenges of the post-9/11 world have necessitated US engagement with the countries on India's periphery - in order to attack and destroy the terrorists themselves and to prevent them from breeding greater instability in other at-risk states.

In every instance, Indian and American objectives, far from being antithetical, are in fact complementary: India seeks a regional environment free of unrest, subversion and terrorism; the United States shares that objective. India seeks a regional environment where economic growth, trade, and peaceful cross-national ties can prosper; the United States shares that objective too. India seeks a regional environment populated by liberal democratic states that are sensitive to diversity and the rights of minorities; the United States most certainly shares that objective too. Not surprisingly, then, we have worked with India as much as possible in the hope of jointly realizing our common objectives in South Asia. These objectives are as follows.

### **Regional Goals**

In Afghanistan, we seek to create a new country marked by stability and peace and ruled by a regime that is moderate, democratic, and representative of its constituent ethnic groups. For too long, Afghanistan has represented a source of instability in the region and beyond. Today, under the leadership of President Karzai, Afghanistan is moving toward a new future - slowly and haltingly at times, but in the right direction. Much, however, still remains to be done. This year alone, the President has directed the Administration to allocate over a billion additional dollars towards Afghan reconstruction. And NATO's recent takeover of the International Security Assistance Force in Kabul will help the process of ensuring peace and security in Afghanistan. We deeply appreciate India's prominent role in Afghanistan's reconstruction. We encourage you to continue your efforts, as we believe they serve a common cause.

In Nepal, we seek an end to the Maoist violence and insurgency that has already left thousands dead. The Maoists have shown themselves to be a ruthless enemy by their tactics in the field and through terrorist attacks against both government and innocent civilian targets. US programs in Nepal are intended to facilitate the government's efforts both to restore security and to focus on development and poverty eradication - some of the social ills that initially gave rise to the Maoists. India's historic, cultural and social ties with Nepal continue to make it the most important outside influence on events in that country. Working in tandem, our governments can help Nepal defeat the Maoist threat and re-establish democratic institutions responsive to the needs of the people.

In Sri Lanka, we seek the preservation of a united republic, an end to the ethnic conflict that has disfigured the island for over two decades, and a return to peace and stability. The United States continues to watch developments in Sri Lanka very closely. We believe that the current peace process holds the best promise of maintaining Sri Lankan integrity, peacefully addressing the grievances of the Tamils, and developing a political settlement that assures efforts toward peace. A negotiated peace would be the best demonstration to the world that non-violent alternatives exist for solving even the most contentious issues that divide and separate peoples throughout the world. As Sri Lanka's largest neighbor and trading partner, India plays a critical role in that country's future.

In Bangladesh, we seek a country that overcomes poverty, grows prosperous, and consistently remains a moderate, democratic Muslim polity as an example for the rest of the Islamic world. As Secretary Powell stated succinctly, "Bangladesh's democracy, Bangladesh's economic progress, Bangladesh's friendship and the Bangladeshi people all matter to us." I know India also shares that view.

No discussion of regional issues would be complete without reference to Pakistan. I believe we are at a particularly privileged moment in history because of the fact that the US enjoys good relations with India and Pakistan simultaneously. It affords us the rare opportunity to pursue deepened engagement with both sides, even though this engagement will naturally take different forms and be oriented to different goals in each case.

Although the India-Pakistan relationship is often viewed in zero-sum terms, the US firmly believes that a successful US-Pakistan relationship will also serve India's interests. Pakistan is a country in the midst of a major political, economic and ideological transformation. It has not yet safely escaped the dangers of serious crisis on multiple fronts. It must be assisted to achieve a soft landing that corrects disturbing internal trends, realigns its direction as a moderate Muslim state, and defeats definitively all terrorism emanating from its soil. We believe Indians should welcome such assistance, and I know that many do.

Even as we pursue good relations with both sides, we are aware of the suspicions that persist between New Delhi and Islamabad. It is a tragedy that the encouraging progress in South Asia toward prosperity and democracy is often overshadowed by these tensions, preventing the creative energies of millions of individuals on both sides of the border from being unleashed upon the grand march of development. Although there are no magic solutions to these cross-border tensions, we remain hopeful that your recent decisions to exchange high commissioners, resume the bus service, and discuss other outstanding issues offers much more than a temporary détente. Here let me say that initiatives like that of CII to bring Indian and Pakistani business representatives together are exactly what I mean. As in the past, we believe that a lasting settlement of grievances will never come by way of additional violence.

### **Beyond the Region: Towards Global Partnership**

Certainly regional issues have occupied, and will continue to occupy, a great deal of attention in discussions between New Delhi and Washington. But considering how complementary our regional interests really are, we should begin to look out over the horizon and imagine how we might move forward in a truly global partnership.

In important ways, we are already beginning to taste the fruits of global partnership. A great number of the more than 100 senior-level visits to India by American officials over the past several years have featured consultations on issues that vault beyond the borders of South Asia. The Bush-Vajpayee summit in Washington, numerous joint working groups, cooperation in science, the environment, space, and medicine - all these speak for themselves and remind us of how far we have already come.

But a future of global partnership could take us much further, and I'd like to suggest a few directions that such cooperation might take.

### **Strategic**

We have made great strides toward cooperation in the fight against the onward proliferation of WMD. We must continue. Similarly, I think the US and Indian militaries should be looking at ways we can foster further exchanges that deal with contingencies that extend beyond South Asia. Over the past two years, we have seen Indian troops exercise in Alaska with their American counterparts, while American forces have been exercising with their counterparts here in India itself. Naval forces have conducted exercises also. We can - and should - do more.

### **Political**

Over the years, the leaders of both our countries have described our mutual relationship as one involving the world's "most powerful and most populous" democracies. As

America and India move toward a new partnership, my government believes strongly that we must invest this slogan with practical significance. We have made an important start by working together within the Community of Democracies, and by launching a dialogue on global issues, including the promotion of human rights around the world. The next series of tasks is harder, but fully within our grasp. We very much want our two countries to walk in step in international fora like the United Nations, where we too often are not together demonstrating our deeply-shared revulsion to some of the world's worst tyrannies. Further, we must deepen our cooperation in the fight against terrorism. We must together develop a positive strategy for transforming those parts of the world and those conditions that breed dangerous fanaticism.

#### **Economic**

Let me turn now to economic affairs. I am dealing with it last, but it certainly is not the least of our concerns. The partnership I've sketched here will be much more difficult to sustain without a sharp increase in levels of bilateral trade and investment. We have together devoted considerable energy and attention to this issue, but clearly we need to do more, both in a bilateral and a multilateral sense.

You, the members of CII, know better than most the doldrums that have trapped trade between our two countries. Although Indian products and services have done well in the US market, American exports to India have languished between 3.5 and 4 billion dollars since 1997. US investment in India has been similarly lackluster, falling from a peak of 737 million dollars in 1997 to a meager 283 million dollars in 2002.

However, recent events suggest that this situation may be changing. U.S. exports will likely top \$4 billion this year, and the forward march of India's economic reform program holds the promise of greater foreign investment in all sectors.

However, both American and Indian businesspersons frequently voice their concerns that the pace of reform is too slow, and requires more clear direction. You are all familiar with the impediments that continue to block greater foreign investment and challenge those who wish to penetrate the Indian market. They have been a subject of frequent discussion with Indian officials and are again at the Doha Round talks in Cancun.

At Cancun, the stakes are high. They're high for the WTO as an organization, for the global economy and for individual economies. The US message to our trading partners, therefore, is our collective need to aim high in our aspirations and ambitions to open markets and expand trade for all countries. We believe this is the best way to promote growth and development and to help alleviate poverty. The United States will work with other countries to achieve these ambitions.

Within this context, we are looking for concrete solutions to specific sensitivities and adjustment problems facing developing countries. We're seeking to accommodate developing countries' needs within a single trading system. We do not believe any interests are served by a bifurcated or two-tier system.

It is important to note that Cancun represents the midpoint of the Doha Development Agenda negotiations. We do not expect people to concur with what we want the agreement to look like at the end. The idea is to ensure that we have the opportunity to negotiate ambitious results. As the midpoint of the negotiations, Cancun is meant to give direction to the negotiators, to enable them to continue and ultimately to complete the negotiations on time.

India is a critical player in these negotiations. Your country has the where-withal to lead the way toward constructive solutions to the growing demands of our shared global society. The world needs India's creativity and wisdom. We hold great hope that the government of India will be as ambitious as the United States in seeking to open its own and world markets.

The United States and India see eye-to-eye on certain issues and on others, we disagree. The mark of a mature trading relationship is the willingness to see each other as attentive, productive advocates rather than as adversaries. Recently, in Geneva, your government and ours acted together as advocates toward a common goal. We are grateful to India for its key role in resolving the complicated issue of TRIPS. This is the kind of cooperation we hope to continue to foster with India, both bilaterally and multilaterally.

#### **Conclusion**

As we look ahead to the 21st century, the outlook is bright for a vigorous global partnership in which the United States and India will work to enhance global integration through trade, investment, shared technology, and improved communications. Just as important, we will continue to join hands to combat the forces of disintegration, such as terrorism, weapons of mass destruction, organized crime and the trafficking of drugs and human beings. Organizations such as the Confederation of Indian Industry will play a key role in deepening this India-US partnership and the ambitious goals we have set for ourselves.

Thank you for this opportunity you have afforded me to be here today.

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