



U.S.-India Partnership: Creating Economic Opportunities in Agriculture

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Thank you for inviting me to your wonderful city, which I have been told is the "youngest" city in India. I came here to see the breadbasket of India, to begin to learn about Indian agriculture. I would like to express my appreciation to Mr. Bagrodia, his colleagues, and to the Confederation of Indian Industry - CII - for hosting this event today. I am keenly aware of the special role that CII has played as a partner with the U.S. Embassy in promoting the transforming U.S.-India relationship.

CII has worked hard to increase the flow of people and information - as well as trade and investment - between our countries, including showing true hospitality to many U.S. officials and delegations to India.

This event gives me the chance to talk with you about the deepening relationship between our countries and the role of agriculture in India's economic growth and long-term prosperity.

By way of introduction, I grew up in the American Midwest, in Illinois corn country, and Jeannie is from central Nebraska where the small towns dotted across the prairies are separated by miles of high production agricultural land.

As Midwest Americans, we honor the role of farming communities in the fabric of our society, and I have seen a similar kind of respect and passion for agriculture and country life during my brief visit here. Yesterday evening I was at the Punjab Agricultural University with Vice Chancellor K. S. Aulakh and other faculty, where I learned about the "roots" (if you will) of agriculture in the Punjab and the beginnings of the university itself.

A Growing U.S.-India Partnership

Let me begin by saying a few words about today's U.S.-India relationship. Over the past two years we have witnessed the beginning of a transformation that will open opportunities for the United States and India that would have been unimaginable a few years ago. We have taken important steps forward to bridge previous mistrust and lay the foundation for what I believe will be a crucial partnership for the 21st century.

Our leaders, President Bush and Prime Minister Vajpayee, have recognized this great opportunity and had the wisdom to act on it. Today, many areas of bilateral cooperation are expanding very quickly. Our Next Steps in the Strategic Partnership initiative has begun and must be implemented to bring the fruits of broad and diverse areas of cooperation to both of our societies. As our strategic partnership matures into a comprehensive alliance, we will be open to significant new business opportunities for both India and the United States - and food and agriculture will be a critical part of expanding trade and investment between our countries. Our developing relationship has a multiplicity of themes, which are already visible, but its roots lie in our common values and interests as democratic societies.

Friends, the 21st century looks very bright for India. Prospects for sustained growth are good, especially now, since India has advanced economic growth and development to the top of its list of priorities. The United States, with its open markets and fundamental commitment to private sector leadership, is a willing partner.

Revolutionary Success

I heard about the heyday of India's Green Revolution in the 1960s - an amazing success story of collaboration and intellectual exchange between the U.S. and India. The U.S. certainly did not "cause" the Green Revolution in India - India and Indians did. But we played an important supporting role - and we're proud of it. With U.S. government assistance - through the leadership of the United States Agency for International Development - the grit and hard work of the Indian farmer was combined with the vision of scientists from both our countries to meet a monumental human challenge: to reshape Indian agriculture for the last 40 years. The bilateral "revolution" of shared science, educational exchanges and applied agricultural technology made India self sufficient in food production and was a foundation for people-to-people and government-to-government ties that have matured and are coming of age today.

The story is impressive.

American-Indian collaboration in agriculture has yielded some of the most dramatic results in the history of U.S. economic assistance. It began more than 50 years ago when India and the United States, the world's two largest democracies, signed agreements to improve agricultural education and research in India, and to launch an extension service aimed at providing advice to farmers on new agricultural technologies and state of the art practices. The effort was in fact an adoption of America's agriculture land grant system for universities on Indian soil. It helped launch what we now commonly call India's "green revolution."

The U.S. Government, through the United States Agency for International Development (AID) and the U.S. Department of Agriculture, partnering with the Ford and Rockefeller Foundations, helped establish five state agriculture universities in India - including the Punjab Agricultural University - PAU - in Ludhiana. This was a significant joint intellectual and scientific effort: American universities sent educators and agricultural advisors to India to work side-by-side with Indian scientists and students. At the same time, American universities welcomed a corps of Indian agricultural specialists to American university campuses where they could learn first-hand about the technologies we employed in productive farming, ranching and crop science.

Friends, the Punjab Agricultural University is, quite simply, a living legacy of this collaboration. Established in 1962 with long-term support from Ohio State University in the great Midwestern city of Columbus, Ohio, Punjab university established strong research and close working relationships with Punjabi farmers. These farmers and agricultural educators played a leading role in the adoption of the green revolution technologies that averted famine and helped make India self-sufficient in wheat and rice.

Beyond university corridors, the United States supplied fertilizers, helped finance the building of fertilizer plants, supported infrastructure for electricity in rural areas, and established irrigation systems to free growers from their traditional dependence on annual rains for their crops.

India's Green Revolution raised food grain production from 70 million tons in 1954 to more than 200 million tons today. Storage facilities now hold millions of tons of grain in reserve to guard against famine and exorbitant pricing during drought years. The core of this process was people coming together with a shared vision - with the foresight to create lasting relationships and institutions to sustain productivity for the next generation.

In the 1980s, the momentum of the Green Revolution was still reaping dividends: annual agricultural growth in India rose to three percent, outpacing population growth rates for the first time since India's independence and dramatically cutting rural poverty. India's farmers turned in remarkable performances, diversifying their operations with new crops and livestock products, particularly dairy and poultry. Demand for paid labor grew on and off the farm, and, the result was that we got a huge indicator of success. According to the Government of India, rural poverty declined from 60% in the late 1960's to 27% today.

Agriculture's share of India's GDP today has dropped. The first wave of economic liberalization in 1991 virtually ignored the need for agricultural reform as a driver for prosperity in a global economy.

Today, agriculture employs 75 percent of the rural work force and provides 70 percent of rural earnings. It has enormous potential to put India's economic development on a high growth trajectory. To you - India's agribusiness and industry leaders - and speaking as a businessman and banker - I recognize with pride that the U.S. and India have forged lasting partnerships in agricultural development. But I also ask, "How do we move to the next level?"

We can and must do much more...and the strategic relationship between our two nations presents fertile opportunities.

Partnership: Now and in the Future

I'm pleased to say that USAID very recently funded several grants to continue the stellar tradition of American-Indian university cooperation. The new efforts focus on next-generation issues in agriculture. One of the grants supports joint work by the Punjab Agricultural University and Ohio State University on market diversification and value added agricultural products. A food industries center is developing, agribusinesses are cooperating with researchers on food processing approaches, and the business of agriculture is part of classroom instruction.

Just a few weeks ago, the Prime Minister's Chief Economic Adviser, Dr. Narayan, and State Department Under Secretary for Business and Agricultural Affairs, Alan Larson, led an extensive bilateral discussion about how to revitalize the U.S.-India Economic Dialogue. This can be a powerful tool to help move our economic relationship forward. They agreed to focus on areas where we can facilitate trade and investment between the U.S. and India - areas like biotechnology, among others. This initiative is of primary interest to the agricultural community.

Today, India produces more than 200 million tons of food grain annually. It has the capability to feed its citizens. But with a burgeoning population - which is set to outpace China by 2030 - India's nutritional needs will escalate to a whopping 300 million tons of grain a year in 25 years. It is in both of our nation's interests to ensure that India's agricultural economy and infrastructure are prepared to meet this massive demand.

Besides basic grain requirements, changes in Indian society are generating interest in new products and commodities. As incomes rise, the tastes of consumers with more spending power are diversifying - demand will continue to spiral upwards for more and better fruits and vegetables, dairy and poultry products, processed food products and meats.

These trends signal tremendous economic potential for the country, as well as the need for complex, reinvigorated agricultural research and infrastructure development.

A core research need will be to maintain steady improvement in seed quality - which is the key component of sustained productivity and reducing rural poverty. A critical emerging tool for plant breeders is biotechnology, which can boost the speed and accuracy of seed improvement programs. Managing this new tool effectively - both scientifically and in the domain of public opinion - will require careful review and regulatory systems that are timely, transparent, based on sound science, and widely understood and accepted.

Some of the richest economic opportunities in this sector spring from the still untapped potential of high value horticulture crops and livestock enterprises. Such "value added" enterprises draw in small-scale farmers and ranchers, drive up the need for rural labor to produce and process commodities, and stimulate ripple effects in rural, non-farm economies.

Mining these opportunities requires public and private partnerships and significant investment. Public infrastructure - particularly rural roads, electricity and water systems - provide the essential groundwork for allowing new markets and enterprises to operate. With the right conditions in hand, the private sector - both big operators and small players - can respond to emerging consumer demands with productive and high quality crops, new and varied products, more effective processing that adds value to commodities, and better, more efficient distribution and marketing.

Farming is tremendously important to India's economy and culture. The country will not prosper fully without a vibrant and dynamic agriculture sector. The past 50 years have seen astonishing changes in Indian agriculture - and Americans are proud to have played a role in that history. It is an amazing success story built on scientific collaboration, achievement under difficult circumstances, and a demonstrated capacity for sustainable change when people with common values work together to realize a shared vision.

As we look to the future, I firmly believe that close and collaborative relations between America and India will flourish. It will take continuous effort to make this happen. Creating a comprehensive relationship in the sphere of economic progress, trade, investment and growth - including agricultural growth - is a major and critical challenge. The major element of this relationship has yet to materialize. Its potential lies chiefly in the multiplicity and dynamism of our private societies. Our governments must make sure that we can engage in many fields, do business together, trade and invest in each other's futures.

With political will, a strong civil society and unbridled private sector participation, robust growth sustained over a long period will advance the prosperity of India's people, reduce overall levels of poverty, integrate India more fully into the global economy, and allow India to emerge as a world power.

Realizing this objective, however, will not happen without new generations of reforms and efforts that restructure and open India's economy to the global marketplace. This will require political leadership and industry support.

Barriers need to be removed and disincentives cleared away, so that we can strengthen the strategic partnership that now exists between the world's two largest democracies. Why, I ask, can't we be the world's two largest economies? I am personally deeply committed to transforming our relationship in a way that lifts our strategic partnership to a higher plane.

I welcome the chance to hear your thoughts about how we can advance agricultural and other partnerships between our countries, which will benefit Indians and Americans alike.

Thank you.

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