



The U.S. and India: The New Strategic Partnership

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(As prepared)

Introduction

President Desai, Ambassador Holbrooke, Secretary John Whitehead, members of the Tata Group, David Goode, distinguished members of the Asia Society, friends:

I am honored to be invited today to speak to such a distinguished group of individuals. As you approach your 50th anniversary in a few months, the Asia Society can be proud of all it has done to bring together East and West, Asians and Americans, diplomats, business people and private observers, to deepen the understanding among the people of Asia and the United States.

Your half-century of work mirrors the great change in America's engagement with Asia during that same period. Once remote and exotic to most Americans, Asia has been an abiding preoccupation for American strategists since the end of World War II in September 1945. We Americans knew throughout the Cold War period, from the Communist victory in China to the debate over Quemoy and Matsu to Vietnam and beyond, that what happened in Asia had a direct impact on our most vital national interests.

But, most Americans, and a surprising number of policymakers, had a limited geographic view of Asia for most of the Cold War. How many senior American policy makers came to the Asia Society to discuss South Asia during your 50 years? Asia meant China, our alliances with Japan, South Korea and Australia. It meant Indonesia and Southeast Asia. But, it rarely meant South Asia – India, Pakistan, Afghanistan, Sri Lanka, Bangladesh and the other states of the area. This had never been considered a region of front-line policy interests for our country. But, all that has changed, and changed dramatically, during the last four years.

As we look out over the century ahead, there will be no region of the world more vital to America's long-term military, economic and political interests than Asia. And the part of Asia that is now receiving the most substantial new attention of American diplomats, generals, strategists and business people is South Asia and, in particular, India.

To understand how far we have come in our strategic view of India, one only has to look backward over the last six decades and to recall conventional American attitudes. Since India's independence in 1947, successive Administrations in Washington and Delhi approached each other alternately with episodic engagement on the one hand, but with wariness and even downright opposition on the other.

The U.S. and India looked out at the world through different prisms. We had sharply varying political, ideological and economic differences. The U.S. was, during the Cold War, the ultimate aligned nation, and India, the ultimate non-aligned nation. Since the 1980s, our preoccupation with India's nuclear weapons program dominated the substance of U.S.-India bilateral exchanges, whether in private or public. Ours was the personification of a bilateral relationship that never quite met the expectations of Prime Minister Nehru and President Truman at the time of Indian independence.

When the U.S. imposed sanctions against India in 1998, India was not seen in Washington as an essential and cooperative part of the solution to many major international problems. Rather, India was viewed as one of the problems, outside the Non Proliferation Treaty (NPT) and an obstacle to U.S. nonproliferation efforts internationally.

As a result, official Americans and official Indians often talked past each other or not enough. There was haphazard diplomatic cooperation, weak military-to-military interaction, and no substantial law enforcement collaboration.

With the Cold War's end, however, with dramatic changes in global trade and investment patterns, with India's emergence as a more powerful actor on the world stage, the U.S. began to shift its view of India's place in the world and of its relationship with New Delhi. President Clinton deserves great credit for having made the first efforts to change fundamentally the nature of America's diplomatic engagement with India. His visit in March 2000 was the first presidential trip to India since 1978. Despite our disagreement over nuclear issues, Americans had begun to see the need to alter our engagement with India, and many Indians had the same conviction about the U.S.

President Bush has further intensified that commitment to a U.S.-India partnership, and has accelerated it dramatically. Having decided even before he assumed office to get the big relationships right, the President counted India as one of the key powers requiring substantially greater American attention. To guide this effort, the U.S. has been enormously fortunate to have had two brilliant ambassadors in Delhi – Bob Blackwill and David Mulford, who have helped to transform U.S.-India relations into a nascent strategic partnership. In many respects, this is one of the most significant foreign policy shifts in U.S. global policy in recent years. Their efforts have been aided by two successive Indian governments representing opposite ends of the political spectrum, both of which have made relations with the U.S. a strategic priority.

President Bush and Secretary Rice believe that U.S. engagement with South Asia as a whole is a strategic imperative. I have served overseas in Europe for the past eight years. In returning to Washington during these last six months, I've noticed several major changes in Washington's foreign policy focus: a new and welcome involvement in Africa, and a concentration on transnational issues such as HIV/AIDS. Among the most significant of these changes, however, is our new and deep involvement in South Asia.

Since 9/11, it has become abundantly clear that the U.S. must strengthen our ties to the major countries of this region. It is equally clear that this region will engage our interests in several critical areas over the next generation.

In Afghanistan, the U.S. is working hard to help the Karzai government lay new foundations to rebuild the country after the devastating impact of war over the past quarter century. Secretary Rice's visit to Kabul last week recalled the need for a much more effective counter-narcotics strategy by Afghanistan and other countries of the region, and to continue the NATO and U.S.-led coalition efforts to provide security for the short-term. Still, in order to realize our shared vision of a self-sustaining democratic Afghan state, it is perfectly clear the U.S. and our major European and Asian allies will need to maintain our financial and security commitment for some years to come. Afghanistan's recent parliamentary elections represented a path-breaking achievement. We and the rest of the international community should recognize just how far the Afghans have come since the days of Taliban rule. We should be motivated to do more.

Pakistan is now one of our most important partners worldwide in the fight against Al Qaeda and other terrorist groups and the effort to stabilize Afghanistan. After the lamentable excesses of the A.Q. Khan network, Pakistan is now reversing its policies on proliferation. We need Pakistan to be a responsible partner in support of international efforts to prevent the spread of Weapons of Mass Destruction (WMD). Our deepening partnership with Pakistan – as evidenced by our substantial multi-year economic and security assistance package – is an important asset for our overall goals in the region and globally. We hope the Pakistani people have seen, over the past ten days, in our quick and substantial response to the tragic earthquake, how much we value their friendship. Like many in the world, we have welcomed the improved ties between India and Pakistan, and hope that their continuing dialogue will eliminate tensions that have held South Asia back from reaching its full potential.

This major shift in American attention to South Asia is nowhere more evident than in our newfound strategic engagement with India. This new relationship rests on the solid foundation of shared values, shared interests and our increasingly shared view of how best to promote stability, security and peace worldwide in the 21st century.

At the heart of our appreciation of India's role on the world stage are the basic facts of its position in the world at the start of this new century. India is a rising global power. Within the first quarter of this century, it is likely to be numbered among the world's five largest economies. It will soon be the world's most populous nation, and it has a demographic structure that bequeaths it a huge, skilled, and youthful workforce. It will continue to possess large and ever more sophisticated military forces that, just like our own, remain strongly committed to the principle of civilian control. And, above all else, we are confident that even when we look out 50 years into the future, India will still thrive as a multi-ethnic, multi-religious, and multi-lingual democracy characterized by individual freedom, rule of law, and a constitutional government that owes its power to free and fair elections.

India will also be a natural partner to the U.S. as we confront what will be the central security challenge of the coming generation – the global threats that are flowing over, under and through our national borders: terrorism, the proliferation of chemical, biological and nuclear technologies, international crime and narcotics, HIV/AIDS, climate change – our interests converge on all these issues. The world would benefit from the military and other assets India could bring to bear by participating in the Proliferation Security Initiative, an innovative and crucial international arrangement by which we are making the world safer from WMD threats.

The benefit of this growing diplomatic partnership at the UN and elsewhere is further evidenced in our close consultations on regional issues, such as Afghanistan, Bangladesh, Sri Lanka, and Nepal. In each of these states, we share with India the basic recognition that the best path to development and peace is a democratic one. In contrast to the last fifty years, when India and the United States had little discussion of South Asian affairs, Washington and New Delhi today have an active and productive dialogue on developments in the region. To India's rich history of close political, cultural and economic engagement in the region, we offer our own perspectives and energy. And India's own experience of dynamic technological innovation and economic growth in the context of lingering development challenges makes it a compelling model for the wider region.

For example, India today remains one of the largest international donors to Afghanistan's reconstruction and works closely with us in the areas of road construction, public health, education, telecommunications, and human resource development. India and the United States both share the goal of a return to democracy in Nepal and a defeat of the Maoist insurgency. In Sri Lanka, we support the government's efforts to recover from the tsunami and return to the peace process. India has a huge role in South Asia; one of its distinguished former prime ministers was well known for his belief that India, as the largest and most powerful country in the region, owed it to its neighbors to take the first step toward better relations.

The U.S.-India partnership has, thus, produced positive outcomes within South Asia and we expect it will only engender even greater collaboration on the global stage in the years to come.

We also seek to engage with India on a global basis. As President Bush phrased it succinctly, "This century will see democratic India's arrival as a force in the world." The trend lines of the past two decades suggest clearly that India will steadily acquire the economic, political, and strategic capabilities that set it along the path to becoming one of the major centers of global power. As such, it is in our national interest to develop a strong, forward looking relationship with India as the political and economic focus of the global system shifts inevitably eastward to Asia.

India – an Emerging Global Power

India and the United States are well along the way to fashioning this global partnership. As two of the world's most successful democracies, we have an interest and capability in working together closely for stability and peace in the future. This is a new era of convergence and one of enormous promise. India already is stepping up on the world stage to take on greater responsibilities. When the Tsunami devastated so much of Southeast and South Asia last December, it was India that joined the United States, Japan and Australia to play the lead coordinating role in providing immediate aid to affected countries.

India is also an active member at the United Nations, where our diplomatic cooperation continues to grow. The United States and India were the first countries to support the UN Democracy Fund, announced by President Bush last year, with major contributions to provide assistance that will help countries develop democratic roots and practices. This is, in itself, a powerful illustration of our changed world, from the more sterile era of the Cold War when many developing countries were disinclined to promote democracy and human rights beyond their own borders. India and the United States also are working together to confront global challenges such as HIV/AIDS by scaling up prevention and control initiatives in India and other vulnerable countries. India's growing global presence led Secretary Rice to say last March that the UN and other international institutions must start to accommodate India's role in them in future years.

People, Not Just Governments

The new U.S.-India partnership is not just between our governments. We have seen an equally powerful expansion of our people-to-people ties and business growth. President Bush has remarked that he believes human resources and intellectual capital are India's greatest asset.

The immense power of the India-U.S. people-to-people network goes deeper than anyone could have ever imagined. Over 65,000 Americans are living in India, lured by its growing economy and the richness of its culture. Today there are more than two million people of Indian origin, many of them now U.S. citizens, in the United States. The India Caucus is the largest in the U.S. Congress dedicated to improving relations with any single country. And,

more Indian students are studying in the United States today than ever before – nearly 80,000 this year, the most of any country. The growth of the Indian student population in the U.S. has been phenomenal, doubling in just five years. India is also the largest source of temporary workers into the U.S. and the second largest source of legal migration to the U.S., behind Mexico.

An India that takes full advantage of its extraordinary human capital to further boost its economy and strengthen its civil society will be a more effective strategic partner in coming decades. As Finance Minister in the early 1990s, Manmohan Singh began the process of opening up India's economy to greater levels of foreign direct and portfolio investment, assuming a larger share of the world's trade by lowering tariff barriers, and creating a business environment that has sparked the development of a world-class Information Technology and software services sector. But this process is still far from complete. By accelerating and broadening these reforms India can sustain its impressive economic growth rates and permit its people to throw off the shackles of poverty far more rapidly.

In order to achieve sustained higher growth rates as well as broad rural development, India also requires world-class airports, irrigation, and communications networks. It needs modern power grids and highways and many other improvements to its infrastructure that could be vastly accelerated by greater investment, both public and private. Foreign capital investment, including U.S. capital, will flow far more freely into an India that demonstrates greater institutional transparency, speedier decision-making, and a robust framework of legal protections.

U.S. businesses will be even more likely to pursue opportunities in India as New Delhi presses ahead with privatization efforts in areas ranging from insurance to power generation. Similarly, Indian labor market reforms and greater openness to foreign investment in banking, retail, insurance and other services would spark an enthusiastic response from American firms. We both stand to gain by knitting together our two nations in a dense web of healthy economic interconnections.

Prime Minister Singh has placed economic reform at the top of his agenda. The U.S. commitment to develop deep economic and commercial ties with India has never been stronger. The health of our economic relationship has not gone unnoticed by the U.S. business community. Our embassies and consulates in India are welcoming more U.S. business delegations than ever before. U.S. exports to India have risen by 50%, and India's exports to the U.S. are up by 15% for the first quarter of 2005. We have put behind us a number of troublesome commercial disputes. We are aiming to boost trade and investment. The recent Open Skies Agreement with India is already increasing air traffic and creating new jobs. India is finalizing a large order of Boeing aircraft. India's cooperation and support is vital for the success of the current Doha Round of multilateral trade talks. We must both work harder to achieve that goal.

One of the most widely recognized strengths of India's economy is its phenomenal expertise in the fields of science and technology. In Washington yesterday, Secretary Rice and Indian Minister of Science and Technology Sibal signed the U.S.-India Science and Technology Agreement that will open the door to a wider range of scientific and technical cooperation between our countries. The agreement will promote cooperation in basic sciences, space, energy, nanotechnology, health and information technology. It also establishes for the first time the intellectual property rights protocols and other provisions necessary to conduct active collaborative scientific and technological research.

Prime Minister Singh's Visit to Washington

We in government have watched this explosion in Indian-American private sector contacts with admiration. We set out this year to match it by engineering a dramatic expansion of our government-to-government cooperation. When Secretary of State Condoleezza Rice visited India in March, she worked with the Indian government on a plan to quicken the completion of the Next Steps in the Strategic Partnership (NSSP).

In late June, Defense Minister Pranab Mukherjee and Secretary of Defense Donald Rumsfeld signed a New Framework that will guide our defense relations for the next decade. We're planning to enlarge defense trade, improve cooperation between our armed forces, and co-produce military hardware. We hope India will purchase American supersonic fighter planes. The brilliant cooperation of our two militaries during the response to the Tsunami disaster last December was a remarkable testament to how far we have come, and the great potential we have for the future.

When Prime Minister Singh met President Bush in Washington in July, they agreed to broaden this strategic engagement. Their summit was, in retrospect, a signal and historic turning point. They agreed on several joint ventures that underscore the breadth of the new U.S.-India relationship, among them revitalized economic and energy dialogues, a CEO Forum, a Global Democracy Initiative, a Disaster Response Initiative, the completion of the NSSP process, and a partnership to fight HIV/AIDS. They launched new efforts in education, agriculture, science, and space launch and agreed to send an Indian astronaut on the Space Shuttle for the first time.

The Civil-Nuclear Initiative

The greatest share of public attention during the Prime Minister's visit focused on our landmark civil nuclear agreement. India has agreed for the first time in thirty years to take on key global non-proliferation commitments. Without this agreement, India, with its large and sophisticated nuclear estates, would continue to remain unregulated by international rules governing commerce in sensitive nuclear technologies.

With this agreement, which the Administration views as one of his top legislative and foreign policy priorities, India has said that it is ready to assume the same responsibilities and practices as other leading countries with advanced nuclear technology. This will bring India into the international nonproliferation mainstream and open new doorways for a cleaner and more secure global energy future. The agreement also transforms what had been one of the most divisive issues in Indo-U.S. relations for the past 30 years into a new opportunity for cooperation. International Atomic Energy Agency Director General and the 2005 Nobel Peace Prize winner Mohamed El-Baradei welcomed this agreement, as have the U.K., France, Russia, and many other countries.

U.S.-Indian cooperation on nuclear energy will therefore strengthen the international order in a way that advances the interests of both the nuclear and the non-nuclear signatories of the Non Proliferation Treaty. It also will allow India to develop much more quickly its own civilian nuclear power industry, reducing demands on the world energy market.

I had the privilege of negotiating this agreement with India on behalf of the President and the Secretary of State. I believe it is good and sound. It will be of enormous benefit to both our countries in the future.

Some have said that this initiative weakens global nonproliferation efforts. This is simply not the case. India has demonstrated a strong commitment to protecting fissile materials and nuclear technology in general, so we believe it is in the international community's interest that New Delhi's isolation be brought to an end. India's recent vote to find Iran in non-compliance with IAEA standards was an even more dramatic example of where it stands on the critical effort to prevent a theocratic Iran from acquiring a nuclear weapons capability.

We are committed to work with Congress to change U.S. laws and policies. In Vienna this week, the U.S. will ask its friends and allies in the Nuclear

Suppliers Group to enable full peaceful civil nuclear energy cooperation and trade with India.

We have already taken significant steps to strengthen our civil nuclear ties by extending strong support for India's participation in the International Thermonuclear Experimental Reactor (ITER) consortium and by removing India's safeguarded reactors from the Department of Commerce's Entities List. By the time of President Bush's visit to India in early 2006, we plan to be in a position to ask Congress to make the necessary changes to put this agreement into effect. In the meantime, both India and the U.S. need to take concrete steps to make this agreement possible.

Challenges to Success

The future of the U.S.-India relationship holds great promise indeed. But realizing the vision that I have outlined today is far from complete. We must alter our respective mindsets so that our peoples can recognize the great potential that exists. We must also shift certain ground realities to lay foundations for our long-term partnership.

Since too many in the U.S. and India long viewed each other through the lens of the Cold War, we must first work to overcome certain lingering prejudices and suspicions in our own countries. We have already forged new bonds of trust between Washington and New Delhi, and our leaders enjoy an excellent working relationship, but we need to maintain momentum behind this process. For this reason, our ongoing diplomatic efforts to conclude a civilian nuclear cooperation agreement are not simply exercises in bargaining and tough-minded negotiation; they represent a broad confidence-building effort grounded in a political commitment from the highest levels of our two governments.

Later this week, as I travel to India, I will meet with my Indian counterparts to discuss the implementation schedule for our mutual commitments under the civil nuclear agreement. For its part, India will be working to develop a way to segregate its civil and military nuclear sectors and develop an appropriate safeguards regime of the sort envisioned in our July 18th agreement. This is a necessary step to implement our agreement. By demonstrating our ability to follow through on our commitments, we gain the confidence to embark on even more ambitious projects in the future.

Just as we seek to shift perceptions of the possible in our bilateral relationship, we must also re-imagine India's role in the international community, including in the context of the United Nations. Together, we share an interest in making the UN a more efficient and effective organization and we can do more to implement the reforms we all know are necessary. And while it is undoubtedly true that the U.S. and India have stood on different sides in many UN votes of the past, it is hard to imagine that our shared interests in democracy, development, and stability would not bring our voting records into greater convergence over time. We will inevitably disagree sometimes, but we must build greater communication and trust in each other that will allow us to share our most serious concerns without rancor and with greater confidence in each other.

Over the long term, the strength of the U.S.-India relationship will be bettered by stability and peace in South Asia. In order for India to achieve its economic development goals and to play a major role on the global stage, it will need to be embedded in a stable, prosperous South Asia without nuclear crises, sectarian strife, terrorism, and civil war. For this reason, the gradual improvement of India's relations with Pakistan is of interest to all of us.

More broadly, preserving a stable balance of power in all of the Asia-Pacific Region, one that favors peace through the presence of strong democratic nations enjoying friendly relations with the United States, constitutes a critical American security interest. Developing a new Strategic Partnership with New Delhi is thus important not just for our two countries but for 21st century peace that is our central aim in this vital region.

Conclusion

I am pleased to have had the opportunity to share with you the many elements of this historic and strategic transformation that we are witnessing in the U.S.-India relationship. President Bush and Prime Minister Singh have shown the confidence to pursue a common vision for the world together. I hope you all will join me in registering a commitment to making their vision a reality.

Thank you for being here today, and for this opportunity to address the Asia Society.

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