



## U.S.-India Relations: The Road Ahead

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**UNDER SECRETARY BURNS:** Thank you. Thank you very much, Kim (Holmes). Good morning to everyone. I'm pleased to join this conference and I want to thank Heritage and Ed Feulner for the invitation to be here, and than my former colleague Kim Holmes for the pleasure of that very nice introduction, and to thank all of you for listening to me. I know you're here to talk about the future of the U.S.-India relationship. That's very much on our mind. I think it's on the mind of Raminda Jassal and of the Indian government, and I thank Raminda. Ambassador, I thank you for being here. It is great to see so many friends of the United States from the Indian side.

I hope to say a few words about how we view the present and future of the relationship between our two countries and then I'll be happy to engage in conversation with you.

I was thinking about the opportunity to discuss U.S.-India relations with you today. When I was planning my talk I recalled the title of a book written by a former CEO of Proctor and Gamble in India, Gurcharin Das. He wrote a sweeping economic history of India from independence to our present time entitled "India Unbound." I know a lot of you have heard of that. He describes in that book one of the most extraordinary international stories of the late twentieth century and that is India's evolution from a socialist state-planned economy to essentially a free market and vibrant free market economy. That transformation has brought about, with the leadership of Prime Minister Singh in various positions of government, and with the dynamism of India's private sector, it has brought this extraordinary and remarkable growth in the Indian economy, its emergence as a rising power in the world today.

Within the first quarter of this century, so just in a few years, India will become one of the five largest global economies. It is now an undisputed global technology leader. Anyone who has been to Bangalore or Hyderabad recently, as I have, will attest to that.

India will soon be the world's most populace country, as you know. It has a very large, very skillful and youthful workforce. It is going to continue to possess larger and ever more sophisticated military technology that will serve it well and serve our partnership with India well. And it is a democratic country that is a symbol of what democracy should be in its own region. That is a useful signal to Bangladesh, to Nepal, and to Sri Lanka as well as to countries throughout Asia.

I think the United States has emerging with India a major relationship, one of partnership and strategic value in the years ahead.

President Clinton recognized this ten years ago. President Bush has recognized this since he took office in 2001. Both of them have been responsible for building a fundamentally different U.S.-India relationship than any we have had with India since partition.

We once had a somewhat adversarial relationship. We were in different camps during the Cold War. We now have a very cooperative one.

I was talking to Secretary Rice the other day about the fact that we have never had the degree of involvement with India in trying to resolve the regional crises in Bangladesh, in Sri Lanka, in Nepal that we have had over the last year. We haven't had the degree of global political and strategic cooperation that we have had with India over the last several years.

So I think this partnership rests on a very solid foundation, not just of democratic values, but of converging geostrategic interests between the two countries. I believe that this partnership will be for the twenty-first century one of the most important partnerships that our country, the United States, has with any country around the world. I would wager that in 20 or 30 years time most Americans will say that India is one of our two or three most important partners worldwide.

That is important for our country as we seek to expand our one influence and protect our own interests in South Asia, but also in East Asia as well.

We are also witnessing an explosion of ties on the people-to-people basis. For those of us who are practitioners of diplomacy and are responsible for maintaining the health and welfare of any bilateral relationship, Teresita Schaffer is one of those people, I see her in the audience, as a former American ambassador. It's these private sector ties that are ordinarily the real strength of a relationship. It's not just what the governments do together. It's what people are doing in business, in culture, in academia, in athletics. What we are seeing in India is a flowering of those ties that we have never had before.

I liken it to several other developments in relations that we've had over the last 20 to 30 years. Remember the expansion of ties with Japan on a societal basis in the 1970s and 1980s. Remember this great expansion of American cultural and business ties with China in the late 1980s and 1990s. I think now in the early twenty-first century we are seeing a similar phenomenon where Bollywood has become a force in Hollywood, and where the high-tech firms of Hyderabad have become symbiotically linked to high-tech firms in Silicone Valley in California, and to Route 128, that technology corridor, in Boston, Massachusetts. I think we are beginning to see a degree of effectiveness in this relationship and size in the ties that will define our overall relationship for many years to come.

There are 76,000 Indian students in the United States. That's more than the number of Chinese students in the United States. There are now over 1800 Americans studying in India. That's an increase of 50 percent in the last year alone. Our top universities are now attracting some of the best minds in India and the reverse is happening as well.

These types of ties tend not to show up in statistics measuring short term growth in a relationship, but they are incredibly important. As you look down the road 20 to 30 to 40 years down the road, you see the type of relationships that will underpin this relationship between our two countries in the future.

The Indian-American community is another example of this. There are now 2.5 million Americans who owe their ancestry to India. This is one of the most highly educated and highly skilled ethnic groups in the United States. It is very important not just in academia but increasingly in business. We witnessed in 2006 when Congress deliberated on the Hyde Act the coming out party, if you will, of this community in the United States. Its voice was heard here in Washington, D.C. Its voice is being heard nationally. That's an important force for congruence and for stability in this relationship.

If you go to Delhi, you go to Mumbai, if you go to Bangalore and Hyderabad, you see an increasing number of Americans working. I saw this first-hand in Hyderabad. I was there in December. I met an American who is now heading a high-tech firm in that city. He is originally from that city. He spent the last 20 years in Silicone Valley. He helped to start an American company in California. He now represents that American company in a joint venture relationship in India itself. It's a good example of how this relationship is working for both of our countries.

We are also beginning to see an explosion in business ties between the two countries. We are seeing many more state delegations. Our governors travel to India to stimulate exports and to stimulate investments. We are beginning to see in the knowledge base between our countries scientists, engineers, researchers, academics, and our business people, a degree of mutual economic, research and development that's going to pay off for many years to come. We are building very close ties in space exploration, in satellite navigation, in the space science area. We have a U.S.-India Working Group on Space Cooperation which is focusing on satellite earth observation, on satellite navigation, on space science, on natural hazards research, and on education and training in space.

I think some of you know that India, of course, has a lunar mission. The United States is providing the instruments for that mission.

When Prime Minister Singh and President Bush have talked over the last couple of years, they have, of course, talked about the civil nuclear agreement which has gotten all the press in terms of representing, I think, symbolically, the growth of this relationship, but they have also talked about the fact that we are knowledge economies, that we have exceedingly strong academic and private sectors and that we ought to be pushing together those sectors for our mutual benefit. You have seen that happen through the private sector.

We have also talked about the fact that India still has 60 percent of its people living depending on agriculture, and for the Prime Minister who comes from the Punjab, who is devoted to Indian agriculture, he wanted to see a second Green Revolution in India itself and he wanted to reconnect the American land grant institutions with their Indian counterparts who were responsible for the first Green Revolution in the 1950s and 1960s to see if we could replicate that in the twenty-first century. We are now beginning to do that.

So there are so many points of convergence where our private sectors and technology sectors are working together. I think it's frankly the number one strength of this relationship. And through the inevitable political ups and downs and whatever disagreements or agreements we have on the political side for which governments are responsible, I think the strength of our private sector ties in agriculture, in science, in space, in high tech, and in finance is going to be the foundation of this relationship for the future, much as it's been the foundation for our relationship with Japan over the last 20-30 years and is now becoming the foundation of our relationship with China.

On the civil nuclear agreement, I met with Foreign Secretary Shiv Shanker Menon here in Washington on May 1, just about three weeks ago. We were both encouraged by the discussion that we had. We have just had our technical delegations meeting over the last couple of days in London, and I think all of you know that we have made a lot of progress on this agreement over the last two years. The President and Prime Minister have had two separate agreements that underpin it. The Congress has passed the Hyde Act by overwhelming majorities in both parties in the House and Senate. India must now complete a civil nuclear technical agreement with the United States, then a safeguards agreement with the IAEA, then have the Nuclear Suppliers Group agree by consensus to give internationally the same treatment to India that the United States is willing to give bilaterally. Then the United States Congress votes again, finally, to consummate the entire deal. So it's a long continuum.

I am optimistic that we are going to get to the mountain top and that we are going to finish this together, Indians and Americans. And I know what it is going to do. It is going to allow India to emerge from its nuclear isolation of the last 35-40 years. It is going to allow American companies to partner with Indian companies to have I think what will be historic growth in the civil nuclear energy sector in India itself. It is going to be good for the environment because India will be less reliant on carbon-based fuels. And it is going to represent in many ways the most important achievement in U.S.-Indian relations in many many years.

I said before, it has become the symbolic centerpiece of this relationship. It certainly has. And like all good things, it's going to require a little bit more hard work and some compromise on the part of the United States and Indian governments to complete the deal, but I'm confident that we can do that.

This agreement is too important to both of the governments and to the private sectors of both countries for us to allow any temporary disagreements or backsliding in progress to be cemented. I think in the next several weeks you will see us make a major effort to bring this to a conclusion. I think we have to do that.

Having said all that, ladies and gentlemen, I just wanted to say a few more things. I wanted to say that our two countries have to be forces for peace in the world. India and the United States were, for many many years, countries that did not work together strategically on the world stage, did not have a global basis to our strategic engagement politically in terms of our foreign policies. That is beginning to change.

The first two contributors to the United Nations Global Fund for Democracy were the United States and India in 2005. The countries that are now asserting the lead to fight against some of the pandemic diseases that threaten much of the developing world are the United States and India. We're working on Global HIV/AIDS treatment and prevention together.

We are also factors for peace and for stability. So as the civil war continues unfortunately and tragically to continue in Sri Lanka, the two leading countries that are trying to figure out a way to bring peace to Sri Lanka and get the government and the Tamil Tigers back to the negotiating table are the United States and India.

In Bangladesh, we have a country has been driven by political disputes over the last six months. It's a major and important country. Both India and the United States are trying to convince the caretaker government to schedule elections and have a full return to democracy in the nearest possible time.

In Nepal, where we have been concerned by the rise of the Maoists, obviously, and where we want a constitutional democracy to continue, India has been very active. We have been very active in trying to help and support the Indian government in its policies. We haven't had this degree of cooperation before and it's important for stability in South Asia.

I think ultimately where this relationship needs to go is to extend that kind of strategic cooperation on a global basis to all parts of the world. In some areas, to accentuate what we can do together.

The first would be in defense industrial trade and in military cooperation. At the Bangalore Air Show earlier this year, we had the largest ever presence of American defense firms. India is now seeking to modernize its military forces. In helicopters, in multi-purpose aircraft, and in other technology areas, the United States has the best technology to offer. We hope that if there is a level playing field for American firms we know that American firms will succeed and do well.

I think you will see an increase in the defense industrial cooperation, along with an overall increase in the military to military ties between the two governments, because we are partners in the area, in South Asia, as well as in Asia in general. We have had an increasing number of defense exercises between our navies and air forces just over the last several years.

I also think you will see an increasing counter-terrorism cooperation. India is a victim of terrorism. We saw that unfortunately and tragically just several days ago in Hyderabad where one of the most venerable and beautiful mosques in India was bombed and a great number of people were killed and wounded. The United States said at the time and we say again today that we commiserate with the people of Hyderabad who were the object of that terrorist attack and we support them, and we support the Indian government in trying to reduce the attacks that emanate from Kashmir, from Kashmiri separatist groups. I think Indians need to know that the United States is going to stand with the Indian government in trying to counter terrorism from wherever it is directed. We need to be worldwide partners in the fight against terrorism.

I think in those two areas – defense cooperation and counter-terrorism, there is room for further growth. It is in the strategic interest of the United States to do more. I think you will see us working, as I intend to do in my upcoming trip to India, you'll see us working to further the cooperation in both of those areas.

One has to have ambitions for any strategic relationship between two countries. We have done well to bring us together politically, to affect a civil nuclear agreement that has so much promise. I think in these two areas – counter-terrorism and defense – we need to do more, and we can do more. That would create a truly global military as well as political and strategic partnership between the two countries.

So I wanted to say these few words to provide a framework for how you and your conference might understand the efforts of those of us in government to create a sounder and fuller basis of relations with India.

I wish I could stay the entire day and listen to this conference. Unfortunately, I cannot. But I do want to subject myself to some of your questions or ideas as to how we might do even a better job on a governmental basis to build this relationship in the years to come.

So Kim, thank you very very much.

[Applause].

**MR. LOHMAN:** We are open for questions from the floor. We have a microphone.

**QUESTION:** Under Secretary Burns, could you describe what this major effort to try to close the nuclear deal will look like? When is your trip going to happen? When you talk about compromise and backsliding, who needs to compromise and who is doing the backsliding? [Laughter].

**UNDER SECRETARY BURNS:** Thanks, Carol. [Laughter].

We started negotiations on this deal two years ago this week when I first went to New Delhi to talk to Foreign Secretary Saran, and we have made enormous progress since then. The July 18, 2005 agreement between the President and Prime Minister; the March 2, 2006 agreement between the President and Prime Minister; the passage of the Hyde Act; the fact that the United States is sponsoring India and the Nuclear Suppliers Group for the international change that has to occur.

So I think we are 90 percent of the way there.

What has happened inevitably is that I think as the Indian government has looked at the Hyde Act a number of questions have arisen where they wanted further clarification on a technical basis of how this agreement will be put into effect so we have been negotiating since the beginning of this year to put the finer points on the civil nuclear accord, the 123 agreement. I think what I will do is call Foreign Secretary Menon in the next day or two, once I talk to my negotiating team that is returning from London this afternoon, and I'm sure I will agree with him for a time and date for my trip to Delhi which I think will be held, which will happen in the next week or two, and I know that we will work well together. I have every confidence that we will complete these negotiations on the 123 accord, the U.S.-India civil nuclear agreement, and that we will go on from there to see what India must do with the IAEA and the Nuclear Suppliers Group to complete the international aspect of this.

Both sides need to compromise in order to reach a final agreement. Both of us are responsible for this agreement. I believe the Indian government has the best of wills and the best of intentions. It is an enormously complex agreement. I know it has been subjected to intense scrutiny in the Indian parliament. It was subjected to an equal degree of scrutiny in the American Congress and we spent between late March of 2006 and mid December on Capitol Hill talking to members of Congress, testifying, and seeing the passage of the Hyde Act. You will have a similar process in the Indian Parliament and that's how democracies work.

It has taken longer than we thought to nail down the 123 agreement, but I believe we will get there. I'm looking forward to visiting India to make that final effort.

**QUESTION:** Mr. Secretary, since you mentioned the IAEA, there have been some published reports and some comments attributed to the head of the IAEA, the Director General Dr. Mohamed El-Baradei, in which he has said that events on the ground in Iran have obviated the need to try to get that country to suspend its uranium enrichment program.

Is it true that the United States is rallying its allies for some kind of formal protest against the head of the IAEA? If so, what did you find objectionable about his comments?

Thank you.

**UNDER SECRETARY BURNS:** As you remember, when we passed UN Security Council Resolution 1747 on March 24, the Security Council asked, and that was the sanctions regime against Iran; the Security Council asked Director General El-Baradei to submit a report by May 24 on whether or not Iran was complying with its obligations to the IAEA and to the United Nations Security Council. That report just arrived in my office as I was leaving to come here to Heritage, so I haven't had a chance to go through it but I will when I get back to my office. I know that report will say that Iran is not in compliance, that Iran continues its enrichment activities at its plant at Natanz, that it continues not to allow full and complete and transparent inspections of those enrichment facilities or of the Arak heavy water reactor. That it continues to fail to answer many of the leading and important questions that Dr. El-Baradei has put before the Iranian government.

So Iran is out of compliance. Iran is once again thumbing its nose at the international community. And you will now see two things happen.

First, the United States and Russia and China, Britain, France and Germany, have asked Dr. Javier Solana to meet with Ali Larijani, the head of the Iranian National Security Council, I think they are meeting next week, and to put back on the table the offer we made about a year ago. That is to have a negotiation between Iran on one side and the leading members of the Security Council on the other. We want to get to the negotiating table because we want Iran to know that it does not have a right to develop nuclear weapons; that we will oppose it in its drive to have a nuclear weapons future; and that instead, we want to help Iran create an opportunity to build a civil nuclear capacity for electricity production in Iran itself, along the lines of the offer we made on June 1.

Now Iran turned down that offer early in the autumn. Should it turn down the offer again, I would think what you would see would be a strong drive by the U.S. and all the other members of the Perm 5, all the other members, for a third sanctions resolution under Chapter 7. Then I think you also see an effort by countries to go even beyond the Security Council sanctions, outside those sanctions, to enact even tougher measures against the Iranian government. The Iranians can't have it both ways. They can't pretend to be a member of the international community and of the IAEA and the UN and yet violate the rules of both the IAEA and the UN.

On the issue of suspension that you asked about, the position of China and Russia and the European countries and the United States is Iran shall suspend all of its nuclear activities, all of its enrichment activities at Natanz. There is no possibility of us deviating from that. That is the fundamental basis of our position. We would disagree with anyone who would say that we should throw in the towel or accept Iran at its present level which is I think the IAEA will say 1300 centrifuges. We do not want to agree that that should be permitted. We want Iran to completely suspend all of its nuclear activities at Natanz on a verifiable basis.

So that is the position of the U.S., but more importantly, of the Perm 5 countries. There is great unity among us. The Iranians ought to be listening to this because they're rather isolated in the world today.

**QUESTION:** Are you pursuing some kind of measure against Director General El-Baradei, some kind of formal protest, or not?

**UNDER SECRETARY BURNS:** Ambassador Schulte is in Vienna today. I know he is seeking to meet with Dr. El-Baradei and I think there will be a meeting of some of the Perm 5 countries including the United States with Dr. El-Baradei, where we will certainly put forward the view that we're going to stick to. The P-5 will stick to its present policy and that is to demand that Iran fully suspend all of its enrichment activities, and that Iran pay attention to its international legal obligations, and that the strategy that we have had, which is to seek a diplomatic and peaceful resolution of this dispute, be continued but on the basis of asking Iran to meet its obligations.

So we are not going to agree to accept limited enrichment, we are not going to agree to accept that 1300 centrifuges can continue to spin at their plant at Natanz. And we

are going to demand that there be, that everyone connected with the United Nations support the policy of the United Nations.

There are two Security Council Resolutions that demand that all of us support the provisions of the Security Council and its sanctions against Iran, and an expectation that they will shut down and suspend the nuclear program.

**QUESTION:** I wanted to pursue the issue of the democracy bond between India and the United States, which it strikes me is both a bond and a complication as we are discovering as we negotiate the nuclear deal. But the interesting question is one you alluded to briefly about India and the United States both being contributors to the Global Fund for Democracy.

Historically India and the United States have had quite different ideas about the extent to which democracy was, if you will, an export product. I wonder if you could talk a little bit about the nature of the activities that India and the U.S. are now interested in working together on in this democracy building area.

**UNDER SECRETARY BURNS:** I think both of us realize that as the world's oldest and largest democracies we have an obligation to support democratic groups around the world that support the success of democracy throughout the world. So we are, as you say and as I mentioned before, we are the first two contributors to the UN's Fund for Democracy.

There was a long period in our relationship where we didn't work together on this, but now I think all of us understand that to achieve peace and stability not just in Asia but around the world, one is most likely to see that type of progress when governments become democratic and when democracies are sustained and assisted.

The democracy in Bangladesh has been under some assault. The elections were postponed, a caretaker government came in for a while, the two major political leaders of the country were under threat of not being allowed to stay in the country. The United States didn't agree with that. Sheikh Hasina had been here to visit her son in suburban Virginia and the caretaker government indicated they didn't want her to return. We said she ought to be able to return. Bangladesh should be a democracy. So there is an example where the United States and India have worked to try to preserve democracy, to encourage a return to it.

The same is true in Nepal. The same is certainly true in Sri Lanka. The three countries in the region that I have mentioned. But the same is also true in Africa and Asia and Latin America, so I think you are beginning to see an effort by both governments to see what we can do together in various parts of the world to assert that democracy is the best form of government. It is the most peaceful and most stable, it is best for the people because it provides liberty to people. It's something that Heritage has always stood for. It is the essence of what this organization, as I understand it, has stood for. So we want to make this relationship more than just a military partnership, more than just a relationship based on trade and investment, but to speak to the values of both countries and to try to work together as best we can. This is new in the relationship and it's very promising. Thank you, Teresita, for that opportunity.

**QUESTION:** Would you say a few words about the unrest in Pakistan, the judicial crisis as well as the resurgence of Taliban? How would it impact India-U.S. relations?

**UNDER SECRETARY BURNS:** Well, Pakistan is a great friend of the United States. We have a very close relationship with President Musharraf. We strongly supported President Musharraf and will continue to do so.

We are concerned about the growth and the numbers in the Taliban, about the increased severity and number of terrorist attacks by the Taliban against Afghan civilians, against Afghan government officials, trying to close Afghan schools so girls can no longer go to school. That is their objective.

You have seen the United States hit back. You've seen the Afghan National Army do the same. You've seen NATO do the same.

The Taliban is not winning in Afghanistan. We have taken the fight to them over the last 18 months since the increase in Taliban attacks has been so evident and the Taliban has lost nearly all the encounters that it has had with the United States, Afghan and NATO militaries. The Afghan government is obviously dedicated to seeing its own authority remain in the country and to see that of the Taliban reduced, so I think all of us around the world agree that no one wants to see the Taliban return and we all want to see its influence diminished.

In Pakistan itself, we certainly hope that in North and South Waziristan and Baluchistan, further and stronger efforts can be made by the Pakistani authorities to make sure that terrorist groups are not using Pakistani soil to attack inside of Afghanistan. But we have a good relationship with Pakistan, President Musharraf is a friend of our country, and we hope that there can be progress in building Pakistan's own democracy over the months and years ahead.

**QUESTION:** Mr. Ambassador, I appreciated your remarks about defense cooperation. I would submit, however, that to date the visible evidence of defense cooperation beyond visits back and forth and military exercises which are somewhat ephemeral, are a low-level radar deal which has been consummated and the soon to sail used LPD that the U.S. Navy sold to India. One of the drawbacks that I see, and I'd like you to comment on, is the Indian concern about the release of technology. We keep getting questions from the Indian side about technology release and will they be getting up to date technology? That seems to be a hangup. I'd like your comments, if you don't mind.

**UNDER SECRETARY BURNS:** Wolf, I think those were the early days in the relationship. For a very long time the Indian government had not been as open to foreign international sales and the purchase of foreign technologies as they are now. The military has been a partner of the United States for many years.

You'll remember the tsunami of December 26, 2004. It was the Indian and American as well as Japanese and Australian navies and air forces that acted together in the early days of that crisis to deliver the assistance to the afflicted populations. That began a much more active period of interaction, particularly between the navies as well as the air forces.

The Indian government is now planning over the long term a very ambitious expansion and modernization of its military. That will require the Indian government to purchase foreign technologies, military technologies. Fighter aircraft is one of the largest and most important competitions that will ensure. We think American firms are well positioned in that.

Obviously we always work on the issue of export controls and access to American technology. I have had good conversations as have my Defense Department colleagues with the Indian government. I think we can make progress in that area.

**QUESTION:** You mentioned the tsunami cooperation between the U.S. and India, Japan and Australia. The Japanese Foreign Minister has recently suggested that the trilateral talks that now take place between the U.S., Japan and Australia should be expanded to include India. Would you support that?

**UNDER SECRETARY BURNS:** Well, we do support it. There has been an effort made, and I think there will be a meeting at the Assistant Secretary-level of the four countries to talk about our cooperation. We think this is a positive idea by the Japanese government. It is going to take place in just the next couple of days in Asia.

It does not mean that an alliance is being created. We are four very different countries. This is not a threat to any other country. It is just four like-minded countries wanting to work – disaster relief is a very good area – wanting to work together and continue to work together in areas that are important to each of the four.

So it's a logical outgrowth of some of the cooperation that we have had in years past.

**QUESTION:** You have been one of those who defended India's relations with Iran [inaudible]. But some of the [inaudible]. [Inaudible] and in fact [inaudible]. How do you

get to this in terms of when you are trying to negotiate the 123 agreement, [inaudible]?

**UNDER SECRETARY BURNS:** Aziz, first let me say that I think it's important to note the United States government does not believe that any country should be selling arms to Iran. Iran's an aggressive power. It is the central banker for Middle East terrorism. It is a supporter of Hamas and Hezbollah. So we don't believe that any of our friends should be selling arms.

We would encourage all of our friends not to have normal military relations with Iran for the same reason, because Iran is such a negative and aggressive power. Obviously we believe that Iran should be isolated in the world if it's going to thumb its nose at the United Nations Security Council and the IAEA as the IAEA report today will demonstrate. So a business as usual approach by any country around the world, not just India, but European countries, Asian countries, we think is unwarranted, given the degree of the number of problems associated with Iranian foreign policy.

Having said that, the reality is that while the United States does not have a diplomatic relationship with Iran, nor do we have economic relations, all of our allies in Europe have diplomatic and economic relations as do all of our allies in Asia, Japan, South Korea, and other countries.

So I think India, when looking at the question of India's relations with Iran, it really has to be measured against what we expect of all of our allies. We understand that many of our allies have diplomatic and economic ties. We wish that those ties would be diminished as an expression of international concern. But I do think that India needs to be judged in comparison with the Asian countries and with European allies, not looked at in isolation.

I don't think this needs to threaten the civil nuclear agreement. I'm not aware, and we have actually done a study of this, that India has, we don't believe that India has a highly developed military relationship with Iran. There are some ties. I know that maybe one of the most high profile aspects of those ties was the visit of an Iranian training vessel with 17 year old cadets on it to an Indian port. I don't think it has gone to lengths much greater than that. But if there are specific instances that require attention, obviously we'll discuss that in a respectful and private basis with the Indian government.

So I don't think there needs to be an air of crisis about this. We will continue to watch it, we will obviously respond very respectfully to any concerns by members of our own Congress, as we should do. But I do think we can manage a development of the U.S.-India relationship and not have India's relationship with other countries impinge upon that relationship. I do see it as somewhat equal to what many of the other allies of the United States have done in Asia and in Europe.

**QUESTION:** In my own interviews with some of the Indian nuclear scientists who have been in the forefront of criticizing the proposed deal, they mentioned three things about the results of the [inaudible]. They have said it is going to limit India's ability to reprocess; it says it puts a question mark over the security of India's future supplies, particularly in the context of testing; and finally, they said it jeopardizes India's thorium technology. Are they right? Are they mistaken? If they are right, can you resolve this in the 123 agreement?

**UNDER SECRETARY BURNS:** Martin, thank you very much. I would just say this. I have great respect for the Department of Atomic Energy officials who played such an important role in the development of this agreement, and I know many of them very well and have worked with them.

I would say this. I think an adjustment needs to be made, perhaps psychologically, from a time when India was completely isolated in developing its own nuclear potential to the time now that the Hyde Act and the Nuclear Suppliers Group, when it does act, will provide for India. That is a time when India can be engaged with the rest of the world, when India can be delivered from its nuclear isolation, when India can be treated respected respectfully and where there can be two-way trade in the nuclear field, certainly in terms of nuclear fuel and nuclear technologies

For that to happen, people on both sides of the equation – in India and in the Department of Atomic Energy, as well as in my own government and other governments – need to adjust to this new world. That means compromise. It means understanding that maybe what you did in isolation will not be the same as what you will do in a more integrated world where India is working with the rest of the international community to provide for a growth in civil nuclear power. I think maybe in some of the problems that we have had in working out the final small details of this agreement you are seeing the intersection of a prior world of isolation with this future of integration. I would hope there would be an open mind on the part of everyone in the Indian government as well as our own government to see that we make this transition together. That does mean compromise. It does mean that if India wants the benefits of civil nuclear trade with the United States of France or Russia it is going to need to subject itself to inspection by the IAEA and that is what a safeguards agreement is all about. That means that civil nuclear scientists in India will not be working alone any more. They'll be working in concert with others around the world.

I think you are going to see us make this leap. You are seeing some of the difficulties on both sides in getting there, but I am confident we can do it. I will go to India when I do go with a great deal of confidence this is the right agreement for us and we need to make a final push to cement it. When we do that it will be one of the great achievements in the U.S.-Indian relationship going back to 1947. The benefits for both of our countries are going to be real and concrete. So that is why we are going to continue in an optimistic and purposeful basis to work these issues and produce a final agreement.

[Applause].

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