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## **Vice President's Remarks to the U.S.-India Business Council's 31st Anniversary Leadership Summit**

The U.S. Chamber of Commerce  
Washington, D.C.

12:17 P.M. EDT

THE VICE PRESIDENT: Well, thank you very much, Ambassador Blackwill and -- for the introduction. And I appreciate the warm welcome today, and the opportunity to be with all of you. It's good to see a strong turnout for the leadership summit of the USIBC. And I'm also glad that Minister Nath and Ambassador Sen are here with us today, as well.

I want to welcome all of you to Washington, particularly those who have made the journey from India and the distinguished Indian-Americans who've joined us today from all across the country. And I bring good wishes from the President of the United States, George W. Bush.

The President has covered a lot of miles lately -- Baghdad last week, this week Vienna and Budapest, back to the White House later tonight. Another very important journey he made recently, obviously, was his trip to India, where he received an extremely kind reception from Prime Minister Singh, from President Kalam, and the Indian people. The President's visit was immensely productive and historic, and it underscored a basic fact of our world today: In this new century, America's relationship with India is better than ever before.

That relationship is vital for reasons of economic progress, national security, and global stability. And part of the closeness is due to the work of the U.S.-India Business Council, and to the commitment of many of you here in the room today. For more than a generation, the USIBC has been a major link between entrepreneurs who live and work half a world away from one another, but who have common values and a common outlook. You've promoted sensible trade practices, spoken out for economic reform and market-based policies, as you've provided leadership in complex areas, from telecom to capital investment to issues of intellectual property rights. As leaders in commerce, finance, and industry, you've helped to generate trade, jobs, and wealth in the United States and India. You personify the good will that prevails between our two nations. And I commend you for your hard work, for your high standards, and your consistent leadership.

The 31-year history of this organization tracks the rise of India as a world leader. In our time we have witnessed the swift transformation of India into a healthy, vibrant, growing economic power. Annual growth in India is now in the neighborhood of 8 percent, and the size of the economy has more than

doubled in the last 15 years. The country is on its way to becoming the world's most populous nation -- and thanks to the future-oriented leadership you've had in recent years, the Indian people can look forward to greater heights of achievement and prosperity.

Indians can also be optimistic because they live in a mature and a stable democracy. In six decades of independence, the people of India have erased any doubt that a multiethnic society can thrive under self-rule. If you consider that the religious majority is Hindu, the largest political party is led by a Christian, the President is Muslim, and the Prime Minister is Sikh, it becomes very clear that the decisive factor is not anyone's heritage, but everyone's devotion to certain ideals. India's political system ensures the broadest possible participation. And the political system respects diversity and assures legitimate means of dissent. India shows the world that the best hope for harmony and success in a pluralistic country is individual liberty, equality, and democracy.

That fundamental commitment to democracy, central to both our republics, makes the U.S. and India natural partners in the world. Yet the fact is that many years passed without much progress, and the dynamics of the Cold War made that period a time of missed opportunities. These last five years, however, have seen a completely transformed relationship. Early on, President Bush made clear that it was time to put relations with India onto a new footing. Today there is a new strategic partnership between our countries -- a partnership based on democratic values, common interests, strong commercial ties and a climate of trust and good faith between our governments. And we have moved ahead with an agenda that is ambitious and forward-looking -- to fight terror, advance democracy, expand free and fair trade, and provide for our common energy needs.

Together, the U.S. and India are determined to confront and defeat the global terror network, which has harmed people in so many parts of the world. The United States experienced multiple terrorist attacks during the '80s and '90s, culminating in 9/11. Similarly, India has suffered through acts of terror, including the attack on its parliament in 2001, the October 2005 bombing in New Delhi that targeted innocent civilians preparing for holiday celebrations, and the bombings earlier this year in Varanasi.

As victims of terror, both our countries accept a duty to join in the fight against these enemies. American and Indian forces have worked closely in many different ways, including sophisticated joint operations with our armed forces. These coordinated efforts are useful not just in confronting danger, but in bringing relief to disaster victims, as we did following the Asian tsunami. We have also had great cooperation in law enforcement and intelligence operations. And the United States is proud to stand with such a strong partner.

I also want to say that we admire the moral clarity of India's leaders, reflected in the words of Prime Minister Singh in a speech to the United States Congress. He said, "We must fight terrorism wherever it exists, because terrorism anywhere threatens democracy everywhere." We are confident that India will continue to play a leading role in ensuring that terrorists are not free to operate in South Asia. And we're confident that India will work closely with its neighbors to resolve long-standing disputes in order to concentrate on rooting out terror and to maintain stability in the region.

The U.S. and India also understand our duty to help build a safer world beyond the war on terror. The

adversary in this war is more than a tactic; it is an expansionist ideology, trying to gain influence by exploiting resentments and stirring ancient hatreds. And the way to overcome that ideology in the long run is to offer a better alternative. Our vision recognizes the right of men and women to govern their own affairs; to live and work in freedom; to have the protection of laws that uphold equality, justice, and the dignity of the individual.

The United States and India strongly support the advance of democratic values as the surest way to long-term security and peace. Through our joint Global Democracy Initiative, our support for the U.N. Democracy Fund, and the daily help both of our nations have provided to the peoples of Afghanistan and Iraq, we are helping to lift the sights of whole nations, giving them real hope for a better life, and building the long-term peace that freedom brings. This support is not without cost, and, in particular, the United States mourns the loss of Indian citizens working in Afghanistan. But it is imperative, as India's government has made clear, that we must not and will not bow to the intimidation tactics of the terrorists.

The most visible element of our strategic partnership is the broad and expanding bilateral trade relationship. The U.S. is India's largest trade partner, and we intend to remain so. Many billions of dollars in goods and services flow between the two countries, and the linkages are multiplying steadily. Prime Minister Singh has pointed out that a vast majority of Fortune 500 companies are already operating in India.

The U.S. and India are working to enhance our trade relationship in areas from agriculture to defense to information technology. And through the creation of the CEO Forum, we have integrated the private sector's recommendations on how to expand this relationship. We have signed a science and technology agreement, to expand relations between our extensive scientific and technological communities and to promote technological and scientific cooperation in areas of mutual benefit. In aviation, we concluded an open skies agreement. Boeing has sold \$15 billion worth of aircraft to India, and four U.S. airlines have opened direct routes to India.

We have worked successfully to reduce barriers to bilateral trade through a reinvigorated Economic Dialogue, Trade Policy Forum, and the High Technology Cooperation Group.

Yet, despite this tremendous success, there is much more that we can do to expand our trade relationship. The United States welcomes the recent reforms that India has made to open its markets to trade and to capital investment; we hope India will also remove its remaining restrictions on foreign direct investment; will reduce tariffs on agricultural and industrial products; and will strengthen the protection for intellectual property rights. India can also show the same reform minded leadership by pressing for the conclusion of an ambitious agreement this year at the Doha Round.

It seems clear that there's a consensus building in India toward greater economic reform. And that is a very encouraging sign. The consequences -- in new opportunities, new markets, and new wealth -- add up to a bright economic future for India's people and her trading partners.

As our business continues to grow, there is, naturally, some anxiety in the United States over the outsourcing of jobs to India. When a job is sent elsewhere, it's a heavy blow to the person who no

longer has that paycheck and now has to look for something else. The real question for policymakers is how to face that challenge. One option is to attempt to freeze the status quo, and to close ourselves off from the global economy. The obvious problem is that protectionism invites more of the same; if we turn our backs on other countries, we can expect them to respond in kind. Protectionism would also take away our competitive edge, cost jobs in exporting industries, harm American consumers, and cause a long-term decline in our standard of living.

There are far better ways to answer the challenge of outsourcing. We need to focus on job training and educational excellence, so that we can prepare our citizens to fill the good, knowledge-based, high-wage jobs of the 21st century. We need to continue on the economic course we set five years ago, with a low-tax, pro-growth policy that encourages risk taking and investment, and rewards entrepreneurship instead of punishing it.

And we need to engage the global marketplace with confidence. President Bush often reminds Americans that we have about 5 percent of the world's population -- so 95 percent of our potential customers live outside the United States. By itself, India has a middle class of 300 million people -- more than the entire population of the United States. India is one of the fastest-growing markets for American goods and services, and in fact our exports to India grew by more than 30 percent last year alone. In addition, American companies that have research centers in India have become more competitive worldwide. From almost every angle you look at it, our bilateral trade relationship with India brings tremendous benefits to both countries. And for the good of the peoples we serve, American and Indian leaders have a duty to keep that relationship strong.

A strategic partnership in the 21st century also requires a new and realistic approach to nuclear energy. For decades -- that issue, there was no cooperation at all between the U.S. and India. India had developed nuclear power as a non-signatory to the Nonproliferation Treaty, and we never departed from the basic stance we took during the Cold War. Now we believe it's time to update our policy and to bring it into line with modern realities. And that is the primary purpose of the civil nuclear initiative that President Bush and Prime Minister Singh agreed to several months ago.

Under the agreement, America will support the development of civil nuclear power programs inside India. And for its part, India will place its civil nuclear facilities under International Atomic Energy Agency safeguards.

The logic of the deal is straightforward. First, there is no question that nuclear power is critical to meeting India's energy needs. Those needs are already immense, as we see every day in the competition for crude oil in the world market. Given the forecasts for India's increased energy needs in the future, diversifying India's sources of energy is important in relation to the world energy market and to U.S. energy prices. And as the United States begins a serious effort to reduce our dependency on fossil fuels, it makes sense to encourage others to do the same -- and to do so without slowing modernization, sacrificing economic growth, or bringing needless harm to the environment. Nuclear energy, with production and spent-fuel disposal under IAEA standards, is safe and clean. India now gets about three percent of its electricity from nuclear energy, and the government plans to increase that substantially over the next several decades. The notion of generating that much power -- without releasing an ounce of greenhouse gases into the atmosphere -- is an extremely worthwhile enterprise, and good news for the environment. This initiative will also create new business opportunities for U.S.

firms, which translates into new jobs for American workers.

The second key factor is that India will enter the international nonproliferation mainstream by separating its civil and military nuclear programs, adopting international safeguards, and conforming to international standards. For more than 30 years, India has remained outside the international nonproliferation fold. As IAEA chief Mohamed ElBaradei recently put it, "India will get safe and modern technology to help lift more than 500 million people from poverty, and it would be part of the international effort to combat nuclear terrorism."

Under the deal, India will maintain a moratorium on nuclear testing, and put in place very strict measures to prevent the diversion of nuclear materials and technology. By taking these steps, the agreement strengthens the international nonproliferation regime and plays a vital role in enhancing international security and stability. In a time when terrorists are bound and determined to gain access to weapons of mass destruction, nothing is more important than keeping weapons of mass destruction, in particular nuclear technology, out of the wrong hands. So India's commitment to nonproliferation clearly serves the interest of us all.

Third, India has a very good nonproliferation track record. India has no interest in the spread of this deadly technology. By taking additional steps to secure its nuclear materials and technology, India continues to build upon this track record.

Fourth, like the United States, India is an open, transparent society with a vigorous political process, an energetic free press, oversight, and accountability. The Indian people and their leaders understand the responsibilities of a nuclear nation -- indeed they have acted more responsibly than some countries that actually signed the Nuclear Nonproliferation Treaty.

It is only right and sensible that we begin cooperating with India on civil nuclear programs. The civil nuclear deal is plainly in the interest of both countries -- economically, environmentally, and from the standpoint of national security. The U.S.-India civil nuclear initiative also symbolizes the great potential of the U.S.-India relationship. It is one of the most important strategic foreign policy initiatives of our government. There is a great deal of discussion in India's Parliament and the U.S. Congress about what this deal means for our countries. And that's how democracies do business.

At the same time, given this agreement's strategic importance, we must be sure that amendments or delays on the U.S. side do not risk wasting this critical opportunity. And as the discussion proceeds, President Bush and I are confident that this agreement will receive the strong bipartisan support it deserves.

The Indian-American Caucus in the United States Senate is led by Republican Senator John Cornyn and Democratic Senator Hillary Clinton. In the House, Republican Representative Ileana Ros-Lehtinen and Democratic Representative Gary Ackerman lead the caucus. We encourage these members to use their leadership role to help usher through a critical agreement that benefits both the United States and our friends in India. We hope Congress will move quickly to enact legislation that enables our two nations to move forward on this important agreement without delay.

As I said a few moments ago, our strategic partnership with India gives rise to a broad and ambitious agenda. And that's the way it should be for the two great nations at a time of challenge. President Bush has described our relationship as warm and results-oriented. It is strengthened every day by a kinship of high ideals -- and by deep, personal connections. Some 80,000 students from India go to school here. America is home to more than 2 million people of Indian origin. The contribution of the Indian-American community to the U.S. economy is tremendous. Indian Americans are leaders in business, science, medicine, technology and many other fields, and we must work to continue to implement an immigration policy that encourages highly-skilled and talented immigrants, including many Indians, to come to America.

Our peoples know each other, we like each other, and we see greatness in our shared, common future. It is now up to us to build upon the new relationship -- with a forward-looking agenda that promotes free institutions, open trade, and a future of prosperity and peace.

It is my privilege to serve with a President who has done so much to strengthen the bond between our two great democracies. And I am honored to stand with all of you, and to thank you for being part of this fine organization. I accept your award with confidence that close ties of commerce, and security, and above all friendship, will always define India and the United States of America.

Thank you very much. (Applause.)

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