

Breaking New Ground with India Build a Valuable Indo-U.S. Strategic Partnership

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Summary

India's rapidly advancing economy, established democratic traditions, and huge, intensely education-minded population have led the United States—and other nations—to become “India struck,” to a degree that is reminiscent of the Age of Exploration 500 years ago.

There is every reason to believe that India will be one of America's most crucial partners in the twenty-first century. No two other major countries in the world are more natural partners in democracy and freedom.

Fortunately, the last two American presidents have laid the groundwork for policy continuity toward India. Unfortunately, not all U.S. policies have not kept pace with developments. For example, U.S. trade with India is only one-tenth the volume of U.S. trade with China.

To assure that Indo-U.S. relations attain more of their capacity to benefit both countries, the next President should embark on a course that can fairly be labeled “policy continuity-plus.” This course should include several progressions. In the area of nuclear energy, it should include:

- *implementation of the U.S.-India Civilian Nuclear Agreement*, which was approved overwhelmingly by both houses of Congress and signed by President Bush in 2006, but has not yet been finalized by India;



- *cooperation in greatly reducing the nuclear arms threat and proliferation*, based on the joint pro-disarmament legacy of President Reagan and Indian Prime Minister Rajiv Gandhi, which has been taken up by a quartet of American statesmen led by former Secretary of State George Shultz; and
- *to accomplish the above, movement clearly beyond the “three D’s” of dominance, discrimination, and double standards*, which many Indians believe have historically characterized U.S. attitudes toward their country in the nuclear field.

In the use of hard power and related measures, the next administration’s course of policy continuity-plus should include:

- *coordination with the Indian military especially the Navy*, including expanding joint naval exercises and planning, sharing more information on deployments, and rotating responsibility for patrol duties in sea lanes—thereby establishing a force-multiplier for stability
- *designation of India as a major non-NATO ally*, a privilege accorded Pakistan in 2004, to enhance technology and arms transfers
- *development of much stronger security ties involving counter-terrorism*, an area of now-inexcusable lapses on the part of the United States
- *coordination to promote stability* in Afghanistan (where India already has provided considerable support), as well as Nepal, Sri Lanka, Burma and Bangladesh
- *quiet but effective steps toward an Indo-Pakistani rapprochement over Kashmir*, the greatest continuing threat to stability in the subcontinent.

In the use of soft power, the next administration should engage in:

- *support for a permanent Indian seat on the UN Security Council*—a step that would acknowledge India’s global status and reflect the geopolitical realities of the 21st century
- *begin the process of negotiation of a free-trade agreement with India*, which would be of benefit to both countries , but would require strong presidential leadership with protectionists in Congress and elsewhere

- *academic partnerships*, including encouraging more U.S. students to study in India and promoting education exchanges and joint research activity in science, health care and public health, and information technology, and
- *cooperation with both India and China in energy security and other areas*, rather than vainly and unwisely attempting to use India as a hedge against China.

Pursuing this agenda will realize the advantages of a natural alliance between two of the world's great, multi-ethnic democracies.

Context

Prologue: The Lure of India

Five centuries ago, the lure of doing business in India was so powerful that a generation of bold Portuguese navigators and sailors changed the map of the world just to get there. Vasco da Gama and his compatriots discovered the sea path around Africa to gain access to Indian spices. Half his fleet and less than half his crew returned from that first journey in 1499, but the world was transformed by the adventure.

Portugal created the first modern European colonial empire, secured with trading stations and forts from Muscat, which lies across the Arabian Sea from India's west coast in present-day Oman, to Goa on the west coast to Macau on the coast of China, far to the east. The Portuguese took control of the Arabian Sea and opened both the African continent and the Indian subcontinent to Europeans. And, along the way, an obscure Italian sea captain found America by mistake, while looking in the other direction for a shorter way to India.

Present-day Attraction

We are now at the cusp of another great Western adventure with India. Americans have become "India struck"—and we are not the only ones.

Visions of fabulous new markets for every imaginable type of goods and services are again entrancing business people and entrepreneurs across the globe. Some of the statistics are amazing. India has more than a billion citizens—one-sixth of the world's population. More than half of all Indians are under 25. India has enjoyed economic growth rates of nine percent in each of the last two fiscal years, and its economy is now the world's third-largest, in terms of purchasing power parity.* India has a middle class of a quarter-billion people. Every month, five million new subscribers sign up for mobile phones.

Moreover, the lure of the Indian marketplace is complemented by the attraction of its politics. India is the world's largest democracy, and since Independence more than 60 years ago, it has enjoyed a history of freedom and liberty all but unique in the post-colonial world. This has occurred despite the searing impact of partition (in which more than one million died), despite divisions along caste, ethnic, linguistic, and religious lines, and despite the pressures of four wars with Pakistan and the assassinations of Mohandas K. Gandhi and two prime ministers. India's military has never sought power.

No two other major countries in the world are more natural partners in democracy and freedom than are India and the United States. Yet, for too long, we were divided—by the Cold War, by opposing economic models, and by an agenda dominated by nuclear proliferation issues. That division is over.

“Policy Continuity-Plus”

Bipartisan support for the U.S.-India Civilian Nuclear Agreement, signed by President Bush in December 2006 following overwhelming congressional approval, reflects the consensus of American foreign-policy strategists: *India will be one of America's most crucial partners in the 21st century.*

* Purchasing power parity is the amount of a basket of basic goods which can be bought in the country with the money it produces. Unlike gross domestic product, this measure helps compare standards of living of different countries, because it more accurately reflects market exchange rates.

Indeed, the current state of relations between the two countries is an example of something all too rare in U.S. foreign policy, namely, “policy continuity.” This framework was elucidated in April 2007 when then-Under Secretary of State for Political Affairs R. Nicholas Burns noted:

President Bill Clinton’s efforts led to the first great opening in our relations. In 2001 President Bush launched an even more ambitious drive, culminating in impressive agreements regarding civilian nuclear power, trade, science, and agriculture with India’s reformist prime minister, Manmohan Singh.

There is every reason to believe that bipartisan support for strengthening U.S.-India ties will continue into the next administration, Democratic or Republican. Still, as Ronen Sen, India’s ambassador to the United States, has cautioned, “We have not reached the point where the relationship can be placed on auto-pilot. It still needs to be nurtured.”

The need for nurturing is clear. Currently, the effort to complete legislation enabling implementation of the nuclear deal is entering its third year, partly due to the administration’s preoccupation with Iraq. The deal ironically is stuck in India. The Communists, minority members of the ruling coalition, oppose the deal precisely because it would enhance US-India strategic cooperation. And, tensions over the deadlocked world-trade negotiations are creeping into the relationship. So, the challenge for the next President is to build on the Clinton-Bush foundation and take it to the next stage—“Policy Continuity-Plus.”

Restrain the Ultimate Power

Need for New Vision

India in 2008 is a decade-old nuclear weapons power. One objective for the United States is to see to fruition the long-held goal of making India a full-fledged partner in global efforts to prevent the spread of nuclear weapons.

The U.S.-India Civilian Nuclear Agreement is an important step forward to that end. The chance to enlist India in the non-proliferation campaign justifies the agreement, despite concerns that the pact somehow ratifies India's own previous violation of non-proliferation norms. That is why Mohamed ElBaradei, Nobel Peace Prize winner and Director General of the International Atomic Energy Agency, calls the agreement "a milestone, timely for ongoing efforts to consolidate the non-proliferation regime, combat nuclear terrorism, and strengthen nuclear safety."

Now that the United States has explicitly recognized India's status as a full-fledged nuclear power, and is committed to a partnership in the realm of civilian nuclear energy, is there a broader nuclear agenda the United States and India can jointly pursue?

In "A World Free of Nuclear Weapons," a landmark January 2007 article published in the *Wall Street Journal*, four distinguished Americans—George P. Shultz, William J. Perry, Henry A. Kissinger, and Sam Nunn—assert that the world is entering a new nuclear era, more dangerous than before, with nuclear know-how proliferating and non-state terrorist groups seeking to obtain and use weapons of mass destruction. These statesmen argue that a bold new vision is needed to reverse this trend, and they cite two world leaders as inspiration for their declared goal of a "nuclear-free world": Ronald Reagan and Rajiv Gandhi.

The Reagan-Rajiv Gandhi Legacy

Reagan and Rajiv Gandhi shared an abhorrence of nuclear weapons. Each proposed their total elimination—Reagan at the summit with Mikhail Gorbachev at Reykjavik in 1986, and Gandhi in a dramatic address to the UN General Assembly in 1988. Shultz and his co-authors (subsequently joined by former U.S. strategic-arms negotiator Max Kampelman and others) propose a number of urgent steps to lay the groundwork for a world much freer of the nuclear threat. These steps include:

- U.S. ratification of the Comprehensive Test Ban Treaty, along with efforts to secure ratification by other key nations

- Providing the highest possible standards of security for all stocks of weapons and nuclear material everywhere in the world, and
- Halting the production of fissile material for weapons globally.

But, the first and foremost task, they say, “. . . is intensive work with leaders of the countries in possession of nuclear weapons to turn the goal of a world without nuclear weapons into a joint enterprise.”

This assignment could be the basis for a new U.S.-India nuclear partnership—*if* American officials avoid what Indians in the past called “the three D’s” of U.S. nuclear policy: dominance, discrimination, and double standards. In both countries, opponents of this new approach will emerge among those wishing to avoid any outside interference or treaty constraints on their nation’s nuclear decision-making and plans. Fortunately, proponents have the sound abolitionist legacy of Reagan and Gandhi to build on.

Washington and New Delhi share a broad range of common strategic interests. We both want a South Asia that is prosperous, stable, and democratic. We both want an Indian Ocean (with its adjacent waters) that is open to trade. We both want to defeat *jihadi* terrorism. Deepening our ties is a natural outgrowth of our mutual needs.

Make Useful Hard Power Choices

Enhance Military Cooperation

Part of a “Policy Continuity-Plus” agenda is to strengthen Indo-U.S. military cooperation. Already we work together a great deal.

Naval Coordination

The U.S. Pacific Command is eager to expand naval cooperation in protecting sea lanes throughout the entire Indian Ocean. (The United States maintains a strategically important, multi-faceted presence on Diego Garcia, a British-owned atoll in the Indian

Ocean). The delivery to India in 2007 of the former USS *Trenton*,* an amphibious assault vessel, is a symbol of the new relationship at sea and substantially enhances India's amphibious capability.

Now is the time to accelerate this relationship. India's Chief of Naval Staff, Admiral Sureesh Mehta, seeks a blue-water Indian Navy with "mutually respectful partnerships that ensure the stability of the Indian Ocean." The United States should take Mehta up on his offer.

The next administration should move to expand joint naval exercises and planning, to share more information on deployments, and to rotate responsibility for patrol duties in sensitive sea lanes. Alternating shifts would avoid any hint of an American sphere of influence and would help ensure greater cooperation in key patrol zones during crises—creating a force multiplier for stability.

Alliance Status

Some things will have to change for this security relationship to move forward. For example, long after the end of the Cold War, India still buys three-fourths of its military equipment from Russia. An Indian military dependent on Moscow for development of new, more advanced systems and parts for old systems will be handicapped in its freedom of operation. It is in India's self-interest to be less dependent on any single country for weapons and spare parts. It is in America's interest for India to be more independent and more interoperable with U.S. forces.

The next President should recognize that Indian access to a wider array of U.S. defense components requires leadership from the Pentagon. Without this, the relationship will stagnate. By designating India a major non-NATO ally—a privilege accorded Pakistan in 2004—we would allot it access to more high-tech defense sales. In the new administration, Washington and New Delhi should place a higher priority on achieving a breakthrough in talks to endow India with this status—talks which have

* India has renamed the vessel the INS *Jalashva*.

floundered for years—in order to ensure greater technology-sharing as well as more cooperative research on defense technologies.

And, as NATO shifts from a strictly European focus to a global agenda, we should encourage a dialogue between India and the alliance—further joining India to the Western world. NATO Secretary-General Jaap de Hoop Scheffer has traveled to East Asia to create NATO connections with Japan, Australia, and New Zealand. Scheffer has been to Pakistan, and now he should go to India. The next administration should encourage NATO to establish this partnership with a democratic country possessing real military capabilities.

Regional Support

Alliance with India could produce immediate payoffs in the volatile region encompassing the Subcontinent. These payoffs would reflect diplomatic as well as military activity.

Afghanistan

India shares America's interest in a secure, stable, and free Afghanistan. So far, India has provided over a half billion dollars in aid to the Karzai government. Indian troops are deployed in the southwest, protecting Indian development projects.

Alarmed at the post-2005 revival of the Taliban and concerned about Taliban activity on Pakistan's side of the 1,500-mile Afghan border, New Delhi would be prepared to do more for Karzai. The next administration should take advantage of this opportunity. With U.S. leadership, NATO should reach out to India for more help in Afghanistan.

Nepal, Sri Lanka, Bangladesh and Burma

India and the United States also can jointly achieve results addressing problems involving India's immediate neighbors. For example, the two nations worked together to help end the Maoist insurgency in Nepal—and need to continue their cooperation

while that chaotic country pursues a permanent peace. (The Maoists are now partners with Nepal's political parties in the interim government as part of the political reconciliation process, with elections to a new constituent assembly scheduled for April 2008.)

Much also can be accomplished jointly to stabilize Sri Lanka and Bangladesh. Both of these neighbors of India face mounting internal political difficulties. India and the United States should also coordinate closely on how to advance democracy in Burma.

Pakistan

The toughest long-standing issue in South Asia remains Indo-Pakistani relations. The next President should seek to advance the nascent dialogue between these two vitally important friends of America. This dialogue has produced some movement on normalization and some confidence-building measures. But, the underlying source of friction, the dispute over Kashmir, has seen little improvement.

Washington should quietly try to engage the parties to find a solution to the Moslem Kashmiris' desire for greater self-rule that is consistent with India's concerns for its own security and territorial integrity. A breakthrough on Kashmir will help immeasurably in assuring Islamabad that stronger U.S.-India relations are not directed against Pakistan. It will also help stabilize Pakistan and strengthen its transformation from military rule to democracy. This will require delicate diplomacy but could produce a huge payoff.

Counter-terrorism

Common sense dictates that the United States and India, both targets of terrorist attacks, expand their counter-terrorism cooperation. This will require increasing information-sharing and forging tighter liaison relationships with India's intelligence and security services.

Historically, U.S. intelligence and security agencies have neglected the Indian services. For too long, the CIA, in particular, has been far closer to Pakistan's intelligence

apparatus. That may have made sense in the Cold War but makes no sense today. It is time to develop much stronger and deeper security ties between our services and their Indian counterparts.

And, Make Tough Soft Power Choices

The UN Issue

One challenge on the “Policy Continuity-Plus” agenda is for the United States to put into practice what the Bush Administration has set as a goal in 2005: “To help India become a major power in the 21st century.” This will require the new President’s open and public support for India’s bid for a permanent seat on an enlarged UN Security Council.

Even by the rules of 1945, newly independent India should have been a strong candidate for a seat. More than one million Indian soldiers fought with the Allies in the Second World War, when two to three times as many Indians (mostly civilians) perished than did Americans. In the 21st century, the case for a permanent Indian place at the table is even stronger, because of its thriving democracy, its billion-plus population, its vast and expanding economy, and its frequent and crucial contributions to UN peacekeeping.

In 2005, India and the three other leading aspirants for a permanent seat (Brazil, Germany, and Japan) dropped their demand for veto power, which some had seen as the thorniest problem in expanding the Council. With the elimination of that obstacle, India’s campaign now deserves strong U.S. support—which has been lacking to date.

Trade

A strategic relationship between the United States and India needs the ballast of economic interaction, or it will be vulnerable to the whims of domestic political changes and fleeting policy differences. And, that ballast is remarkably weak.

While trade in goods and services between the United States and India has been expanding—growing more than 20 percent per year—India ranked only 19th in 2006 among U.S. trading partners, well below potential capacity. Two-way trade came to about \$32 billion, one-tenth the amount of U.S. trade with China. Direct foreign investment tells the same story. Although the United States is India's leading investor, the estimated amount is only \$9 billion, again far less than our investment in China.

Benefiting from market-oriented reforms, India is beginning to attract far more foreign investment than previously. In addition, U.S. and Indian officials have set a goal of doubling bilateral trade in three years. *Both sides should think bigger, namely, a free-trade agreement (FTA).*

The U.S.-India Business Council is currently developing a “road map” to enhance trade and investment, beginning with the hoped-for successful conclusion of the Doha Trade Round and leading eventually to an FTA—potentially the largest ever negotiated. This won't be easy, given the many interest groups that are hostile to open markets, the politics of outsourcing in America, and daunting labor and environmental challenges in India. These days, FTAs aren't exactly in vogue on Capitol Hill. Sustained presidential leadership is needed.

Education

Promising “Policy Continuity-Plus” opportunities also exist in education. To illustrate, the close political and economic ties defining the “special relationship” between the United States and the United Kingdom have long been nurtured by academic exchanges. Enduring educational ties should now bind the United States to India as well.

For the past several years, India has sent more undergraduate and graduate students to the United States than has any other country—80,000, on average. But, this has not been a two-way street. The number of American students attending Indian universities last year (2007) was around 1,800—although that did constitute a 50-percent increase over the previous year.

Besides strengthening bilateral relations, greater interaction with India in higher education will lead to intellectual cooperation and joint research gains and technologic advances in science, health care and public health, and information technology—all fields of immense importance to both countries. In IT, especially, it would be foolish for the United States to eschew exchanges with such prominent institutions as the seven-member Indian Institutes of Technology.

In 2007 a State Department–led delegation of presidents of major American universities visited New Delhi and Mumbai to promote this budding new educational collaboration. The stage is set for the next administration to make this a special focus.

India as a Hedge Against China?

Even in light of so many positives, questions have been raised whether the United States is seeking to improve relations with India mainly to create a hedge against a rising China. Granted, some in Washington and New Delhi are suspicious of China and seek to build U.S.-India relations as a strategic counterweight to growing Chinese power. Manipulative temptations should be resisted, however.

Strengthened U.S. ties with India have their own strategic logic and imperatives and should not be part of a China containment strategy—something the Indian government would oppose, in any case. The three nations should delineate a cooperative, not a competitive, triangle. One key is transparency, which obliges the United States to articulate publicly the nature of its new relationship with India.

The next administration should consider institutionalizing a closer, more cooperative relationship between the United States and the other leading industrialized nations -- on the one hand, with India and China, on the other hand, by making these two rising global powers part of an expanded Group of Eight. As former UN Ambassador Richard Holbrooke states in the conclusion to his important June 2007 op-ed in the Washington

Post: "G-8 communiqués on energy, climate change, AIDS, Africa, and poverty will remain empty and meaningless without China and India."

Certainly this is the case with energy security. The United States and China are the world's two largest importers of energy. India already is the world's sixth largest consumer of energy resources.

With plenty of domestic coal reserves, but not enough oil and gas, India and China are increasingly looking abroad to meet energy shortfalls and have signed an agreement to promote joint exploration and development of hydrocarbon resources. The United States and India launched an energy dialogue in May 2005, and an Asia-Pacific Partnership on Clean Development and Climate has been formed by the United States, India, China, Australia, Japan, and South Korea to improve energy security and reduce greenhouse gas emissions. The way is paved for enhanced cooperation.

Concluding Observations

Reminiscent of 1498, the National Intelligence Council foresees that we are on the cusp of a major shift in world affairs. In its 2004 report entitled "Mapping the Global Future," the council noted that the emergence of India and China as new major global powers "will transform the geopolitical landscape in the early 21st century."

Presidents Bill Clinton and George W. Bush recognized that fundamental change was under way and acted accordingly, establishing a strong foundation for a vibrant U.S.-India relationship. They were following the advice offered by then-Prime Minister Atal Bihari Vajpayee when President Clinton appeared before a joint session of the Indian parliament in March 2000. Vajpayee drew upon the mariners' theme of adventure and discovery when he said:

Mr. President, your visit marks the beginning of a new voyage in the new century by two countries which have all the potential to become natural allies. In this context, we can do no better than to recall to ourselves the stirring words of the great American poet, Walt Whitman. Whitman, in his long and admiring poem on India ("Passage to India") called upon our two peoples to:

"Sail forth—steer for the deep waters only,

*Reckless O soul, exploring, I with thee, and thou with me,
For we are bound where mariner has not yet dared to go."*

The next American President should heed this wise counsel as well.

About the Authors and the Project

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Opportunity 08 aims to help 2008 presidential candidates and the public focus on critical issues facing the nation, presenting policy ideas on a wide array of domestic and foreign policy questions. The project is committed to providing both independent policy solutions and background material on issues of concern to voters.