

## **India and the USA**

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S. Menon

Mr. Gautam Thapar, Chairman, Aspen Institute India,  
Mr. Tarun Das,  
Ladies, Gentlemen and Friends.

I am delighted to be with you again. Aspen India has made major contributions to the transformation of India-US relations in many ways. The high quality Aspen India-U.S. Strategic Dialogue has helped to build the strategic partnership between the two countries. Many of you present today have been deeply involved in this relationship at crucial moments.

One week from today, PM Manmohan Singh and President Barack Obama will meet in Washington DC. I therefore thought that we might take stock of the India-US partnership, its present trajectory, and its prospects.

This will be Prime Minister Manmohan Singh's sixth bilateral summit with a U.S. President. His first summit in 2005 with President Bush built on the momentum of the previous years to establish a new, bold and transformative agenda for the relationship. Prime Minister's visit in November 2009 as President Obama's first state visitor, and President Obama's own historic visit to India a year later, highlighted the bipartisan character of the relationship; its enduring merit based on shared values and interests; and, the commitment of the leaders to a sustained process of broadening and deepening the strategic partnership. Both leaders have spoken about the India-U.S. relationship as a defining relationship and as one of the most important relationships of the 21st century.

### **The Transformation**

India-US relations have come a long way in the last decade. From a time when we dealt with each other formally, sometimes warily, we today have a full spectrum relationship, between our governments, our peoples and our institutions. I do not need to count the ways for this audience.

For India, the relationship with the US has been the most transformed relationship in the past ten years. What were once considered breakthroughs in the relationship, are now regarded as routine and normal. This is a sign of maturity in

the relationship, even if it robs it of some of the excitement of some years ago. We also face the reality that we must now deal with new challenges in the years ahead.

The relationship has all the attributes of a strong and comprehensive strategic partnership. We have regular high level political dialogue. In recent months, we have had one high level visit every month. India and the US have strategic consultations on every major issue and region. We have a growing dialogue and partnership on non-proliferation, export controls and nuclear issues.

Our security cooperation includes multiple forms of engagement. Our defence relations are strong. We conduct defence exercises regularly. We are steadily moving to joint research, co-development and co-production of defence products through partnerships between our defence industries, as part of our strategy to develop India's defence industrial base and to increase the domestic share in our defence acquisitions.

Cooperation between India and the US beyond the public gaze in the fight against crime and terrorism has also been effective. The Homeland Security Dialogue since 2011 has been of mutual benefit in protecting our two countries. We have also begun exploring the potential of cooperative engagement in cyber and space security.

Our total trade in goods and services exceeds 100 billion dollars. It has grown every year through the past five years of a global economic crisis. We might each have reasons not to be fully satisfied with our economic relations but no one denies its potential and significance. The US is our single largest trading partner and is a source of critical technology, investment, and collaborations, with over \$ 11 billion worth of Indian investments in the US, and \$ 50 billion of US investment in India.

Some of our most innovative and rewarding partnerships are in the inter-linked domains of energy, health, higher education and science and technology. They often do not get the attention that they deserve, but are critical in their impact on the lives of our people.

As for our peoples, there are about 600 major and 1500 small and medium US companies in India, and over 100,000 Indian students in the US. When you see suburban developments around Delhi called 'Palm Springs' or 'Nassau County' you realise the extent of links at the popular level.

Drift?

Despite this range of relationships some today speak of drift in the relationship. I find this a rather strange way to describe a relationship where the two governments have thirty-two dialogue mechanisms meeting each year.

One reason for this perception may be the fact that it is now a full spectrum relationship, no longer focused on one big transformational idea like the civil nuclear cooperation initiative in 2005-8. To me that breadth is the strength of the relationship.

The impression of drift is also partly due to economic factors. It arises from the macro-economic situation. US friends mention concerns about economic reforms and specific policy issues in India. These concerns are not unique to the U.S. They are, first and foremost, of concern to Indians. Government is addressing all three sets of issues. Our IT industry, the locomotive of our economic partnership, which provides employment to 280,000 people in the US, also has genuine difficulties with certain discriminatory provisions of the Immigration Reform Bill.

### Going Forward

Looking ahead, the potential for growth in the relationship is strong. This is particularly so in energy, defence, education, and in the quality and range of the strategic dialogues that we undertake.

Economically, as we go forward we will focus on opportunities, especially in the infrastructure sector; improve market access; negotiate a Bilateral Investment Treaty; pursue constructive solutions in the WTO that addresses our key concerns; and, work to strengthen the global multilateral trade regime, avoiding its fragmentation or the growth of protectionism. There is much useful bilateral work being done in clean energy and this will certainly grow.

The civil nuclear agreement of 2008 is a symbol of our transformed relationship. It is a significant part of our strategy to meet long term power demand in India, which is expected to grow four times over in the next two decades. The two governments have resolved government to government permissions and understandings necessary to enable commercial negotiations between NPCIL and Westinghouse, and for the AERB to begin its independent evaluation of the safety of the power plant. It has been our consistent stand that the power plant should meet the highest standards of safety delivering power at a price that is competitive vis-a-vis other sources of energy.

I was surprised in the last few days to see several stories claiming that somehow Indian law would not apply to projects in India. Civil nuclear projects in India will naturally be subject to Indian law, including civil liability. Domestic and foreign vendors have sought clarifications on some points of that law, which are being examined.

The India-US bilateral relationship is embedded in a larger vision of a global strategic partnership. This decade has been a period of transitions, turbulence and challenges in an interdependent world, on a scale that has few parallels in history. We have experienced a long drawn out global economic crisis and volatile financial markets. Across the arc from the Pacific to the Indian Ocean, through South Asia, Afghanistan, West Asia and to Africa, there are a range of immediate challenges and long term structural changes. Our bilateral relations have stayed on a strong and steady course despite these rough seas, because of convergence on a broad range of issues that matter.

We have shared interests in a stable, secure, peaceful and prosperous Asia-Pacific. The United States is an Asia-Pacific power and can play a constructive role in advancing regional stability, integration and cooperation. We are working together and with other countries in the region to establish an open, balanced, inclusive and rule-based regional economic and security architecture. As we build our respective regional partnerships, we deepen our own relationships with ASEAN. We have also launched a fruitful trilateral dialogue with Japan.

Neither India or the United States see their relationship as directed against any other country. Nor does a strong India-U.S. partnership run against the course of India's relations with other countries.

India and the U.S. have promoted their shared interest in maritime security through strategic dialogue, diplomatic efforts in regional forums and our regional partnerships. We each affirm the principles of freedom of navigation and unimpeded commerce, in accordance with international law, and peaceful settlement of maritime disputes.

We consult closely on Afghanistan, and, though approaches may diverge sometimes, we have a shared vision for a stable, united, democratic and prosperous Afghanistan that is never again a source of terrorism, and that emerges as a hub of regional cooperation.

Both have important interests in the stability and peace of West Asia. For India, proximity, religious and cultural links, economic interests, energy security and the livelihood of six million Indians in the Gulf area make this a vital interest.

Our deepening strategic partnership does not mean that we won't have our differences. This is inevitable between countries in different circumstances, at different levels of development, and in dissimilar geopolitical situations. We are both democratic countries with a strong and vocal sense of independence, sometimes shading into exceptionalism. As democrats we know that autonomy of decision making and differences are not inconsistent with a strategic partnership. Where we have differences we also have the confidence and maturity to be able to speak to each other candidly and to deal with the issues.

In sum, the strategic foundations of this relationship are enduring. In my view they will become more relevant in coming years.

From our perspective, the US will continue to be a key partner for capital, technology, knowledge and skills in our development effort; a potentially important source of clean energy technology and hydrocarbons; an important partner in areas like defence technology, intelligence and counter-terrorism; an important factor in our space security and cyber security; a key interlocutor in adjustments to the global security and economic architecture; a partner in the quest for a rule based, open international trading and economic order; and in our efforts to seek peace and stability in our extended neighborhood and globally.

And that is why I am a confident optimist about the India-US relationship.