

COUNCIL *on*  
FOREIGN  
RELATIONS

  
ASPEN INSTITUTE INDIA

Joint Study Group Report  
September 2011

# The United States and India

A Shared Strategic Future

# The United States and India

## A Shared Strategic Future



COUNCIL *on*  
FOREIGN  
RELATIONS



ASPEN INSTITUTE INDIA

Joint Study Group Report  
September 2011

Robert D. Blackwill and  
Naresh Chandra, *Chairs*  
Christopher Clary, *Rapporteur*

The United States and India  
A Shared Strategic Future

The Council on Foreign Relations (CFR) is an independent, nonpartisan membership organization, think tank, and publisher dedicated to being a resource for its members, government officials, business executives, journalists, educators and students, civic and religious leaders, and other interested citizens in order to help them better understand the world and the foreign policy choices facing the United States and other countries. Founded in 1921, CFR carries out its mission by maintaining a diverse membership, with special programs to promote interest and develop expertise in the next generation of foreign policy leaders; convening meetings at its headquarters in New York and in Washington, DC, and other cities where senior government officials, members of Congress, global leaders, and prominent thinkers come together with CFR members to discuss and debate major international issues; supporting a Studies Program that fosters independent research, enabling CFR scholars to produce articles, reports, and books and hold roundtables that analyze foreign policy issues and make concrete policy recommendations; publishing *Foreign Affairs*, the preeminent journal on international affairs and U.S. foreign policy; sponsoring Independent Task Forces that produce reports with both findings and policy prescriptions on the most important foreign policy topics; and providing up-to-date information and analysis about world events and American foreign policy on its website, CFR.org.

The Council on Foreign Relations takes no institutional positions on policy issues and has no affiliation with the U.S. government. All views expressed in its publications and on its website are the sole responsibility of the author or authors.

Aspen Institute India (Aii) promotes values-based leadership, open dialogue, and cross-sector outreach by engaging the civil society, government, private sector, and other key stakeholders on issues related to India's development. It invites industrial, economic, financial, political, social, and cultural leaders to discuss these issues in settings that encourage frank and open dialogue.

This Joint Study Group, cosponsored by the Council on Foreign Relations and Aspen Institute India, was convened to assess issues of current and critical importance to the U.S.-India relationship and to provide policymakers in both countries with concrete judgments and recommendations. Diverse in backgrounds and perspectives, Joint Study Group members aimed to reach a meaningful consensus on policy through private and nonpartisan deliberations. Once launched, this Joint Study Group was independent of both sponsoring institutions and its members are solely responsible for the content of the report. Members' affiliations are listed for identification purposes only and do not imply institutional endorsement.

For further information about CFR or this report, please write to the Council on Foreign Relations, 58 East 68th Street, New York, NY 10065, or call Communications at 212.434.9888. Visit CFR's website, [www.cfr.org](http://www.cfr.org).

Copyright © 2011 by the Council on Foreign Relations®, Inc.  
All rights reserved.  
Printed in the United States of America.

This report may not be reproduced in whole or in part, in any form beyond the reproduction permitted by Sections 107 and 108 of the U.S. Copyright Law Act (17 U.S.C. Sections 107 and 108) and excerpts by reviewers for the public press, without express written permission from the Council on Foreign Relations.

This report is printed on paper that is FSC® certified by Rainforest Alliance, which promotes environmentally responsible, socially beneficial, and economically viable management of the world's forests.

## Study Group Members

Study group members are asked to join a consensus signifying that they endorse “the general policy thrust and judgments reached by the group, though not necessarily every finding and recommendation.” They participate in the study group in their individual, not institutional, capacities.

Graham T. Allison  
*Belfer Center for Science and  
International Affairs, Harvard  
Kennedy School*

K. S. Bajpai  
*Delhi Policy Group*

Sanjaya Baru  
*Business Standard, India*

Robert D. Blackwill  
*Council on Foreign Relations*

Dennis C. Blair

Naresh Chandra  
*National Security Advisory Board*

Pramit Pal Chaudhuri  
*Hindustan Times*

P. S. Das

Tarun Das  
*Aspen Institute India*

Jamshyd N. Godrej  
*Godrej & Boyce Manufacturing  
Company Ltd.*

Richard N. Haass, *ex officio*  
*Council on Foreign Relations*

Stephen J. Hadley  
*United States Institute of Peace*

Brajesh Mishra  
*Observer Research Foundation*

C. Raja Mohan  
*Centre for Policy Research, New  
Delhi*

John D. Podesta  
*Center for American Progress*

Ashley J. Tellis  
*Carnegie Endowment for  
International Peace*

Philip D. Zelikow  
*University of Virginia*



# Contents

*Foreword ix*

*Acknowledgments xi*

Introduction 1

Why India Matters to the United States 3

Why the United States Matters to India 7

Turning the Page 11

Conclusion 41

*Study Group Members 44*





# Foreword

The U.S.-India relationship has undergone a transformation over the past decade. The improvement in bilateral ties and multilateral cooperation has been supported by presidents of both parties in Washington and prime ministers of two quite different coalitions in New Delhi.

Within that context, the Council on Foreign Relations (CFR) and Aspen Institute India (Aii) cosponsored a U.S.-India Joint Study Group to identify the shared national interests that motivate both the United States and India and, from these interests, to derive clear policy prescriptions that would assist both nations to achieve common goals and to advance the bilateral relationship.

The study group members addressed the most important geopolitical and socioeconomic issues facing both the United States and India today and for the foreseeable future: the rise of China, the conflict in Afghanistan, the future of Pakistan, the turmoil and transition of the Middle East, climate change and energy technology collaboration, economic cooperation during a period of global economic challenges, and opportunities for defense partnership. In each of these areas, study group members looked for ideas and policies that pushed the relationship forward, rather than settling on a vision of the relationship defined by the status quo.

To resolve today's pressing problems and manage emerging challenges, the group's members stress:

- An ever more powerful and influential India in the international arena is deeply in America's national interest.
- An America that maintains its power and influence in the international arena, especially in Asia, is deeply in India's national interest.
- The closest possible policy collaboration between India and the United States in all the dimensions of their relationship is increasingly

important to both nations, helps sustain a favorable balance of power in Asia and beyond, and promotes international peace and stability beginning in Asia writ large.

We would like to thank the study group chairs, Robert D. Blackwill and Naresh Chandra, whose experience and guidance allowed for the successful completion of this important study. Their entreaties and our own allowed us to assemble a deeply knowledgeable group of individual study group members who contributed their expertise to this final document.

Each member of the study group supports the general policy thrust and judgments reached by the group, although not necessarily every finding and recommendation.

**Richard N. Haass**

*President*

Council on Foreign Relations

**Tarun Das**

*Founding Trustee*

Aspen Institute India

## Acknowledgments

The report of the U.S.-India Joint Study Group on Shared National Interests would not have been possible without the contributions of its members, who volunteered their time, expertise, and advice to the deliberations and drafting that led to this document.

Throughout the process, Richard Haass, president of the Council on Foreign Relations, has provided critical support to the project. Tarun Das, president of Aspen Institute India, has again demonstrated the organizational acumen that has made Aspen Institute India such an important partner.

Christopher Clary of the Massachusetts Institute of Technology served as rapporteur for the group, skillfully consolidating the wisdom and prose of group members. At the Council on Foreign Relations, the Publications team expedited many of their procedures to ensure the timely release of this document. Daniel Michaeli and Kathryn Sparks provided helpful research and editorial assistance. Kiran Pasricha, executive director and CEO of Aspen Institute India, was consistently helpful from inception to completion. They all have our thanks.

This publication is part of CFR's International Institutions and Global Governance program and has been made possible by the generous support of the Robina Foundation.

**Robert D. Blackwill**  
**Naresh Chandra**  
*Study Group Chairs*



# Introduction

## *STRATEGIC CONVICTIONS*

Three core convictions are the strategic basis of this report:

- An ever more powerful and influential India in the international arena is deeply in the United States' national interest.
- A United States that maintains its power and influence in the international arena, especially in Asia, is deeply in India's national interest.
- The closest possible policy collaboration between India and the United States in all the dimensions of their relationship is increasingly important to both nations, helps sustain a favorable balance of power in Asia and beyond, and promotes international peace and stability beginning in Asia writ large.

With these principles as a foundation, this report identifies and analyzes shared national interests of India and the United States and proposes specific policy prescriptions for both governments to undertake to advance the bilateral relationship in the period ahead.

## *OVERVIEW*

A strong, vibrant, ever-deepening U.S.-India relationship furthers the vital national interests of both nations. In this respect, India and the United States seek to

- slow the spread of weapons of mass destruction and ensure the safe and responsible stewardship of nuclear weapons and fissile material;
- reduce threats from international terrorism;

- maintain a balance of power in Asia and in Europe that promotes peace and stability;
- promote the security of the global energy supply;
- cooperate in the management of the global economy; and
- effectively address climate change.

Henry Kissinger observed well over a decade ago that the United States and India have “no conflict of interest in the traditional and fundamental sense,” a point that the late premier Indian strategist K. Subrahmanyam also eloquently emphasized in ensuing years. Although undoubtedly Washington and New Delhi will have periodic tactical and conceptual differences over how best to defend them, these congruent national interests—together with democratic values—represent the most enduring basis for ever closer U.S.-India relations in the years ahead. Implementing policies that strengthen these shared vital national interests can provide content to what could otherwise risk becoming merely a rhetorical “strategic partnership,” illuminate the relationship’s importance amidst a vast array of competing pressures on the time of policymakers in Washington and New Delhi, and reduce the frequency of lower-level bureaucratic skirmishes and paralysis.

# Why India Matters to the United States

India is an indispensable partner for the United States. Geographically, it sits between the two most immediate problematic regions for U.S. national interests. The arc of instability that begins in North Africa, goes through the Middle East, and proceeds to Pakistan and Afghanistan ends at India's western border. To its east, India shares a contested land border with the other rising Asian power of the twenty-first century, China. India—despite continuing challenges with internal violence—is a force for stability, prosperity, democracy, and the rule of law in a very dangerous neighborhood.

The Indian landmass juts into the ocean that bears its name. With the rise of Asian economies, the Indian Ocean is home to critical global lines of communication, with perhaps 50 percent of world container products and up to 70 percent of ship-borne oil and petroleum traffic transiting through its waters. For the United States, India's location alone makes it a more consequential partner than other nations more distant from these U.S. zones of concern. Unlike many U.S. treaty allies, India does not need to be convinced that a distant problem requires the projection of U.S. power to be successfully managed. Many of America's global challenges are India's regional challenges, and therefore India is uniquely positioned to exert influence and offer resources to help deal with them.

India's growing national capabilities give it ever greater tools to pursue its national interests to the benefit of the United States. India has the world's third-largest army, fourth-largest air force, and fifth-largest navy. All three of these services are modernizing, and the Indian air force and Indian navy have world-class technical resources, and its army is seeking more of them. Moreover, unlike some longtime U.S. partners, India has demonstrated that it possesses not only a professional military force, but also a willingness to suffer substantial military hardship and loss in order to defend Indian national interests.



India is an important U.S. partner in international efforts to prevent the further spread of weapons of mass destruction. Despite India's principled refusal to sign the Nuclear Nonproliferation Treaty (NPT), India has shown itself to be a responsible steward of nuclear technology. Similarly, despite decades of work on missile and space launch vehicle technology, India has not been a proliferator of these technologies. India's assistance on nonproliferation will also be critical regarding chemical and biological weapons, given its substantial chemical and biotechnology industries, which could unwittingly be the source of precursor materials to dangerous actors. In all of these areas where India has considerable technological expertise, India has exhibited restraint and responsibility in its international behavior.

During President Barack Obama's visit to India in 2010, the United States announced its intent to support India's phased induction into the four multilateral export control regimes (the Nuclear Suppliers Group, Missile Technology Control Regime, Australia Group, and Wassenaar Arrangement), continuing efforts begun in the Bush administration to bring India fully into the nonproliferation mainstream. In addition to its role as a potential technology provider, India will play an important and growing political role on international nonproliferation issues. India's broad diplomatic ties globally (most importantly in the Middle East), its aspirations for United Nations (UN) Security Council permanent membership, and its role in international organizations such as the International Atomic Energy Agency make New Delhi an especially effective voice in calls to halt proliferation.

India's position against radicalism and terrorism corresponds with that of the United States. India has suffered terribly from terrorism over the last three decades and like the United States is determined to prevent, deter, and disrupt the terrorist groups that most threaten it. There was no hesitation to India's offer of assistance to the United States following the attacks of September 11, 2001, because India viewed its national interests as congruent with those of the United States' in uprooting transnational terrorist groups. Similarly, the United States quickly offered law enforcement and intelligence cooperation after the terrorist attacks on Mumbai that began on November 26, 2008.

Economically, India has grown at an average of 7.6 percent in real terms over the last decade, according to International Monetary Fund statistics, with only a modest decline due to the global economic crisis in 2008 and 2009. After charting 10.4 percent growth in 2010, the

government of India believes that it can sustain rates of 8 to 9 percent economic expansion for the foreseeable future. Goldman Sachs agrees, estimating that the Indian economy will expand at an average rate of 8.4 percent through 2020. In short, over the next two decades India is on a path to become a global economic powerhouse, with all that implies for the U.S. and world economies.

With respect to economic enterprise and science and technology cooperation, the United States is India's collaborator of choice. India's English-speaking and Western-oriented elite and middle classes comfortably partner with their counterparts in U.S. firms and institutions, including more than 2.8 million Indian Americans. The U.S. higher educational system is an incubator of future collaboration, with more than 100,000 Indian students in American universities, more than from any other country except China. Trade between the United States and India has doubled twice in the last ten years. Bilateral trade has been balanced in terms of its content and is beneficial to both countries. In many sectors, the role of governments is simply to encourage what the private sector already desires by removing remaining barriers that prevent cooperative outcomes. As India modernizes and grows it will spend trillions of dollars on infrastructure, transportation, energy production and distribution, and defense hardware. U.S. firms can benefit immensely by providing expertise and technology that India will need to carry out this sweeping transformation.

India-U.S. cooperation is critical to global action against climate change. According to the International Energy Agency, India is already the fourth-largest aggregate producer of carbon dioxide from energy use, behind China, the United States, and Russia. India's high ranking as a greenhouse gas producer has mostly to do with its sheer size; India produces dramatically fewer greenhouse gases than industrialized or other developing nations on a per capita basis and is below the global average in terms of greenhouse gas emissions per unit of gross domestic product. Even so, because of India's aggressive economic growth profile combined with higher than average population growth, its share of global greenhouse gas production will rise substantially between now and 2050. India has shown itself to be keenly interested in cooperation on renewable energy technology and efficiency standards that would allow it to retain its growth and still reduce its emissions intensity over time. India's role, both as a fast-growing large economy and as a leader of the developing world, makes Indian agreement a

necessary condition for the success of any prospective international climate change accord.

On issues of global governance, India will remain the most important swing state in the international system. Importantly, India is genuinely committed to a world order based on multilateral institutions and cooperation and the evolution of accepted international norms leading to accepted international law. Despite being a rising power with some complaints regarding the existing global governance structure, India seeks to reform the present system and not to overturn it. U.S. and Indian national interests naturally overlap on many of these issues, given India's commitment to a stable Asia, democracy, market-driven growth, the rule of law, and opposition to violent extremism.

India's capability extends well beyond the realm of military, economic, and global diplomatic power. Indian culture and diplomacy has generated goodwill in its extended neighborhood. New Delhi has positive relations with critical states in the Middle East, in Central Asia, in Southeast Asia, and with important middle powers such as Brazil, South Africa, and Japan—all of strategic value to the United States. India's soft power is manifest in wide swaths of the world where its civil society has made a growing and positive impression. This includes the global spread of its private corporate sector, the market for its popular culture, its historical religious footprint, and the example of its democracy and nongovernmental institutions.

In addition, India has demonstrated an enduring commitment to democratic values. Indian democracy has prospered despite endemic poverty; extraordinary ethnic, religious, and linguistic diversity; and foreign and internal conflicts. It has provided Indian society the resilience and adaptability necessary to overcome and respond to the myriad challenges the nation has faced since independence. India and the United States share the objective to strengthen pluralist and secular democracies worldwide, and India's rise as a democratic great power promotes that profound global objective.

For many of the reasons indicated, a stronger India inevitably makes managing a stable balance of power in Asia significantly easier for the United States. Although other friendly countries in the region writ large will also play a critical role, over the next two decades India may well become the most important Asian partner for the United States in ensuring that the broad balance of power that serves Asia so well is preserved.

## Why the United States Matters to India

The United States, as the preeminent global power, matters crucially to India's rise as a great power. America remains the critical stabilizing force in Asia through its military and diplomatic power projection and commitments to the region. The United States and India have a shared vital national interest in preventing a unipolar Asia. The twentieth century bore witness to a multigeneration U.S. effort to prevent the emergence of any hostile hegemon on the Eurasian landmass, a function that the United States continues to fulfill today with the help of its Asian partners. No other nation can play that role on which India's rise depends.

Indian officials and analysts frequently express their desire to avoid additional proliferation of weapons of mass destruction in India's extended neighborhood. The United States has done more than any other state to slow the spread of such weapons. Though New Delhi and Washington presently disagree on how best to achieve nonproliferation goals with respect to Iran, they concur that preventing nuclear weapons acquisition by the Iranian regime is an important international objective, one to which Iran itself is supposedly committed by its signature of the NPT. Only continued pressure by the global community has any possibility of bringing about this outcome. U.S. leadership in this endeavor is essential and to India's benefit, and the endeavor's ultimate success would benefit from India's full cooperation.

China has chosen episodically to ignore global nonproliferation norms, a pattern of behavior that the United States has assiduously sought to curtail. Though no nation can a priori prevent future Chinese proliferation activities, only a U.S.-led international effort has any chance of success. Similarly, the United States has closely monitored North Korean proliferation activities, which have led to the spread of missile technology to Pakistan among other states. U.S. pressure has reduced, though certainly not stopped, the dangerous trade in these items. Continued U.S. watchfulness along with Indian cooperation will

be necessary to dissuade Myanmar from pursuing potential acquisitions of dangerous weapons, although the technological objectives of the government in Naypyidaw are presently murky at best.

The United States and India work closely and increasingly on counterterrorism cooperation. Even before the 2008 Mumbai terrorist attacks, U.S. and Indian intelligence cooperation was growing, and included U.S. intelligence information and warnings to Indian counterparts. Since Mumbai, the United States and India have accelerated their cooperation on monitoring dangerous terrorist groups that seek to cause harm to American and Indian citizens. U.S. law enforcement has provided unique expertise to their Indian counterparts in investigating and prosecuting the perpetrators of terrorist attacks on Indian soil, and U.S. prosecutors have indicted and tried defendants in the United States accused of supporting terrorism in India.

India will be better able to protect its national interests in Pakistan and Afghanistan in coordination with the United States. The United States remains one of perhaps three states—along with China and Saudi Arabia—that have influence on an increasingly troubled Pakistan. And, of those nations, only the United States shares with India common objectives regarding Pakistan: namely, a moderate Pakistan that is a responsible nuclear steward, that confronts extremism within its borders and stops supporting terrorism outside of its territory, and that also plays a positive role in maintaining the stability of Afghanistan. Though India can buttress stability in Afghanistan through reconstruction, aid, and technical support, it has only modest ability to fundamentally affect the trajectory of Afghanistan. The future of Afghanistan—for better or worse—will be importantly affected by long-term U.S. policy toward that country.

The United States will continue to be important for India's economic success. India's economy has been built around unleashing domestic consumption rather than relying on exports. Even so, India still needs strong trade and investment relationships to meet its vast economic potential. The U.S.-India trade relationship is both substantively important for India and mutually beneficial for both economies. India maintains a modest trade surplus in its trade with the United States, but a decisive deficit in its larger trade with China. The United States has also remained one of the top sources of foreign direct investment in India, bringing important managerial expertise, capital, and technology with it to the dynamic Indian market.

India's vital national interest requires a global agreement on reducing greenhouse gas emissions. India is uniquely vulnerable to the effects of global warming given its extensive coastlines, large agricultural production, high population densities, and reliance on seasonal weather patterns. India cannot decisively affect the trajectory of global greenhouse gas emissions through unilateral action. Reducing greenhouse gas emissions enough to protect India from global warming trends will require the cooperation of many countries, most importantly the United States, China, and members of the European Union. India-U.S. collaboration will also be important for India to meet its own clean energy production requirements, and to position Indian firms so that they can compete internationally for clean energy projects. Washington has already used its considerable political influence to reshape the global nuclear supplier regime to allow India to have access to an array of international nuclear technologies that were previously off-limits. Cooperation between U.S. and Indian firms, academic institutions, and government institutions will be necessary not only to transfer U.S.-origin high technology to Indian entities, but also for joint cooperation to create new technologies that are mutually beneficial to both nations.

The United States has a long-term commitment to maintain security and freedom of navigation on the high seas, something critical to India as a net energy importer. On threats that have prompted a multilateral response, such as piracy, the United States is often a critical organizer of coalitions of like-minded states to address complicated security challenges. On diverse challenges from instability in the Middle East and North Africa, to responding to the Japanese earthquake, to combating transnational terrorism, the United States remains the indispensable nation in the global system, a reality that often advances India's national interests.

Washington retains unparalleled power and influence in global governance institutions. It demonstrated a willingness to use that influence to India's benefit when asking for an India-specific exemption in the Nuclear Suppliers Group. It is inconceivable that such an exemption would have been granted without U.S. leadership, allowing India to enter the nonproliferation mainstream and revitalize its nuclear energy sector. As a result of that agreement, India was able to import enough uranium from Kazakhstan and other countries to produce 40 percent more nuclear energy in fiscal year 2010 than in the previous year. As India seeks a larger role in the UN Security Council and international

monetary institutions, U.S. support for India will be critical to reforms that benefit New Delhi's national interests.

Finally, the United States retains a sizable technological edge on many commercial, aerospace, and defense technologies. Access to cutting-edge technology is critical to Indian economic and defense competitiveness as India modernizes. A handful of these technologies are regulated by international supplier regimes, and the United States has led efforts to alter those regimes in ways that reflect legitimate Indian national interests while still preserving the original objectives of those institutions. The U.S. government controls some of these technologies through export controls, particularly those in the defense and aerospace arena. Having access to U.S. technology obviously benefits Indian national interests as well as Indian firms and customers.

## Turning the Page

The previous analysis compels both the United States and India to strengthen cooperation for their mutual benefit. The international system has recently changed considerably and will continue to do so. The past pursuit of different priorities led to mutual doubts and animosities between Washington and New Delhi, but those past disputes, old habits, and inertial policies are irrelevant to current needs. Policy-makers and opinion leaders need to adapt to these strategic trends and shared national interests.

Indians used to see U.S. policy as an effort to achieve world dominance and in the process create the worst sort of capitalist imperialism, and Americans tended to dismiss India's role as at best an insignificant nuisance and at worst detrimental to the United States' good intentions and national interests. These lingering legacies of past prejudices still sometimes come in the way of the great services each side should now be rendering the other. These distorted visions need to be actively dispelled.

Both states are transitioning to new roles in the international system. For India, great power status means that it will have greater responsibilities in managing global problems. On controversial subjects, avoiding taking positions is inappropriate for such a potentially major contributor to the international system. For the United States, which became accustomed to often leading alone, it means encouraging a more prominent role for a state like India, even though India's more prominent voice may periodically disagree on matters of policy.

A relationship will be healthy only if there is an acceptance of differences. As stressed earlier, this report is rooted in the great commonality of national interests and policy objectives that the two sides now have. Common objectives, however, do not preclude differences, often sharp and profound, over ways and means of reaching them. The major concerns of each side include the balance of power in East Asia, the security



of the Persian Gulf, the stability of Central Asia, and maintaining the security and stability of the Indian Ocean. On each of these topics, and many others, Washington and New Delhi are bound to have their own approaches. They should make special efforts to encourage the realization that both states are pursuing a partnership, and even the closest partners will have disagreements. What is laid out in the following section is a practical agenda to begin ever closer cooperation to promote shared U.S. and Indian national interests, even while acknowledging that both sides will sometimes diverge in their pursuit of those shared ends.

### *THE UNITED STATES, INDIA, AND THE FUTURE OF PAKISTAN*

Both the United States and India have an overriding vital national interest in the safety and security of an ever-larger Pakistani nuclear arsenal. On this matter, U.S. and Indian interests largely overlap with Pakistan's, because the Pakistan army in particular has powerful motivations to be responsible stewards of Pakistan's nuclear stockpile. The growth of the Pakistani nuclear arsenal, its possible greater dispersion in conjunction with battlefield roles, and the systemic stresses on the Pakistani state all could negatively affect over time the arsenal's safety and security. These vital national interests make this the primary concern of the United States and India regarding Pakistan.

Despite cornering a large percentage of the national budget on military spending, the Pakistan military argues that its conventional forces are inadequate to deter India, adding that it therefore must rely increasingly on nuclear weapons. Pakistan now produces more fissile material than any other country on the planet. In April 2011, Pakistan tested a short-range ballistic missile system amid suggestions that Islamabad has an interest in developing nuclear weapons capabilities for possible battlefield use. For the last two decades, Indian security planners have unsuccessfully struggled to prevent Pakistan from using its nuclear deterrent as an umbrella under which it could launch terrorist violence at India without any Indian recourse.

For a decade after September 11, 2001, the United States attempted to craft a Pakistan policy that would alter Pakistan's calculus in Afghanistan and with respect to terrorism more broadly. The American goal was to establish a long-term bilateral partnership that would empower

moderate elements in Pakistani society and shift from Pakistan-India confrontation to South Asian integration. For a variety of reasons, this strategy has failed. There are grievances in both Islamabad and Washington, but regardless of the merits of the case, Pakistan's strategic elite has largely come to believe that U.S. objectives related to Pakistan are transitory and often inimical to Pakistan's preferred aims. So, instead of a true partnership, the bilateral relationship has degenerated into occasionally positive rhetoric overlaying a transactional relationship in which Pakistan leases access to bases and land routes into Afghanistan in exchange for massive quantities of U.S. aid. Given the large U.S. force presence in Afghanistan, the United States has had limited success in altering Pakistan's behavior. A more modest U.S. presence in Afghanistan might permit resupply without requiring routes through Pakistan, but the current U.S. presence necessarily entails a dependence on lines of communication through Pakistan and hence on the agreement of the Pakistan military.

The United States has favored regional trade and economic integration episodically, with a goal of empowering moderates within Pakistani society and encouraging Pakistani merchant and business classes to support a peaceful and prosperous South Asia. This policy aim has always been secondary to more immediate security concerns in the U.S.-Pakistan relationship. Large U.S. aid to civil society has made little difference at the societal level and has frequently challenged the absorptive capacity of Pakistani civilian groups. U.S. assistance to the Pakistani state has directly and indirectly subsidized the continued dominance of the Pakistan military over Pakistani society.

Civil-military relations remain praetorian, with the military extracting considerable rents from the Pakistani economy. Most Pakistan military spending is expended in an effort to meet a proclaimed Indian threat rather than to provide domestic security and stability to the Pakistani populace. Pakistan's intelligence agencies support terrorist groups that target India, Afghanistan, and International Security Assistance Force (ISAF) coalition forces, causing not just death and injuries to foreign civilians and soldiers, but also considerable damage to Pakistani society. Pakistan has to this day not had a civilian government peacefully succeeded by another civilian government as the result of free and fair elections.

Pakistan has retained ties with terrorist and militant groups in order to maintain asymmetric forms of influence in its neighborhood.

Pakistan cooperates with the United States in attacking those terrorist groups it perceives as hostile to Pakistan, most notably the Tehrik-i-Taliban Pakistan, but maintains ties with and support of other groups it values as beneficial to its objectives, such as the Lashkar-e-Taiba. And Pakistan's unwillingness to act against Afghan Taliban sanctuaries on its soil makes it close to impossible for the United States to deal a decisive blow against the Afghan Pashtun insurgency.

In short, with shrinking domestic support in both nations, U.S.-Pakistan relations are currently in crisis with no sign of serious abatement in the foreseeable future. Although both the United States and India desire that Pakistan become a stable pluralist nation under the rule of law and in full control of its territory, the long-term trends are sadly in the opposite direction. Pakistan is showing alarming signs of systemic decline. Its economy continues to underperform peers in Asia and the developing world. Despite a period of temporary growth and stability in the mid-2000s, Pakistan remains in near-perpetual economic trauma despite historic levels of largesse from the United States and Western powers over the last decade. With Islamic extremism internally on the rise, Pakistan faces endemic violence, with more terrorist attacks in the past decade than in any other country outside of Afghanistan and Iraq. Efforts to rebalance civil-military relations in Pakistan have failed. Civil society with some notable exceptions has proven to be quite weak. Though media outlets have expanded over the same period, they remain subject to coercion, which limits their ability to act as a check on Pakistan's ruling elites.

As for India, there is widespread frustration and bitterness about its next-door neighbor, "the epicenter of global terrorism," as it has described Pakistan for the past decade. Pakistan is largely seen in New Delhi as deliberately intractable, despite repeated efforts by all recent Indian governments, whatever their political party composition, to normalize relations between the two countries.

Since the early 1990s, Islamabad has used terrorism as an instrument of low-intensity conflict to press New Delhi into concessions on Kashmir. Although this strategy has not produced the desired result on the Indian side, Pakistan nuclearization has made an Indian conventional attack in response to terrorist acts from across the border acutely dangerous because of escalatory uncertainty and—at least thus far—unpalatable to Indian government leaders. Not even the sixty-hour assault by Pakistani terrorists on Mumbai at the end of 2008 (what Indians call their 26/11 to match the U.S. 9/11) produced an

Indian military response.

It remains to be seen whether this nearly twenty years of restraint on the part of New Delhi in the face of persistent cross-border terrorist attacks from Pakistan will continue, particularly if other Indian iconic targets (government facilities, infrastructure, Hindu temples, tourist hotels) are attacked. In any case, the conventional wisdom in India is that in the event of another major terrorist attack staged from Pakistan, it will be very difficult for the Indian government to avoid a military reaction in the face of enormous public pressure.

The Indian national security elite have been pessimistic about the prolonged American attempt to reverse destabilizing trends in Pakistan. Indian policymakers identify two possible positive paradigm shifts regarding internal developments in Pakistan, both of which would be central to the success of U.S. policy toward Islamabad: the Pakistan army reduces its strategic preoccupation with India as “the threat,” and Pakistan’s civil society demonstrates the strength and will to confront and defeat radical Islamic forces. Few Indians think either of these will happen in the foreseeable future, if ever, given the dire condition of Pakistan’s economy, its broken educational system, its violent sectarianism, and its persistent centrifugal tendencies along provincial lines. There are no signs that the Pakistan military realizes the harm the obsession with India is doing to their country.

Most Indians conclude that there will, therefore, be no modification in basic Pakistan policy toward India, including support for terrorism. The Pakistan military will not abandon its fixation on India as the enemy, not least because most of the Pakistan army’s dominance over domestic politics is tied to the maintenance of hostilities with India.

Despite domestic skepticism, the Manmohan Singh government has persisted in discussions with Pakistan on resolving bilateral disputes but in such a problematic bilateral climate, breakthroughs on India-Pakistan issues look infinitely remote. Though those bilateral talks made considerable progress in previous years, and came close to agreement on Kashmir in 2007, they stalled the same year as President Pervez Musharraf encountered ever more domestic turmoil inside Pakistan. Since then, efforts to resolve India-Pakistan differences on Kashmir have foundered on the Pakistan army’s unwillingness to return to the progress made in 2007 by Singh and Musharraf.

In sum, India-Pakistan relations are stuck and likely to remain so, and U.S.-Pakistan ties are moving in a sharply downward direction. This is bad news for both New Delhi and Washington because their respective

vital national interests are entwined with the future of Pakistan, especially with the safety and security of its nuclear arsenal and the cessation of the Pakistan army's support for terrorism.

#### ***POLICY PRESCRIPTIONS***

- The United States, while holding the Pakistan military to a much more exacting code of conduct, should do all it can to avoid a sustained rupture of its relations with Pakistan.
- The United States should continue to do everything possible to provide technical assistance to Pakistan to protect its nuclear arsenal, and to prevent the transfer of sensitive technology to third parties.
- The United States and India should hold urgent consultations to discuss whether their respective policies toward Pakistan might be improved.
- India should continue its efforts to convince Pakistan it need not fear destabilization by India in any way, including destabilization via Afghanistan.
- India should continue its bilateral negotiations with Pakistan on all outstanding issues, including the question of Kashmir.
- India should attempt to initiate quiet bilateral discussions with Pakistan on Afghanistan as well as trilateral discussions with Afghanistan.
- India and the United States should intensify their efforts to reach out to Pakistan civil society and its business community in an effort to strengthen and sustain democratic government in Pakistan.
- India's leadership should develop channels, including military-to-military, to talk with the Pakistan military.
- The United States and India should intensify existing law enforcement and intelligence cooperation on Pakistan-based terrorist groups.
- The United States should heavily condition all military aid to Pakistan on sustained concrete antiterrorist measures by the Pakistan military against groups targeting India and the United States, including in Afghanistan. Such military aid should be cautious regarding high-end weapons systems that have little utility in Pakistan's counterinsurgency or counterterrorism missions.

- Similarly, economic aid should be conditioned on Pakistan taking those steps necessary for such aid to be effective, notably transparency, accountability, and anticorruption measures.
- The United States and India should begin classified exchanges on multiple Pakistan contingencies, including the collapse of the Pakistan state and the specter of the Pakistan military losing control of its nuclear arsenal.

### *THE UNITED STATES, INDIA, AND THE CHALLENGES OF AFGHANISTAN*

The United States and India have a strong national interest in preventing Afghanistan from being again used as a base from which terrorist groups can launch attacks against the American and Indian homelands. Indeed, there are no important differences between Washington and New Delhi regarding objectives in Afghanistan.

Because of this congruity in national interests, India fully supports U.S. military engagement in Afghanistan. It believes a rapid and total American military withdrawal would be seen as a defeat, harming Indian national interests in multiple ways. Such a withdrawal would increase the likelihood of the radicalization of Pakistan, Indians assess, with consequent dangers to the safety and security of Pakistan's nuclear arsenal. The Pakistan military would likely be able to refocus its conventional forces entirely on its India front, perhaps encouraging greater anti-India terrorist attacks given a higher level of conventional deterrence along the Indo-Pakistani border. Indian security managers are wary of being again drawn into a civil war in Afghanistan, with Iran, Russia, China, Central Asian states, and Pakistan all supporting different proxies in a battle for influence.

Many in India want the United States to maintain a substantial military presence in Afghanistan over the longer term, well beyond 2014. Within the last year, however, in a possibly significant evolution within Indian thinking regarding the U.S. presence in Afghanistan, an element within the Indian strategic establishment is today more worried about Pakistan than even about Afghanistan. As a result, some in India are now willing to accept a much diminished U.S. military role in Afghanistan if it means greater U.S. pressure on Islamabad.

As this debate is taking place, the United States seeks to use the 2010 surge to alter fundamentally the dynamics of the nearly decade-long insurgency. It is too soon to know decisively whether this American approach will successfully drive the Afghan Taliban into meaningful negotiations with Washington and the Karzai government. Meanwhile, India has maintained its very large commitment of aid to Afghanistan, with the prime minister announcing in Kabul in June another \$500 million of assistance. New Delhi has cultivated extensive economic and cultural links with the Afghan people, renewing old ties between Afghan and Indian societies.

Though the United States has encouraged India's economic assistance to Afghanistan, it has been wary of triggering a Pakistan response that would negate any benefit to Afghan stability resulting from India's efforts. Pakistan is paranoid about India's presence in Afghanistan, as evidenced by the ever-increasing Pakistani tallies of imagined Indian consulates in the country. Indians point out that even if they wished to foment trouble in Baluchistan, as alleged, doing so does not require a physical presence in Afghanistan. Moreover, they note that such fears are contrary to the postindependence behavior of both India and Afghanistan, which—despite each having their own disputes with Pakistan—have never supported each other on them: India has never questioned the Durand Line and Kabul has never favored India on Kashmir. Nevertheless, Pakistani hostility toward an Indian role in Afghanistan is constant.

There are credible reports that Pakistani intelligence services were involved in attacks against the Indian Embassy in Kabul in 2008 and 2009, and suspicions of Pakistan state involvement in a number of attacks against Indian reconstruction personnel. At a minimum, Pakistan has retained links to terrorist and militant groups, such as the Afghan Taliban and the Haqqani network, in an effort to retain influence in Afghanistan. The safe haven these groups have found in Pakistan has complicated significantly U.S. efforts to disrupt insurgent and terrorist networks.

#### ***POLICY PRESCRIPTIONS***

- The United States should maintain a residual military presence over the long term in Afghanistan beyond 2014, if such a presence is acceptable to the government of Afghanistan.

- India should continue expressing its endorsement of this important American role.
- The United States should not allow Pakistan to exercise a de facto veto over the dimensions of Indian involvement in Afghanistan.
- The United States and India should increase their intelligence sharing regarding Afghanistan.
- India, with U.S. support, should continue to intensify its links with the Afghanistan government in the economic, diplomatic, and security domains. It should seek to be as transparent as possible with regards to its presence in Afghanistan.
- India should support U.S. efforts to negotiate Afghan reconciliation toward a lasting end to the war in Afghanistan.
- The United States should support India's efforts to engage all groups, including the Pashtuns, to ensure the territorial integrity of and internal balance within Afghanistan.
- The United States and India should urgently work together to initiate a regional contact group on Afghanistan that includes the United States, India, Pakistan, Iran, Russia, China, and Central Asian nations.
- The United States and India should discuss whether large-scale Indian training of Afghanistan security forces, either in Afghanistan or in India, would be beneficial. Such discussions should include consideration of possible counterproductive Pakistani reactions before deciding on any course of action.
- The United States should redouble efforts to encourage regional trade and economic integration regarding Afghanistan, including through conditionality of aid to Pakistan. Such efforts deserve sustained attention from high-level U.S. and Indian officials.
- The United States and India should begin a meaningful trilateral dialogue with Afghanistan as committed to during the Obama visit to New Delhi.

### *THE UNITED STATES, INDIA, AND THE RISE OF CHINA*

Any planning for a stable international order must acknowledge, and indeed seek to enlist, the role of China. The major consequences of



China's rise will be as influential as they are uncertain: is China going to use its great and increasing power as a leader in the organization of a world order with constructive multilateral cooperation and the maintenance of international equilibrium as goals, or is it going to assert itself in pursuit of perceived national interests in ways associated with hegemonic intentions, as ascendant powers have done in the past? Other states, especially those directly affected by Chinese actions and policies, would be prudent to prepare for either possibility, and Chinese policy-makers should not be surprised that others do not always see the record to date, and its implications, as reassuring. Chinese leaders should also appreciate that what other states do will be shaped by what China does.

Both India and the United States have major national interests that are best served by good relations with China; they would therefore like to seek the closest cooperation with Beijing. But both also find some Chinese actions incompatible with the reciprocal creation of goodwill. The United States and India therefore need to develop the closest cooperation with each other, and with other states that share in the objective of a peaceful, cooperative Asia, free of the excessive pressures of any single power. Neither India nor the United States desire confrontation with China, or to forge a coalition for China's containment. This report details the great range of issues and reasons that now call for a U.S.-India partnership, with managing China's rise as only one component of a multifaceted relationship. But what China does has become such an important factor in world affairs that it is natural that India and America should consult and consider possible reactions to what are as yet uncertain developments. Both states have a strong interest in pursuing strategies that maximize the likelihood of congenial relations with China. But this desire has to be reconciled with the overriding objective of preventing any nation from exercising hegemony over Asia.

Part of China's polity seeks what any country wants: to be economically successful, to be respected in the international sphere, and to increase the well-being of its populace. To the extent these are Chinese strategic objectives, China's rise does not threaten U.S. and Indian national interests. Opposition to hegemony is by no means opposition to the expansion of Chinese influence concomitant with its growing power, so long as that power is not injurious to its neighbors.

Chinese foreign minister Yang Jiechi said to Singaporean foreign minister George Yeo in July 2010, "China is a big country and other countries are small countries, and that's just a fact"—typifying what

evokes worrisome visions of how China's future statecraft might evolve. Moreover, heavy-handed PRC actions since 2007, which may have been the product of growing influence of China's People's Liberation Army in policymaking or a judgment in Beijing that the United States is in systemic decline, have been particularly worrisome for the United States, India, and other nations in the region. Witness:

- the test of an antisatellite weapon in January 2007
- incursions by China near the Bhutan-India-China tri-border region in late 2007
- attempts to prevent Asian Development Bank loans for water projects in the Indian state of Arunachal Pradesh in 2009 along with increasingly provocative statements regarding Chinese claims to that territory
- China's intentions to supply Pakistan with nuclear reactors as part of the Chashma-3 and -4 complex, in likely contravention of its Nuclear Suppliers Group obligations
- claims of China's "indisputable sovereignty" over the South China Sea, and statements in 2010 that such claims are a Chinese "core national interest"
- popular and official PRC responses to the detention of a fishing vessel near the disputed Senkaku/Daioyu Islands in September 2010
- Beijing's treatment in 2010 of Indian citizens from Jammu and Kashmir as resident in a disputed territory for purposes of Chinese visas
- China's denial of a visa to the head of the Indian army's Northern Command in 2010 because of Jammu and Kashmir's location in his area of responsibility
- Chinese involvement, funding, and access to several dual-use facilities along the Indian Ocean littoral, often referred to as a "string-of-pearls" policy by U.S. and Indian analysts
- potential PRC plans to dam the headwaters of the Brahmaputra River, with possibly devastating implications for all lower riparian states including India

Within the last several months, China has seemed to recalibrate its actions and statements to appear less forceful, broadly speaking and bilaterally, vis-à-vis India. This change in tack may have resulted from

the almost uniformly negative reactions Chinese behavior elicited on the global stage and particularly from other Asian nations. The international system signaled to China that its behavior was inappropriate, and China positively responded—at least tactically—to those signals. This outcome may point to one model for managing China's rise.

Many Indian observers, convinced that the PRC is attempting to systematically slow India's ascent as a great power, are wary of U.S. policy toward China. Various formulations early in the Obama administration by Secretary of State Hillary Clinton that the U.S. relationship with China “will be the most important bilateral relationship in the world in this century” produced considerable concern in New Delhi, leading to apprehension that the United States might entangle India in efforts to manage China's rise, only to abandon India subsequently in favor of Beijing. Statements from Washington about the centrality of the U.S.-China relationship are seen as difficult to reconcile with any real American commitment to a stronger India, and lead Indians to question the wisdom of partnering with the United States on Asian security. Conversely, bellicose statements from American strategists about the current need to contain China because of its aggressive behavior and purported strategic intentions are seen in India as reckless because they might provoke China toward the very behavior such policies ostensibly seek to avoid.

For their part, American officials are sometimes anxious about India's participation in perceived anti-U.S. forums such as the Russia-India-China trilateral or the Brazil-Russia-India-China-South Africa (BRICS) mechanism, and about Indian criticisms in those meetings of Washington's policies. Indian uncertainties about the United States' real intentions toward China and India have equivalent American concerns about Indian attitudes. Though ambiguity regarding intentions is impossible to eliminate entirely, both countries must seek closer dialogue and collaboration in part as an effort to minimize misperception.

The United States and India will have a challenging task in the period ahead in determining which joint policy responses toward China can be explicit or implicit, public or private. Even so, Chinese external behavior in recent years has stimulated New Delhi and Washington to enhance their dialogue on East Asia. There are now regular sessions between the U.S. assistant secretary of state for East Asian and Pacific affairs and the Indian Ministry of External Affairs joint secretary for East Asia. India and the United States also collaborate in regional multilateral forums,

notably the East Asia Summit and the Association of Southeast Asian Nations (ASEAN) Regional Forum. As the United States has sought to integrate China and its neighbors into a system of interlocking regional organizations both to moderate Chinese behavior and to provide a variety of mechanisms for peaceful resolutions of disputes, the participation of India along with the United States in these forums makes these tasks less complicated.

Over the last two decades, India has sought to enhance its ties to Southeast and East Asian nations. More recently, it has begun to pursue increased military interaction with important regional states, notably Japan, Singapore, Malaysia, and Indonesia. One element of this outreach has been periodic multilateral military exercises, including several U.S.-India-Japan exercises in 2007, 2009, and 2011 and one larger exercise involving the United States, India, Japan, Australia, and Singapore in 2007. Periodic diplomatic discussions among representatives of the United States, India, Japan, and Australia (the so-called Quad) began in the wake of the 2004 tsunami, but have not occurred since 2007. These efforts are part of a long-overdue evolution of India's "Look East" intentions, aimed at consolidating India's bilateral and regional ties in their own right, regardless of China's actions, but which also could serve as a useful basis for influencing China in cooperative directions.

Though India's diplomatic and security reach in Asia has expanded, it is still limited. As Foreign Minister Yeo of Singapore publicly stated during a December 2010 visit to India, "I wish India had more diplomats and trade officials to cultivate each ASEAN country assiduously, the way China does. . . . When it comes to India, I find that you are a bit short staffed when it comes to external diplomacy." India needs to go beyond its Look East policy and instead "Be East" with continual and concrete Indian regional engagement.

The United States and India have thus far not systematically discussed their shared interest in Chinese economic activities. Chinese macroeconomic policy bolsters China's export sector through interventions in the international currency market and thus harms both the United States and India. Although bilateral trade between India and China is expanding rapidly, it resembles in some ways old patterns of North-South trade through which China imports raw materials from India and exports finished products in return. Indian industry is suspicious of Chinese exports that appear to cost little more than the price of the input materials.

*POLICY PRESCRIPTIONS*

- The United States should persistently express its strong support for India’s peaceful rise as a crucial component of Asian security and stability writ large. Its separate search for positive engagement with the PRC should not be made to appear its paramount aim, and certainly not as superseding its shared national interests with India.
- India should continue to welcome the U.S. presence in the Asia-Pacific as an indispensable contribution to Asia’s stability, peace, and security.
- Both countries should emphasize their constructive, stabilizing, and amicable purposes and endeavor jointly and individually to enlist China’s cooperation on matters of global and regional concern.
- To this end, both the United States and India should intensify their joint efforts to forge a global framework of intergovernmental institutions designed to engage China and obtain its integration into Asia and the international system. U.S.-Indian cooperation in the East Asia Summit and Association of Southeast Asian Nations Regional Forum provides a template for this sustained endeavor.
- Such multilateral efforts with China’s participation are not inconsistent with other consultations without it. The United States and India should resume regular meetings among the so-called Quad states (the United States, India, Japan, and Australia), which should periodically invite participation from other like-minded and influential Asian nations such as South Korea, Indonesia, Singapore, and Malaysia.
- The United States and India should regularly brief each other on their respective assessments of issues involving China and intensify productive dialogue and consultations regarding Asian security.
- India should greatly expand its diplomatic and military engagement with all states in the Indian Ocean littoral as well as East Asia, intensification that the United States should support.
- The United States should explicitly stress its national interest in preserving India’s security and territorial integrity as well as its support for a strong Indian military able to deter and defeat aggression.
- U.S.-India economic dialogues should include policies to respond to Chinese currency market interventions and tools to combat predatory pricing by Chinese firms.

## *THE UNITED STATES, INDIA, AND A TRANSFORMED MIDDLE EAST*

West Asia, as Indians call it, and North Africa are going through a historic transition. In the midst of the great uncertainties that these changes impose on this region, the United States and India share vital national interests in ensuring reliable energy flows from the Persian Gulf, combating the spread of Islamic extremism, and preventing any further nuclear proliferation. India has an added stake in Middle Eastern stability, both because it is more dependent on oil exports directly from the Gulf and because of the estimated five million Indian expatriate workers throughout the Middle East who remit billions of dollars to India annually.

However, U.S. and Indian policies to this region have differed most importantly over what can be done to arrest Iran's nuclear proliferation. Indian officials consistently state their opposition to further nuclear proliferation in India's neighborhood, especially by states that previously made commitments under the nonproliferation regime, but New Delhi's strategic elites are skeptical international pressure on Iran will dissuade Tehran from its nuclear ambitions. Having been at the receiving end of sanctions, India is reluctant to espouse this specific instrument of statecraft. Many Indians thus oppose India's participation in selective and ad hoc sanctions that Washington and the Western powers have enforced against Iran. New Delhi's policy assessments also flow in part from India's strategic situation, where it remains reliant on Iran for transit to Afghanistan and Central Asia because Pakistan refuses to provide such access. Without port facilities and transshipment routes through Iran, India would be hampered in its ability to trade with and invest in Central Asian economies, effectively cut off from resources in the region, and unable to provide significant assistance to Afghanistan. Further still, uncertainty over U.S. policy in Afghanistan makes New Delhi unwilling to damage significantly its relations with Iran, a country with which it has partnered in the past when the Taliban ruled in Kabul.

India has favored a much less interventionist policy in West Asia than the United States. Despite India's commitment to democracy, it has been a passive supporter of the wave of transitions through West Asia and North Africa. It notably abstained from the UN Security Council resolution authorizing intervention in Libya. Many Indian analysts reject a trade in which many near-term strategic downsides

for India in the Persian Gulf are exchanged for at best uncertain future strategic benefits in the broader Arab world. New Delhi and Washington take different views on the possible results of elections in Arab countries. India has concerns that these would weaken secularism and boost fundamentalism in the region, while the United States sees elections as helping reduce the appeal of militant Islam. Importantly, India's own large Muslim population—with large Indian Sunni and Shia populations—has reinforced a sense of caution in India's policy toward West Asia.

Even so, over the last decade, India has quietly transformed its relations with Israel. This change in India-Israel relations, though not unnoticed, has not received the attention it is due by U.S. commentators. India now contributes substantially to the security and economy of Israel. India buys nearly half of the Israeli defense sector's exports and has become one of Israel's largest trade partners. At the same time, India has adroitly managed to befriend the most important actors in the conflict-prone region. India maintains strong relations not just with Israel, but also with Iran and Saudi Arabia, a feat accomplished by very few other nations in the international system. But India's ability to stay disengaged from regional conflicts will be challenged if Iran decides to pursue an overt nuclear weapons capability or if Israel or the United States launches a preventive strike on Iranian nuclear-related sites.

### ***POLICY PRESCRIPTIONS***

- Given its vital national interests connected to West Asia, particularly the Persian Gulf, India should significantly expand its diplomatic, economic, and political interactions with the region.
- The United States should warmly welcome in Arab capitals this increased Indian commitment to the Middle East.
- If there is Arab interest and agreement, the United States and India should collaborate on a multiyear, multifaceted initiative to support and cement other democratic transitions in the Middle East. Such an effort would not be a repackaging of past efforts at democracy promotion that previously made India nervous. Nor would such an effort seek to impose transitions on reluctant societies. Rather, it would respond to aspirations already articulated by large segments of these societies. Such an initiative would entail: large-scale, tailored assistance of various forms and through various channels

- (government-to-government and bilateral and multilateral nongovernmental organizations); joint focus on building the infrastructure of political democracies and market economies in these transitioning societies; expert assistance from multiple U.S. cabinet departments and Indian ministries, including the newly created Indian Election Institute, recently established to train personnel in transitioning democracies; and U.S.-India quiet efforts at coordination through regular meetings of relevant senior officials from both governments.
- U.S. and Indian aid to transitioning Arab states should be conditioned on sustained progress on domestic political and economic reforms.
  - The United States and India should consider trilateral consultations with a number of regional regimes, including Saudi Arabia, Jordan, Qatar, Bahrain, and the United Arab Emirates.
  - The United States and India share support for the existence and security of both Israel and Palestine. They should consider means to support the latter's development as a stable state and polity.
  - West Asia and North Africa should feature more prominently in the U.S.-India Strategic Dialogue and the U.S.-India Defense Policy Group talks, complementing the West Asia Dialogue begun by both countries in July 2011.
  - India should continue to urge Iranian compliance with its international obligations regarding nuclear nonproliferation.
  - India should intensify discussions with Iran concerning the stability of Iraq and Afghanistan.

### *U.S.-INDIA INCREASED ECONOMIC COOPERATION*

India has unleashed its economic potential at a time when its demographic trends are most favorable. Having survived the global economic crisis in 2007 and 2008, India's high rates of growth appear to be self-sustaining, driven in large part by domestic demand. A successful India provides an important example for other South Asian states. If paired with regional economic integration, India could serve as a driver for trade, investment, and wealth generation on the subcontinent. In Asia more broadly, India demonstrates that strong growth and democracy can be complementary, and provides an alternative model of growth



reliant on domestic demand—rather than export performance based on state intervention in currency markets.

India's rising great power status is contingent on continued economic success both in absolute and relative terms. If Indian growth slows, this has consequences not only for the welfare of India's citizens, but also for India's ability to project power and influence in Asia and globally in concert with the United States. Thus for its own strategic benefit, Washington should pursue policies designed to encourage and facilitate continued Indian economic success. A confident and ever more prosperous India with an increasingly influential international voice will serve a variety of American national interests.

Trends in the bilateral U.S.-India economic relationship are mixed. U.S.-India bilateral trade continues to grow briskly, but is modest in absolute terms. India is only the United States' twelfth-largest trading partner, whereas the United States is India's third-largest after the United Arab Emirates (an entrepôt to South Asia) and China. The United States remains one of India's top providers of foreign direct investment, though inflows from the United States have faltered in the last year, according to Indian government statistics. India's modest foreign direct investment in the United States has grown at an annualized rate of over 50 percent during the last decade, but this impressive growth rate is attributable mostly to a low starting point. Indian firms have concentrated their investments into the U.S. information technology industry, but have also demonstrated strong interest in investing in the power, steel, pharmaceutical, and health-care sectors.

U.S. and Indian government efforts to facilitate trade and investment have been anemic in recent years. President Obama did announce important export control reforms during his November 2010 visit to India, but little progress has been made in implementing these new policies or reaching agreements to encourage higher levels of bilateral trade and investment. The United States and India have not begun negotiations on a free trade agreement (FTA). Meanwhile, India is nearing an FTA with the European Union, signed an FTA with Japan earlier this year, and concluded FTAs with ASEAN members and South Korea in 2010. Despite lackluster U.S. foreign direct investment, discussions on a U.S.-India bilateral investment treaty (BIT) are stalled as the U.S. executive branch continues discussions with the U.S. Congress on a new "model BIT" that will serve as a template for negotiations with India and all future BIT partners.

The United States and India have collaborated well in multilateral forums, most notably the Group of Twenty (G20). However, both countries' principal interlocutors on economic matters are overburdened by responsibilities. As a result, U.S.-India dialogues on economic matters have failed to forge deeper bilateral economic ties, let alone serve as a forum for creative and active problem solving on international economic issues. Though the U.S.-India CEO Forum has proven to be a beneficial source of ideas for encouraging trade and investment, its composition of representatives of large firms in both countries may fail to respond to the needs of small and medium enterprises in the two economies.

The United States and India have had past differences in international trade negotiations, but in recent years the relationship between U.S. and Indian negotiators has shifted from confrontation toward greater cooperation. Difficulties remain, but if U.S. and Indian officials can find a way to accommodate India's needs, particularly regarding agricultural trade, the United States and India may be able to lead the way forward in resolving the multiyear impasse in global trade talks. Given their respective positions of leadership in the developed and developing world, a U.S.-Indian push to favorably conclude the Doha Round would dramatically increase the odds of further global trade liberalization.

In certain areas of the Indian economy private enterprise is still stifled by older regulations. In both finance and organized retail, Indian restrictions are often far more stringent than those in other advanced or middle-income economies. U.S. firms have managerial and technical expertise in these sectors and would welcome opportunities to compete and conclude joint ventures with Indian firms. The goal of reform in India should not be to allow greater foreign access, but rather to encourage dynamic, private-sector-led growth in these areas. Foreign collaboration should occur to the extent it makes market sense. Reforms in finance and organized retail can have important benefits for India's poor. Western organized retail firms, such as Walmart, Tesco, and Carrefour, have considerable experience in vertical integration of food supply networks, which would lead to less food wastage and resultant benefits both for India's farmers and Indian consumers buying food on limited incomes. Entry of such firms would likely lead to increased sourcing of purchases to Indian enterprises. In finance, outside firms could be particularly helpful in promoting banking through mobile

telephony. Given the wide use of mobile phones by India's poor, this could dramatically improve access to banking services in rural India.

An important element of India's economic growth is access to high technologies. In the United States, the bulk of research and development occurs outside direct state control. As a result, there are important limits for the ability of government-to-government arrangements to propel beneficial collaboration. The bulk of basic research continues to occur in U.S. universities and colleges, which are already rapidly expanding their relationships with Indian institutions of higher education. Educational reforms that ease access to the Indian educational marketplace for U.S. institutions will only increase their interest in India. Educating Indian students will generate a natural halo effect of encouraging collaborative research involving established and young Indian academics.

#### ***POLICY PRESCRIPTIONS***

- The United States and India should seek to negotiate a bilateral investment treaty. Given the long internal review of the model BIT within the United States, it may be appropriate to propose India-specific language at the outset if the internal review cannot be concluded expeditiously.
- The United States and India should transition the Strategic Dialogue co-chaired by the U.S. secretary of state and Indian minister of external affairs to a Strategic and Economic Dialogue, bringing in additional cabinet- or minister-level co-chairs to discuss economic and trade matters.
- The United States and India should begin preliminary discussions on a free trade agreement, but recognize that it may not be politically possible in the United States to conclude negotiations in the near term. Given the multiyear negotiations required so far on the EU-India FTA, preliminary discussions could usefully shorten the timeline should the political climate in the United States change in the future.
- The United States and India should hold high-level consultations to consider a joint approach to the Doha Round of world trade talks.
- The United States and India should create a forum for small and medium-sized enterprises to complement the U.S.-India CEO

- Forum. Such a mechanism could be modeled after a similar grouping established by the United States and Turkey in 2010.
- India should continue reforms as rapidly as possible of its financial and organized retail sectors, including allowing access to foreign firms.

## *U.S.-INDIA CLIMATE CHANGE AND ENERGY TECHNOLOGY COLLABORATION*

Addressing India's energy needs and combating global climate change are clearly connected to the vital national interests of both countries. At one level, India's energy requirements are a critical bottleneck limiting the capability of its economy to grow and its citizens to become prosperous. India's ascent to great power status would be complicated by energy shortfalls. Demand is outstripping production in all classes of fuels already, and Indian energy production needs are set to quadruple over the next twenty years. Meeting India's requirements with clean and efficient energy sources is necessary to prevent massive increases in the production of greenhouse gases, with corresponding implications for climate change. India itself is highly vulnerable to the consequences of climate change. It is dependent on seasonal weather patterns that may be affected by global warming, its long coastlines are endangered by rising sea levels, its already high population densities might struggle to accommodate added human migration from affected areas, much of its riverine system is fed by glacial water flows, and it is highly reliant on agricultural production that might suffer under the added strains of climate change.

The United States is going through its own energy transition and imports a quarter of its energy needs, creating a drag on the U.S. economy and comprising nearly half of the U.S. balance of payments deficit. U.S. interest in finding partners in energy innovation is self-motivated, even if the benefits of such innovation will be experienced more widely. More importantly, the United States must reduce its own greenhouse gas emissions if global climate change goals are to be met. The United States is the second-largest emitter of carbon dioxide (behind China) and the largest emitter of carbon dioxide per capita of any major power. Both comprehensive energy innovation and additional regulations in the United States will be necessary to achieve shared goals of greenhouse gas reduction.

India faces unique energy and appliance requirements because many of its neediest energy consumers are least able to afford expensive goods. Given India's huge population, small individual demands can aggregate to huge national-level requirements with global implications. Tailored solutions focused on the interface between energy needs and poverty will be a necessary component to climate change and energy technology cooperation between India and the United States.

International climate change negotiations during December 2010 in Cancun, Mexico, authorized the creation of a Climate Technology Center (CTC) promoting clean energy technology development and transfer. The primary purpose of the CTC is to "facilitate a network of national, regional and international technology networks, organizations and initiatives" focused on advancing a global clean energy agenda. Various views among the negotiating parties have emerged on the relative roles of the center and the broader network, with the presumption that the CTC would be located in a traditional UN hub (for example, Geneva) and the larger network connecting the CTC to operations in the field. A more decentralized distributed framework that takes the form of several stronger regional hubs, including one in India, may be better able to develop and distribute innovations at a scale commensurate with the challenge.

More than 400 million people in India do not have access to electricity and approximately 37 percent of the population lives under the poverty line—particularly in rural areas. Experts have proposed a Joint Innovation Center to Provide Clean Energy Services to the Poor, creating an institution that would focus on developing practical solutions for development and climate change needs through a bottom-up approach. Specifically, such a center would design needs-based technology and finance products, create new segment-based financing designed for people in poverty, establish reverse market linkages such that a supply chain does not necessarily flow from the rich to the poor, and work with the poor as engaged partners rather than only as targeted beneficiaries.

One of the biggest hurdles to clean technology cooperation is concern over infringement of intellectual property rights. One certain way to avoid this is through open source collaboration. The Indian government has been successful using this technique in a \$35 million drug discovery project. A similar approach holds potential for clean energy collaboration. On the low-tech side, an open source system could

accelerate innovation in energy access technologies like solar lanterns and cook stoves by providing business models and interactive platforms that could marry innovators with distributors. On the high-tech end, it could be used for everything from software development for smart grids to the creation of next generation biofuels.

The United States and India could also pursue reductions in barriers to trade in environmental goods and services. Paragraph 31(iii) of the Doha Ministerial Declaration asks World Trade Organization member countries to consider the reduction or elimination of tariff and nontariff barriers to trade in environmental goods and services. Particularly if the Doha Round of world trade talks is permanently stalled, the United States and India could pull this part of the agreement out in a bilateral context, which could be expanded with other partners, potentially delivering a triple dividend of climate and environmental benefits, lowering costs for clean technology by increasing production, and making these products more quickly available to rapidly growing countries around the world.

The United States and India have long sought to recapture the public imagination with scientific collaboration in the agricultural sector, building on the success of the Green Revolution. This should be encouraged, but the shifting nature of U.S. research and development makes it difficult to replicate that past success. Privately funded research entities cannot be compelled to cooperate nor can they be forced to transfer technology or intellectual property rights. The need is still present for collaborative research and applications of that research to India's unique needs, particularly as climate change makes drought- and stress-resistant food sources even more important for the livelihood of Indian farmers and the food security of India's populace.

One area in which the two governments might play a leading role with important symbolic benefits is on tracking and predicting India's monsoon. Half of India's labor force works in the agricultural sector, directly dependent in most instances on the success and timing of the monsoon. With climate change, the monsoon's path and timing will likely change, complicating an already difficult prediction challenge. In 2010, the United States and India announced they would enhance collaboration on monsoon forecasting and research. The U.S. National Oceanic and Atmospheric Administration (NOAA) agreed to create a monsoon forecast desk in the United States, to train visiting Indian

scientists, and to provide India with access to NOAA's Climate Forecast System.

According to the United Nations, "deforestation and forest degradation, through agricultural expansion, conversion to pastureland, infrastructure development, destructive logging, and fires, account for nearly 20 percent of global greenhouse gas emissions, more than the entire global transportation sector and second only to the energy sector." Though India has a strong record on forest conservation, 40 percent of Indian forest is still open and degraded land without adequate tree cover. Development needs and population pressures make forest conservation a difficult and often controversial issue.

In December 2009, the parties to the United Nations Framework Convention on Climate Change (UNFCCC) agreed to create two targets for international climate finance: \$30 billion in fast start finance from 2010 to 2012 and a Green Climate Fund to mobilize \$100 billion annually starting in 2020. But the gap in current commitments for climate financing between 2012 and 2020 is striking. This is particularly troubling since financial flows will be necessary to meet the 2020 mitigation targets that have been made by developing countries. Though the UN High-Level Advisory Group on Finance considered taking up this gap in its November 2010 report, in the end the group decided it was beyond its mandate. A joint U.S.-India push to put this interim finance period on the international agenda, with a particular focus on using this period to investigate private sources of finance for the Green Climate Fund, could advance this critical conversation.

In addition to pursuing near-term cooperation, both countries should also explore opportunities to engage in higher risk technology cooperation with potentially greater benefits. One area that would engage scientists and engineers in both countries' energy and space sectors is space-based solar power. This technology would involve very large solar arrays in continuously sunlit orbit that collect electrical energy, beam it to Earth, and receive it on the surface. A 2007 report by the U.S. Department of Defense's National Security Space Office explicitly listed India as a potential partner for this technology, which admittedly would require considerable joint cooperation before it was economically viable. A successful effort, however, could provide unprecedented levels of clean and renewable energy.

***POLICY PRESCRIPTIONS***

- The United States and India should begin regular, cabinet-level meetings focused on bridging policy disagreements on climate change and identifying creative areas for collaboration. Given the number of cabinet ministries or departments in both governments with equities in climate change and energy technology, each should appoint a cabinet-level representative responsible for intensifying this dialogue.
- The United States and India should seek the creation of a more decentralized distributed framework for the Climate Technology Center, to take the form of several strong regional hubs, including one in India.
- The United States and India should support and strengthen the India-U.S. Joint Clean Energy Research and Development Center announced in November 2010 by increasing funding commitments to supplement the initial \$50 million pledged by both governments as well as expanding the scope of work beyond the initial targeted sectors of solar, biofuels, and energy efficiency.
- The United States and India should announce and provide seed funding for a U.S.-India Center for Open Source Clean Energy Innovation to develop open source technological innovations that can then be provided to the private sector for use in marketable products.
- The United States and India should establish and fund a U.S.-India Monsoon Center in India.
- The United States should play a bigger role in supporting India's efforts to combat deforestation through the United Nations Collaborative Program on Reducing Emissions from Deforestation and Forest Degradation (REDD) and bilaterally.
- The United States and India should create and fund a Joint U.S.-India Innovation Center to Provide Clean Energy Services to the Poor focused on creating a bottom-up framework for accommodating the local needs and conditions of Indian citizens.
- The United States and India should collaborate to prioritize discussion of interim arrangements for climate change financing and climate finance governance in international organizations and forums.
- Relevant U.S. and Indian government agencies should conduct a joint feasibility study on a cooperative program to develop space-based solar power with a goal of fielding a commercially viable capability within two decades.



## *U.S.-INDIA DEFENSE COOPERATION*

U.S.-India defense cooperation has progressed from an almost standing start with little to no cooperation in 2001 to a full-fledged, wide-ranging relationship between two world-class militaries today. Exercises between all military services are now commonplace. The United States regularly competes for and wins competitions to supply India with high technology defense hardware. American firms have secured contracts totaling more than \$8 billion in the last four years even as more near finalization. U.S. and Indian defense scientists have begun to interact and collaborate on shared research projects. The U.S. and Indian militaries routinely cooperate to confront global challenges. In recent years, U.S. and Indian forces have collaborated on disaster relief missions, coordinated efforts to safely extract their citizens from zones of conflict, and worked together to combat piracy. Notably, after September 11, 2001, India offered the United States access to Indian facilities to enable operations against the Taliban and al-Qaeda in Afghanistan and the Indian navy escorted high-value U.S. vessels through the Strait of Malacca in 2002. U.S. and Indian officers and soldiers regularly exchange expertise on search and rescue operations, air combat, air transport, rotary aircraft operations and maintenance, logistics, special operations, jungle and high-altitude warfare, amphibious operations, and antisubmarine warfare, to name just a few areas. U.S. and Indian military intelligence professionals have multiple forums in which they can share information and discuss analysis, one of several areas of collaboration enabled by the General Security of Military Information Agreement signed by both countries in 2002.

There are, however, still many challenges to overcome. The United States, given its wide range of defense relationships globally, has grown accustomed to routine enabling agreements to permit cooperation. India has been reluctant to sign documents with the United States, demonstrating a preference for either tacit understandings or India-specific agreements over standard U.S. templates. After years of discussions, the United States and India reached agreement on end-use monitoring for U.S.-origin defense hardware in 2009, but have not yet concluded a Logistics Support Agreement, a Communications Interoperability and Security Memorandum of Agreement, or a Basic Exchange and Cooperation Agreement for Geospatial Cooperation. The lack of Indian signature on these bilateral defense agreements

impedes the ability of the U.S. and Indian militaries to cooperate and limits the types of defense hardware the United States can provide to its Indian counterparts. Even so, both countries' defense professionals have been able to carry on robust defense engagements, including logistic support during exercises, port visits, and exchanges of personnel for training. Further efforts will be needed to arrive at agreements that are consistent with the interests of both sides. Since 2007, India has also been reluctant to undertake multilateral exercises with the United States, with the notable exception of U.S.-India-Japan naval exercises in 2009 and 2011. In general, India prefers bilateral military exercises, but its support of the U.S.-India-Japan trilateral engagement is expected to continue despite India's general view that multilateral military exercises are inconsistent with its near-term policy objectives.

Defense cooperation has benefited both nations, driven by shared U.S. and Indian national interests and the competence of military professionals in both countries. This is clearest in the realm of maritime security. Navies often can more easily cooperate away from shores and their accompanying political controversies. The U.S.-India joint track record bears this out. The two navies, along with their Japanese and Australian peers, cooperated during the post-2004 tsunami relief efforts; more recently, the Indian navy has devoted considerable resources and taken risks in confronting the piracy threat off the Horn of Africa, and is now one of the most active participants in antipiracy operations there and elsewhere in the Indian Ocean.

A strong, capable Indian military promotes U.S. national interests. A strong, capable U.S. military promotes India's national interests. India is a net security contributor on many issues of transnational concern, from antipiracy to disaster relief to peacekeeping. Indian interests in maintaining flows of commerce and protecting energy routes in the Indian Ocean are identical to those of the United States, and the Indian navy is one of the few organizations capable of performing maritime security tasks over this vast expanse.

The Indian military is one of a few peer organizations to the U.S. military where bilateral training and exercises generates real learning and insights in both directions across the range of contemporary military threats. Most important, it is in the U.S. national interest that the Indian military is able to deter military threats and defeat acts of aggression against India. In short, a militarily strong India is a uniquely stabilizing factor in a dynamic twenty-first-century Asia.

But India, outside of the U.S. alliance structure during the Cold War and previously outside of the global nonproliferation regime, is still penalized by archaic U.S. export control policies and laws. Though both the Bush and Obama administrations have made significant reforms to remove some of these constraints, many hurdles still complicate efforts at cooperation in sensitive defense areas. This bureaucratic and regulatory lag in adjusting to India's new role is contrary to the intent of U.S. policy articulated at the highest levels of government, and—more important—is inconsistent with U.S. national interests.

The U.S. commitment to technology cooperation could be symbolically demonstrated by a high-visibility, high-difficulty collaborative research and development project. Indian interest in building an indigenous aircraft carrier, developing new missile defense technologies and a fifth-generation fighter, and working on advanced supersonic and hypersonic aircraft propulsion technologies are just a few examples of possible areas of fruitful bilateral cooperation. Such a joint project, in addition to its intrinsic benefits, would also force recalcitrant bureaucracies to overcome old barriers to cooperation.

Even with bureaucratic and political will, enhanced collaboration will be restrained by the current state of India's public and private-sector defense establishments. India has to modernize its Defence Public Sector Undertakings and the Defence Research and Development Organisation laboratories to permit fruitful joint efforts with the United States. India's domestic defense production and research and development capability currently lags far behind many of its friends and potential competitors. The United States should welcome and encourage reforms that create a more capable indigenous Indian defense sector. Part of those reforms will likely entail a much greater reliance on Indian private enterprise. High technology joint ventures between U.S. and Indian firms will increase as India eases restrictions on foreign direct investment in the defense industry.

Cooperation is amicable but still not routine in other areas. U.S. vessels regularly transit through the Indian Ocean, but port visits to India by U.S. vessels are still infrequent. Both sides should encourage more visits, which generate greater understanding and mutual trust. U.S. aircraft en route to Afghanistan currently fly around Indian airspace in deference to Pakistan sensitivities. It would be much faster and less expensive for these aircraft to fly through Indian air space, particularly if India allowed refueling at Indian air bases.

The U.S.-India defense relationship still carries old memories of antagonism during the Cold War and past episodes of perceived U.S. unreliability. Over the last decade, much of that distrust has eroded. Defense cooperation is ultimately an instrument of national power and its intensity will reflect the trust and shared interests of both nations' political leadership. For many Indian officials and military officers, it will be difficult to fully trust the United States as long as it continues to provide Pakistan with high-end conventional weapons systems, which have little conceivable use except in a confrontation with India. Their provision not only takes resources away from Pakistan's counterterrorism and domestic security efforts, but also subsidizes a conventional arms competition with direct costs for India.

#### *POLICY PRESCRIPTIONS*

- The United States should treat India as equivalent to a U.S. ally for purposes of defense technology disclosure and export controls of defense and dual-use goods, even though India does not seek an actual alliance relationship.
- The U.S. and Indian defense establishments should identify a high-visibility, high-difficulty, long-term joint collaborative research and development project. Possible candidates include long-endurance unmanned aerial vehicles, advanced jet propulsion technology, missile defenses, next generation trainer aircraft, and assistance in the construction of aircraft carriers. The collaboration should be a forceful engine of change, involving cutting-edge technologies, rather than tinkering at the margins.
- The United States should begin initiatives to train and provide expertise to the Indian military in areas in which India's defense establishment is currently weak, but where India's civil and private sector has strengths. Two candidate areas are space and cyberspace operations.
- The United States should help strengthen India's indigenous defense industry.
- The United States should allow liberal export licenses to U.S. defense firms interested in helping Indian public sector undertakings in improving indigenous hardware, such as the Tejas light combat aircraft or the Dhruv helicopter.

- The United States and India should continue to deepen maritime security cooperation throughout the Indian Ocean region and in the Asia-Pacific generally as a centerpiece of the defense relationship.
- India should offer facilities for more port visits of U.S. Navy vessels transiting through the Indian Ocean and facilities for U.S. military aircraft transiting near India.
- India should undertake real modernization of its Defence Public Sector Undertakings and Defence Research and Development Organisation laboratories and consider raising current limits on foreign direct investment in the defense industry.
- India should sign outstanding bilateral defense agreements with the United States or, at a minimum, identify any objections to draft texts that have awaited Indian signature for years.

## Conclusion

While freeing themselves from the constraints bequeathed by yesterday, the two countries need to seek ways to overcome the obstacles today presents. Both have distinct approaches toward a number of issues, even those on which this group finds they ought to work together most closely. In particular, the two countries with the greatest regional impact on India's strategic frontiers, China and Pakistan, involve both shared and divergent aims for India and the United States. For example, as this report has elaborated, both countries need and desire a stable Pakistan, but the campaign in Afghanistan requires Washington's close cooperation with the Pakistan military, which is the most consistent and powerful opponent to any improvement of Indo-Pakistani relations and continues to perceive terrorist groups as sometimes useful allies. With al-Qaeda and the Taliban entrenched on either side of the Afghanistan-Pakistan border, no one has found a strategy that could defeat them without Pakistan's unequivocal cooperation, which billions of dollars of aid has failed to elicit. Those in charge of Pakistan—in effect its army—keep providing enough cooperation to prevent a rupture in the relationship with the United States, while maintaining ties with terrorists in order to achieve perceived strategic ends, such as weakening India. Washington, like everyone else, has no answer to the Pakistani stratagem of pointing to all the worst that would follow a cessation of aid.

Despite its vulnerability to the huge internal problems threatening its very survival, Pakistan remains ambivalent on terror and obsessed with India. This complicates—but does not prevent—the creation of a shared policy agenda for Washington and New Delhi in South Asia and more broadly. For all Washington's earnestness in wanting to “dehphenate” India and Pakistan, its cooperation with the one continues to inhibit or frustrate its efforts with the other. While many in New Delhi understand Washington's dilemmas, and the problems that might arise

if cooperation with the Pakistan army was made too conditional, many others feel upset at the robust flow of military aid to one of India's hardest opponents, with much of the military hardware seemingly usable only against India. This basic disjuncture generates misunderstanding between the two countries and their strategic elites, and understandably makes it difficult to work out specific ways that each of us should approach Pakistan. It is simply not possible to draw detailed road maps: one can only indicate a general direction, leaving it for either country to negotiate the hugely bumpy roads as best they can as they go along.

In regard to China also, dilemmas and ambivalence of approach are evident in both New Delhi and Washington. But more so than most other contentious issues, the difficulties of achieving genuine cooperation on China are more symptomatic of lingering attitudes than conflicting strategic goals. India's leaders remember a past when the United States was viewed as actively preventing India from securing its national interests, while American leaders have few memories of India helping the United States without protracted and painful negotiations. These memories are caricatures of the past, but they are not entirely fiction. Just as developments in the bilateral relationship began to erode these negative images, both countries have been distracted away from their ties with one another. What is ironic is that this period of renewed skepticism in the U.S.-India relationship by some in New Delhi and Washington has come about at a time when U.S. and Indian views on China and Pakistan are arguably more congruent than they have been previously. This is not to minimize the gaps that remain, but the conceptual distance has decreased substantially over the last decade on the problems of deepest concern to both countries.

What accounts for this perception of deceleration in the relationship, then? The most senior political leaders in both Washington and New Delhi are focused on domestic political challenges. The United States has lurched from one fiscal crisis to another over the last year, requiring constant attention from senior leadership in the White House and Capitol Hill. India has faced a series of scandals over corruption that has occupied the attention of South Block and the Congress Party leadership. The remaining time of senior leaders in both capitals is largely occupied by urgent crises elsewhere on the globe, be they relatively new events (Arab Spring, Libya, European economic crisis, etc.) or long-running challenges (Iraq, Afghanistan, Iran, Pakistan). The custodians of the relationship when senior attention is elsewhere are both nations'

bureaucracies. Here, the organizational cultures of both systems sometimes bring out the worst in each other.

This report does not seek to minimize these current obstacles to an improved relationship. All of us involved in preparing this report believe the bilateral relationship deserves attention precisely because of the danger that a truly fruitful transformation in U.S.-India ties might be lost, or at a minimum delayed unnecessarily. Whatever the passing considerations, including the doubts and hesitations on both sides, we are convinced, for the reasons elaborated, that both countries seek and will continue to seek the same objectives based on their shared national interests. For all its continuing power, the United States cannot do it alone, and could do it better with India as a partner; and for all its potential power, India cannot do it alone, and could do it better, with the United States as a partner—indeed, it may well find that, whether it likes it or not, it can only do it with the United States as a partner. The sooner policymakers, and public opinion, in both countries realize this, the better for both. This report is an initiative to promote that realization.



## Study Group Members

**Graham T. Allison** is the director of the Belfer Center for Science and International Affairs and the Douglas Dillon professor of government at Harvard's John F. Kennedy School of Government. As founding dean of the modern Kennedy School, he expanded a small, undefined program by twentyfold between 1977 and 1989, cementing it as a major professional school of public policy and government. Dr. Allison has served as a special adviser to the secretary of defense under President Reagan, as well as on the defense policy board for secretaries Weinberger, Carlucci, Cheney, Aspin, Perry, and Cohen. He has the sole distinction of having twice received the highest civilian honor awarded by the Department of Defense, the Distinguished Public Service Medal, first by Secretary Weinberger and second by Secretary Perry. His first book, *Essence of Decision: Explaining the Cuban Missile Crisis* (1971), was released in an updated and revised second edition (1999) and ranks among the bestsellers in twentieth-century political science, with more than 400,000 copies in print. His latest book, *Nuclear Terrorism: The Ultimate Preventable Catastrophe*, is now in its third printing and was selected by the *New York Times* as one of the 100 most notable books of 2004. Dr. Allison received a BA from Harvard University, a BA and MA from Oxford University as a Marshall scholar, and a PhD again from Harvard University.

**K. S. Bajpai** was secretary of India's Ministry of External Affairs and ambassador to Pakistan, China, and the United States. Joining the Indian Foreign Service in 1952, he was long involved in dealing with India-Pakistan issues as political officer in Karachi from 1962 to 1965, as director of Pakistan affairs from 1965 to 1967—in which capacity he dealt with the Tashkent Conference and aftermath—and as first ambassador to Pakistan from 1976 to 1980, when diplomatic relations were restored after the 1971 war. He was also the government of India's

representative in Sikkim for four years preceding its merger, 1970 to 1974. After retiring from government service, he was first Regents' and then professor at UC Berkeley, first professor of non-Western studies at Brandeis University, and senior international adviser at Merrill Lynch. He returned to government duty as chairman of the National Security Advisory Board from 2008 to 2010. He is also founding chairman of the Delhi Policy Group, an independent think tank, and is involved in several Track II dialogues. Ambassador Bajpai studied at St. Albans School, Washington, DC; Merton College, Oxford; and Ecole des Hautes Etudes, Geneva.

**Sanjaya Baru** is editor of *Business Standard* (India). He is also consulting senior fellow for geoeconomics and strategy at International Institute of Strategic Studies in London, a member of the India-ASEAN Eminent Persons Group, a board member of the Centre for Policy Research, New Delhi, and founder-trustee of the Centre for Air Power Studies, New Delhi. Until recently, Dr. Baru was a visiting professor at the Institute of South Asian Studies and the Lee Kuan Yew School of Public Policy in Singapore. Dr. Baru was also formerly a media adviser, spokesperson, and principal speechwriter to Prime Minister Manmohan Singh. He has served as a member of India's National Security Advisory Board, chief editor of the *Financial Express* (India), editorial page editor of the *Times of India*, and editor of the *Economic Times* (Delhi). He was a professor at the Research and Information System for Non-Aligned and Developing Countries and at the Indian Council for Research in International Economic Relations, both in New Delhi. He has also taught in the department of economics at the Jawaharlal Nehru University, Delhi, and the University of Hyderabad. Dr. Baru has been a visiting fellow at the School of Economic Studies, University of East Anglia in the UK and at the East-West Centre in Hawaii, and worked as a consultant for the Human Development Report Office, UNDP, New York. Dr. Baru's publications include *Strategic Consequences of India's Economic Performance* (2006), *The Political Economy of Indian Sugar* (1990), and several essays in journals and newspapers in India and abroad. Dr. Baru holds an MA and PhD in economics from Jawaharlal Nehru University, New Delhi.

**Robert D. Blackwill** is the Henry A. Kissinger senior fellow for U.S. foreign policy at the Council on Foreign Relations. As deputy assistant

to the president and deputy national security adviser for strategic planning under President George W. Bush, Ambassador Blackwill was responsible for government-wide policy planning to help develop and coordinate the mid- and long-term direction of American foreign policy. He served as presidential envoy to Iraq and was the administration's coordinator for U.S. policies regarding Afghanistan and Iran. Ambassador Blackwill went to the National Security Council (NSC) after serving as the U.S. ambassador to India from 2001 to 2003, and is the recipient of the 2007 Bridge-Builder Award for his role in transforming U.S.-India relations. Prior to reentering government in 2001, he was the Belfer lecturer in international security at Harvard University's John F. Kennedy School of Government. From 1989 to 1990, Ambassador Blackwill was special assistant to President George H.W. Bush for European and Soviet affairs, during which time he was awarded Commander's Cross of the Order of Merit by the Federal Republic of Germany for his contribution to German unification. Earlier in his career, he was the U.S. ambassador to conventional arms negotiations with the Warsaw Pact, director for European affairs at the NSC, principal deputy assistant secretary of state for political-military affairs, and principal deputy assistant secretary of state for European affairs. The author and editor of many articles and books on transatlantic relations, Russia and the West, the Greater Middle East, and Asian security, the ambassador is on the council of the International Institute for Strategic Studies, a member of the Trilateral Commission and the Aspen Strategy Group, and on the board of Harvard University's Belfer Center for Science and International Affairs.

**Dennis C. Blair** served as director of National Intelligence from 2009 to 2010. Prior to rejoining the government, Admiral Blair held the John M. Shalikashvili chair in national security studies at the National Bureau of Asian Research, served as deputy director of the Project for National Security Reform, and was a member of the leadership council of Securing America's Future Energy. From 2003 to 2006, he served as president and chief executive officer of the Institute for Defense Analyses, a federally funded research and development center that supports the Department of Defense, the Department of Homeland Security, and the intelligence community. He has been a director of two public companies, EDO and Tyco International, and served on the boards of many nonprofit organizations. Prior to retiring from the U.S. Navy in

2002, Admiral Blair served as commander in chief of the U.S. Pacific Command, the largest of the combatant commands. During his thirty-four-year navy career, Admiral Blair served on guided missile destroyers in both the Atlantic and Pacific fleets and commanded the Kitty Hawk Battle Group. He also served as director of the Joint Staff and held budget and policy positions on the National Security Council and several major navy staffs. Admiral Blair is a recipient of four defense distinguished service medals, three national intelligence distinguished service medals, and decorations from the governments of Japan, Thailand, Korea, Australia, the Philippines, and Taiwan. A graduate of the U.S. Naval Academy, Admiral Blair earned his MA in history and languages from Oxford University as a Rhodes scholar.

**Naresh Chandra** is India's National Security Advisory Board chairman. He is also on the board of directors for several companies, including Cairn India Ltd., Bajaj Auto Ltd., Vedanta Resources plc, London, and EROS International plc, London. Most recently, Ambassador Chandra worked as a chairman of the committee on civil aviation policy, set up by the government of India, and submitted its report in 2004. From 2002 to 2003, he chaired the Committee on Corporate Governance and the Committee on Private Companies and Limited Companies Partnerships. He was the ambassador of India to the United States from 1996 to 2001 and governor of the state of Gujarat from 1995 to 1996. Previously in 1992, and following the economic liberalization program in India, Ambassador Chandra led the first official delegation to the United States to promote U.S. investments in India, during which endeavour he was cabinet secretary, the highest post in the Indian Civil Service. Also in 1992, Ambassador Chandra was appointed senior adviser to the prime minister of India. He also formerly served as the chief secretary in the state of Rajasthan; adviser to the governor of Jammu and Kashmir; and successively secretary to the ministries of water resources, defense, interior, and justice in the federal Indian government. He was also the Indian co-chairman of the U.S.-Technology Transfer Working Group from 1980 to 1981. Ambassador Chandra is a recipient of the Padma Vibhushan, a high civilian award given by the president of India.

**Pramit Pal Chaudhuri** is the foreign editor of the *Hindustan Times* (New Delhi) and writes on political, security, and economic issues. He previously wrote for the *Statesman* and the *Telegraph* in Calcutta.

Among other affiliations, Mr. Chaudhuri is a member of the Asia Society global council, the Aspen Institute Italia, the International Institute of Strategic Studies, and the Mont Pelerin Society. Mr. Chaudhuri is also a senior associate of Rhodium Group, New York City; a member of the Council on Emerging Markets, Washington, DC; and a delegate for the CII-Aspen Strategy Group Indo-U.S. strategic dialogue. The Indian government appointed him to its National Security Advisory Board in 2011 on a two-year term.

**P. S. Das** serves on the executive council of the Institute of Defence Studies and Analyses and has been on the management board of the United Service Institution, two of the most respected strategy and security think tanks in India. He is a distinguished fellow at the Institute of Peace and Conflict Studies and a member of Track II strategic dialogues with the United States, China, Japan, Russia, and Singapore. He has also served as member of the National Security Advisory Board in the office of the prime minister. Vice Admiral Das served in the Indian navy until his retirement as commander in chief of the Eastern Naval Command in 1998. During his naval career, Vice Admiral Das commanded several ships and held important staff positions as command operations and plans officer at the Western Naval Command and director of naval policy and plans at Naval Headquarters. His assignments in flag rank included chief of staff at the Eastern Naval Command, command of the Eastern Fleet, fortress commander Andaman and Nicobar Islands, and director-general of defense planning staff. He is a well-known commentator on issues of national and international security, has more than two hundred published articles and papers to his credit, and is a guest speaker at all war colleges of the Indian Armed Forces and the National Defense College.

**Tarun Das** is a trustee of Aspen Institute India, a lifetime trustee of the Aspen Institute, United States, and vice president of the World Wide Fund for Nature-India. Mr. Das is a co-chair of the Indo-U.S. strategic dialogue (Track II) and the Indo-U.S.-Japan strategic dialogue (Track II). He is also a member of the India-Singapore strategic dialogue (Track II) and the India-China strategic dialogue (Track II). He is a member of several government consultation groups, including: member, the Advisory Group for the G20, Ministry of Finance; member, expert group, Planning Commission on Government-Industry Consultations; and

member, expert group, prime minister's office to formulate a skills-based employment program for Kashmir youth. His industry experience includes working with the predecessor body of CII, for which he was director-general and chief executive from 1967 to 2004 and chief mentor from 2004 to 2009. Mr. Das was a member of the government-nominated board of Satyam Computers in 2009, and he is currently on the international advisory board of ACE Insurance (United States), a member of the India advisory boards of VOITH (Germany) and JCB (UK), and on the board of directors for John Keells Holding PLC (Sri Lanka). He holds an honorary degree from the University of Warwick in the UK and has been conferred an honorary CBE by Her Majesty the Queen for his contribution to Indo-British relations. Mr. Das is also the recipient of the 2004 Singapore National Award, which was awarded by the Singapore government for his contribution to strengthening economic ties between India and Singapore, in addition to the 2006 Padma Bhushan, one of the highest civilian awards in India, for his contributions in the field of trade and industry. Recently, he was conferred with an honorary doctorate by the Tel Aviv University in Israel.

**Jamshyd N. Godrej** is chairman of the board of Godrej & Boyce Manufacturing Company Ltd., which manufactures and markets security equipment for banks, commercial establishments, and homes; process equipment for chemical, petrochemical, refineries, and allied industries; and offers precision tools for sheet metal, zinc, aluminium, and thermoplastics. The Godrej group are leaders in home appliances, consumer durables, office equipment, industrial products, and consumer products and services. Mr. Godrej is also chairman emeritus of Aspen Institute India and chairman of the Confederation of Indian Industry (CII) Sohrabji Godrej Green Business Center, which is housed in a LEED Platinum demonstration building—the first green building in India and the greenest building in the world when it was rated. The Green Business Center is a center of excellence for green buildings, energy, energy conservation, nonconventional energy sources, water policy, and water conservation. Mr. Godrej is the trustee and president emeritus of World Wide Fund for Nature—India and chairperson of the board of directors for Shakti Sustainable Energy Foundation. He is director of World Resources Institute, United States, and director of Climate-Works Foundation, United States. Previously, he was the president of both CII and the Indian Machine Tool Manufacturers' Association. Mr.

Godrej is a recipient of the Padma Bhushan, conferred by the president of India in 2003. He holds a BA in mechanical engineering from the Illinois Institute of Technology.

**Richard N. Haass** is president of the Council on Foreign Relations. Until 2003, Dr. Haass was director of policy planning for the Department of State, where he was a principal adviser to Secretary of State Colin Powell on a broad range of foreign policy concerns. Confirmed by the U.S. Senate to hold the rank of ambassador, he served as U.S. coordinator for policy toward the future of Afghanistan and U.S. envoy to the Northern Ireland peace process. He was also special assistant to President George H.W. Bush and senior director for Near East and South Asian affairs on the staff of the NSC from 1989 to 1993. Dr. Haass is the author or editor of eleven books on American foreign policy, including *War of Necessity, War of Choice: A Memoir of Two Iraq Wars* (2009). He is also the author of one book on management, *The Bureaucratic Entrepreneur: How to Be Effective in Any Unruly Organization* (1999). A Rhodes scholar, he holds a BA from Oberlin College and an MA and a PhD from Oxford University. He has received honorary doctorates from Hamilton College, Franklin & Marshall College, Georgetown University, Oberlin College, and Central College.

**Stephen J. Hadley** is senior adviser for international affairs at the United States Institute of Peace. He completed four years as national security adviser in 2009. In that capacity he was the principal White House foreign policy adviser to then President George W. Bush, directed the NSC staff, and ran the interagency national security policy development and execution process. From 2001 to 2005, Mr. Hadley was the assistant to the president and deputy national security adviser, serving under then National Security Adviser Condoleezza Rice. From 1993 to 2001, he was both a partner in the Washington, DC, law firm of Shea and Gardner and a principal in the Scowcroft Group, a strategic consulting firm. From 1989 to 1993, he served as the assistant secretary of defense for international security policy under then secretary of defense Dick Cheney, during which time he represented the Department of Defense on arms control matters. Before 1989, Mr. Hadley alternated between government service and law practice with Shea & Gardner. He was counsel to the Tower Commission in 1987 as it investigated U.S. arms sales to Iran, and served on the National Security Council under

President Ford from 1974 to 1977. Mr. Hadley has served on a number of corporate and advisory boards, including the national security advisory panel to the director of Central Intelligence, the Department of Defense policy board, the board of directors of the U.S. Institute of Peace, as a trustee of the Carnegie Endowment for International Peace, and as a trustee of Analytical Services, Inc. Mr. Hadley holds a BA from Cornell University and a JD from Yale Law School.

**Brajesh Mishra** is on the board of trustees for the Observer Research Foundation. Most recently, Ambassador Mishra was the principal secretary to the prime minister of India and the national security adviser from 1998 to 2004. He had previously been India's permanent representative to the United Nations from 1979 to 1981 and later continued on deputation through 1987. Ambassador Mishra started his career in 1955 as a third secretary to Karachi, followed by second secretary to Rangoon and first secretary to Brussels. He has been the ambassador and permanent representative in Geneva and was the Indian ambassador to Indonesia. Mr. Mishra is the son of the late Shri D. P. Mishra, former chief minister of Madhya Pradesh. In 2011, the president of India awarded Ambassador Mishra the Padma Vibhushan, a high civilian award in India.

**C. Raja Mohan** is a senior fellow at the Centre for Policy Research, Delhi, and a consulting editor of the *Indian Express*. Earlier, Dr. Mohan was a professor of South Asian studies at the Jawaharlal Nehru University in New Delhi and the Rajaratnam School of International Studies in Singapore. Dr. Mohan also served as diplomatic editor and Washington correspondent of the *Hindu*. He was a research associate at the Institute of Defence Studies and Analyses, New Delhi, from 1983 to 1992. From 1991 to 1992, he was a member of the UN intergovernmental expert group on peaceful uses of outer space, and from 1992 to 1993 a Jennings Randolph peace fellow at the United States Institute of Peace in Washington, DC. Dr. Mohan was a member of India's National Security Advisory Board from 1998 to 2000 and from 2004 to 2006. From 1999 to 2006, he also led the Indian chapter of the Pugwash conferences on science and world affairs. More recently, he was the Henry A. Kissinger chair in foreign policy and international relations at the Library of Congress, Washington, DC, from 2009 to 2010. His recent books include *Crossing the Rubicon: The Shaping of India's New Foreign*



*Policy* (2004); *Impossible Allies: Nuclear India, United States and the Global Order* (2006); and *Power Realignment in Asia: China, India and the United States* (2009, coedited with Alyssa Ayres). Dr. Mohan has an MSc in nuclear physics and a PhD in international relations.

**John D. Podesta** is the president and CEO of the Center for American Progress and visiting professor of law at the Georgetown University Law Center. Mr. Podesta served as chief of staff to President Bill Clinton from 1998 until 2001, in which capacity he directed, managed, and oversaw all policy development, daily operations, congressional relations, and staff activities of the White House. He coordinated the work of cabinet agencies, with a particular emphasis on the development of federal budget and tax policy, and served in the president's cabinet and as a principal on the National Security Council. From 1997 to 1998, he served as both an assistant to the president and as deputy chief of staff. From 1993 to 1995, he was an assistant to the president, staff secretary, and senior policy adviser on government information, privacy, telecommunications security, and regulatory policy. Mr. Podesta previously held a number of positions on Capitol Hill, including counselor to Democratic leader Senator Thomas A. Daschle; chief counsel for the Senate Agriculture Committee; chief minority counsel for the Senate Judiciary Subcommittees on Patents, Copyrights, and Trademarks; Security and Terrorism; and Regulatory Reform; and counsel on the majority staff of the Senate Judiciary Committee. He holds a BA from Knox College and a JD from Georgetown University Law Center.

**Ashley J. Tellis** is a senior associate at the Carnegie Endowment for International Peace, specializing in international security, defense, and Asian strategic issues. Dr. Tellis is also research director of the Strategic Asia Program at the National Bureau of Asian Research (NBR). He is a member of CFR, the International Institute of Strategic Studies, the U.S. Naval Institute, and the Navy League of the United States. Previously, as senior adviser to the undersecretary of state for political affairs, Dr. Tellis was intimately involved in negotiating the civil nuclear agreement with India. Before holding that position, he served as senior adviser to the ambassador at the U.S. embassy in New Delhi. He also served on the National Security Council staff as special assistant to the president and as senior director for strategic planning and Southwest

Asia. Prior to his government service, Dr. Tellis was senior policy analyst at the RAND Corporation and professor of policy analysis at the RAND Graduate School. Dr. Tellis is the author of *India's Emerging Nuclear Posture* (2001) and coauthor of *Interpreting China's Grand Strategy: Past, Present, and Future* (2000). He is also coeditor of the NBR Strategic Asia Program's seven most recent annual volumes, including this year's *Strategic Asia 2010–II: Asia's Rising Power and America's Continued Purpose*. In addition to his numerous Carnegie and RAND reports, his academic publications have appeared in many edited volumes and journals. Dr. Tellis holds an MA and PhD in political science from the University of Chicago, and both a BA and an MA in economics from the University of Bombay.

**Philip D. Zelikow** is the White Burkett Miller professor of history at the University of Virginia, where he currently leads the university's graduate school of arts and sciences. He also currently advises the Bill & Melinda Gates Foundation's program for global development and is a consultant to the Office of the Secretary of Defense. Dr. Zelikow was counselor of the Department of State (a deputy to Secretary Rice) from 2005 to 2007, and directed the 9/11 Commission from 2003 to 2004. After teaching at Harvard University during the 1990s, Dr. Zelikow went to the University of Virginia, where he has directed a research center and teaches modern world and U.S. history. He also served on the National Security Council staff under President George H.W. Bush. His books include *Germany Unified and Europe Transformed: A Study in Statecraft* (1997, with Condoleezza Rice), *The Kennedy Tapes: Inside the White House During the Cuban Missile Crisis* (1998, with Ernest May), and *Essence of Decision* (1999, with Graham Allison). He has recently written additional material for a 2011 edition of the 9/11 Commission report and is currently completing *American Foreign Policy: An Interpretive History*. Dr. Zelikow holds a BA from the University of Redlands, a JD from the University of Houston, and an MA and PhD from Tufts University's Fletcher School.

Council on Foreign Relations

58 East 68th Street  
New York, NY 10065  
tel 212.434.9400  
fax 212.434.9800

1777 F Street, NW  
Washington, DC 20006  
tel 202.509.8400  
fax 202.509.8490

*[www.cfr.org](http://www.cfr.org)*