



INDIA-US INSIGHT

"Advancing the Strategic Potential of India-US Relations, Accelerating India's Economic Development"

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Assessing the Third US-India Strategic Dialogue

India-US Relations: Progressing Convergences

by Ambassador Hemant Krishan Singh



The third Strategic Dialogue between India and the United States convened in Washington D.C. on

June 13, 2012, should dampen recent speculation about the direction of India-US relations. Despite domestic preoccupations on both sides, including the constraints of a US Presidential election year, there are signs of ample determination to sustain the momentum of the strategic partnership.

The leadership-led transformation of India-US relations over the last decade has been based on a shared belief in growing strategic convergences, buttressed by a strong US commitment to India's emergence as a major global power. While skeptics have debated whether the relationship has run out of steam, the two Governments, led by the Ministry of External Affairs and the State Department, have worked overtime to deepen the contours of what President Obama has described as an indispensable partnership for the 21st century.

In the words of Secretary of State Hillary Clinton following the

dialogue, "strategic fundamentals are pushing our two countries' interests into closer convergence," even though the current phase is marked less by dramatic breakthroughs and more by steady, focused cooperation on advancing shared interests while working through differences. This claim is substantiated by the following elements recorded in the Joint Statement of the third Strategic Dialogue:

- Strategic cooperation has been further strengthened through comprehensive regional consultations on virtually all corners of the globe. It is the most extensive across the Asia-Pacific and Indian Ocean Regions where interests most converge. The US welcomes India's growing engagement in the Asia-Pacific, just as much as India will facilitate a US role in the Indian Ocean framework IOR-ARC. Both sides are like-minded on open and inclusive regional architecture, issues of maritime security and safety and unimpeded commerce and freedom of navigation, which are central to the emergence of Asian economies and regional prosperity.

- Convergences have also broadened in South Asia, reversing past trends where exchanges were marked mainly by divergences. The agreement to hold a trilateral dialogue with Afghanistan signals higher comfort levels than ever before on an Indian role in South and

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"India's Deepening Ties with Northeast Asia"

by Amb. Skand Tayal

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Central Asia. There is candid recognition of the complex challenges posed by Pakistan to both countries.

- The US now regards India as a net security provider from Southeast Asia to Afghanistan and beyond; defence cooperation with India is hence seen as a "linchpin" in its regional strategy of "rebalancing" towards the Asia-Pacific region. There is a concomitant commitment to strengthen defence cooperation through higher levels of technology transfer, joint production and collaborative joint research and development, which India has frequently stressed.

- Prospects for the full implementation of the India-US civil nuclear initiative, regarded as the main symbol of the strategic partnership, are back on track and could see concrete progress this year.

- Close collaboration on counter-terrorism and related homeland security issues has been expanded and now includes a range of technology approaches to security issues.

- Cooperation in the areas of energy, climate change, science and technology and education has seen major advances.

In contrast, the outlook on economic engagement projected by Secretary Hillary Clinton and Minister S.M. Krishna is more modest and disappointing. While bilateral trade will reach \$100 billion in 2012, no timeframe has been set for the "expeditious conclusion to negotiations toward a high standard Bilateral

Investment Treaty". The two leaders have also merely recognized that "steps should be taken to promote greater bilateral trade and investment flows, including facilitating greater movement of professionals, investors and business travellers..." which are areas of major concern to Indian business and industry. This is an area of drift on which the two countries need to redouble efforts to match their rhetoric with action.

A missing element in the Joint Statement relates to multilateral cooperation at the UN and India's aspirations for permanent membership of the UN Security Council, reflecting differences that have periodically surfaced over the past year on the UNSC's handling of issues related to Libya and Syria. Fixing this disconnect will remain difficult until global power shifts are accommodated in decision making on international security issues, where the agenda continues to be dictated by the interests of a handful of Western states led by the US. More painstaking diplomacy aimed at finding common ground on multilateral issues will be required if the US and India are to make progress. There is little evidence of this at present and the Third Strategic Dialogue appears to have been a missed opportunity.

Iran also does not find mention, and happily so, as it had effectively been removed as a subject of contention prior to the Strategic Dialogue through the announcement of a US waiver for India. Secretary Clinton merely referred to the two sides having worked through common concerns related to Iran's search for a nuclear weapon in her press statement.

India's External Affairs Minister has welcomed a "very productive

strategic dialogue" testifying to the "extraordinary depth and diversity of our engagement." Differences on some issues will clearly persist, but they no longer define or limit the broad direction of the India-US strategic partnership. In Secretary Clinton's words, what is important is to "look at the totality of the relationship" and remember that "there is no doubt that our values and our interests are converging."

The Obama Administration has come a long way in reversing the script of its early years to emphasise common ground on regional political and security issues vital to both countries. It now remains to be seen how India reacts to the surfeit of recent high-level overtures from the US. Hopefully, it will pursue "strategic autonomy" pragmatically in the context of current and future geo-political interests rather than past ideologies and constraints. India is today a major stakeholder in a globalised world marked by rapidly changing power equations. Convergences with the US are enhancing India's strategic space and regional influence. India must now also be prepared to assume greater responsibilities to shape the economic and security architectures of Asia, with the US as its foremost partner.

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❖ **Amb. Hemant Krishan Singh holds the ICRIER - Wadhvani Chair in India – US Policy Studies.**

India-US Relations: Less Hype, Continuing Momentum

by Aman R. Khanna



On the 13th of June, a team of some of India's top policy-makers led by Foreign Minister S.M. Krishna met in the stately environs of Washington D.C. for the third annual US-India Strategic Dialogue with their U.S. counterparts led by Secretary of State Hillary Clinton. Comprising key ministers and top bureaucrats, the two contingents engaged in discussions on diverse issues pivotal to the advancement of the bilateral relationship shared by the two nations.

After path-breaking progress in bilateral relations during the Bush administration, the U.S.-India Strategic Dialogue was designed to continue the momentum and advance bilateral cooperation across the board. Amidst concerns about drift in the relationship and claims that it had been oversold, there was a significant level of anticipation prior to the dialogue, with a fair portion of public opinion on the state of the relationship resting on the outcome.

The lead-up to the dialogue was overshadowed by the looming threat of US-imposed sanctions over India's oil imports from Iran. Over years of unprecedented economic growth, Iran has been a key player in satisfying India's burgeoning energy appetite as its second largest crude oil supplier after Saudi Arabia. India's past reluctance to discontinue its steady imports of Iranian crude was seen to be foiling U.S. strategy to smother Iran's oil revenues in order to halt its

continued pursuit of nuclear weapons. In the face of mounting U.S. pressure, India has chosen to diversify its oil imports, reducing its reliance on Iranian supplies by nearly 16%. It was unclear whether this reduction would suffice in averting the sanctions. However, a State Department announcement a mere two days prior to the dialogue included India among six nations exempted from sanctions, and ensured that the Third Strategic Dialogue would convene in a congenial atmosphere.

Implementation of the US-India Civil Nuclear Agreement was an additional focal point of anticipation leading up to the dialogue. Despite being the centerpiece of the US-India Strategic partnership, the agreement could boast of few developments following its inception and was largely seen as having failed to live up to expectations, especially on the U.S. side. However, Wednesday's dialogue coincided with an announcement from Westinghouse Electric Co. of having concluded a memorandum of understanding (MOU) with the Nuclear Power Corporation of India (NPCIL) to enter into an Early Works Agreement for building reactors in the Indian state of Gujarat. The

significance of the deal, as a first step in the consummation of the Civil Nuclear Agreement of 2008, cannot be underestimated. The Westinghouse announcement is expected to be followed by a similar agreement between General Electric-Hitachi and NPCIL.

The breadth of topics covered in the strategic dialogue has reached truly staggering proportions, a testament to the depth and diversity of the engagement and the progress made in the bilateral relationship. The Third Strategic dialogue was marked by sustained broad-based progress on previously established agendas. As Secretary Clinton remarked, "there is less need today for the dramatic breakthroughs that marked earlier phases, but more need for steady, focused cooperation". Some of the most tangible progress was made on security and strategic cooperation. The U.S. has welcomed India's growing stature as a global power with comprehensive consultations on virtually all corners of the globe, most extensively on the Asia-Pacific and Indian-Ocean regions. This is further underscored by a growing role for India in its own strategically important backyard, including Afghanistan. As US (and NATO) forces draw down, the continued development, security and stability of Afghanistan will be promoted



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through a tri-lateral dialogue involving India, the U.S. and Afghanistan.

The relationship, however, is still restrained from rising to its full potential due to delays in advancing some turn-key items on the economic agenda. The Bilateral Investment Treaty (BIT) stands as a foremost example, even as both leaders at the Strategic Dialogue called for speedy conclusion and implementation. This is particularly disappointing as it occurs in the midst of a global economic crisis, with feeble growth in the U.S. and a slowdown in India's unprecedented growth of the past decade. The windfall of trade and investment unlocked by the BIT may very well be the shot in the arm that both economies sorely need. The BIT, when it is finally concluded, may also signal a paradigm shift that takes US-India economic relations to the next level.

Indian policy makers have a tendency to remain suspicious of American overtures as U.S. policies in the past have been seen to ignore India's fundamental concerns. Furthermore, there is a

noticeable reluctance in raising the levels of strategic cooperation with the U.S. arising from fears of comprising on India's vaunted "strategic autonomy", or being perceived as a U.S. camp follower. These premises are steadily losing validity. While it is true that the perceptible shift in India's favor comes in the wake of deteriorating relations with historical ally Pakistan, the results of the dialogue as well as the events leading up to it show that the U.S. is willing to pull out all the stops to ensure the continued success of its strategic partnership with India. The Indian response must be positive and look to develop the opportunity at hand.

The main message gained from the Third Strategic Dialogue is that even in the absence of any new ground-breaking developments, India-U.S. relations remain well on track towards a promising future.

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