

# Reaching New Heights

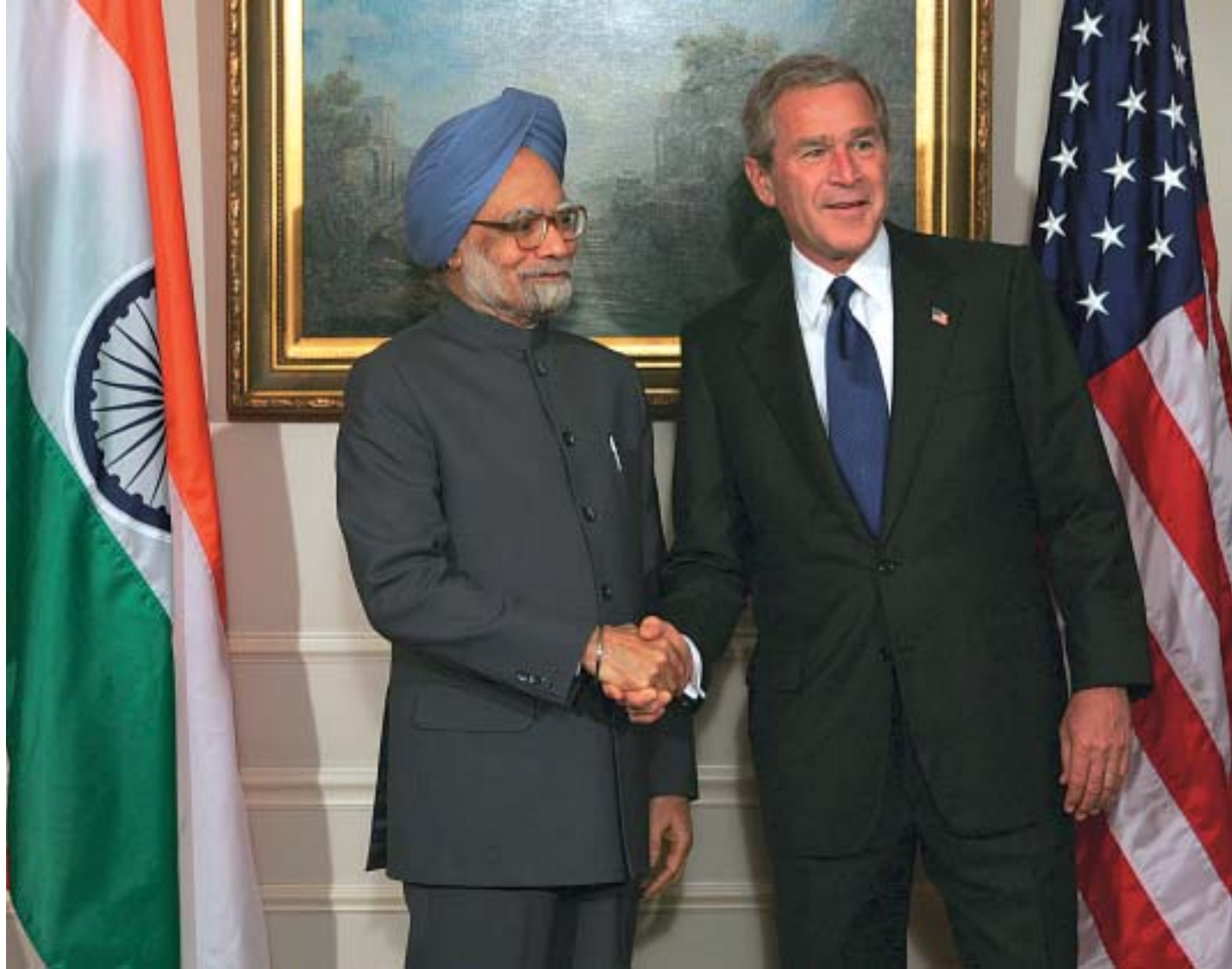
**U.S.–India Relations  
in the  
21st Century**





**“The U.S. and India are poised for a partnership that will be crucial in shaping the international order in the 21st century.”**

—Ambassador David C. Mulford



WHITE HOUSE / ERIC DRAPER

President Bush and Prime Minister Singh (above) met in New York September 21, 2004, and in Moscow May 9, 2005. They meet again in Washington on July 18, 2005. This visit will mark the next stage to expand and deepen the U.S.-India relationship and build on the recent high-level exchanges and initiatives between the two governments. The two leaders will touch upon all aspects of U.S.-India cooperation, including economic, energy and strategic elements.



MANISH SWARUP/© AP/WIDE

**“The United States is serious about its vision for the U.S.-India relationship and we are working hard with our Indian counterparts to make it happen.”**

— Secretary of State Condoleezza Rice

From the beginning of President Bush's administration, I have been privileged to pursue his vision for a growing strategic partnership between our great democracies.

On my recent visit to India, and while meeting with Foreign Minister Singh in Washington in April, I outlined concrete steps with India's leaders to make this vision a reality. At a time when President Bush has made the spread of freedom his highest foreign-policy priority, few tasks are more important than building the closest possible relationship between the United States and India, the world's two largest multicultural democracies. Prime Minister Manmohan Singh's upcoming visit to the United States is an important opportunity to move this agenda forward.

The Next Steps in Strategic Partnership (NSSP) initiative launched in January 2004 allowed us to open a dialogue and build trust on a number of sensitive areas, including high-technology trade, civil nuclear cooperation, space, and missile defense. In March 2005 the U.S. and India agreed to build on this success and significantly broaden our engagement.

We have launched a number of forward-looking initiatives that address both our nations' interests. One is an Energy Dialogue that seeks to expand cooperation in areas such as clean energy and civil nuclear energy. Another is a revitalized Economic Dialogue that includes, for the first time, a forum of chief executive officers (CEOs) from leading corporations to advise our governments on how to accelerate our economic cooperation.

India is an increasingly important partner for the United States and we welcome its emergence as a global power in the 21<sup>st</sup> Century. I look forward to working with India's leaders as we reach for new heights in our cooperation.

Condoleezza Rice  
Secretary of State

**“The greatest change you will see in the next three or four years is a new American focus on South Asia, particularly in establishing a closer strategic partnership with India.”**

—R. Nicholas Burns, Undersecretary of State for Political Affairs

The United States and India are elevating their relations on all fronts. Trade is increasing. More people are traveling between our countries than ever before for work, study and vacations. Our two governments and private sectors are discussing bold new initiatives in aviation, space, and energy cooperation, including new areas in nuclear energy. The U.S. and India are forging a bilateral defense agenda that was unthinkable four years ago.

President Bush’s vision of a strategic partnership between the United States and India in the 21st century is becoming a reality. We are building on our shared values and interests to implement actions that bind us closer together.

The United States welcomes India’s emergence as a global power and recognizes that both our countries must act to ensure that our values and interests support our bilateral relations and help us shape a free, safe and prosperous world in the new century.

The United States and India are implementing habits of cooperation that characterize U.S. relations with our closest friends and allies. We want to see our successful bilateral cooperation on immediate tsunami response become routine.

We are moving boldly ahead on several fronts, but three recent engagements deserve special attention -- cooperation on energy, strategic issues and economics. Our respective private sectors will play a key role in all three areas.

## Energy

India and the United States have dynamic economies with growing energy needs. President Bush said recently that the United States, as a net importer of energy, especially of hydrocarbons, must work with countries like India to reduce our common dependence on fossil fuels if we are to have robust growth in the 21st century.

We launched an Energy Dialogue on May 31 to do just this. Led by U.S. Secretary of Energy Samuel Bodman and Deputy Chairman of India’s Planning Commission Montek Singh Ahluwalia, the Dialogue will build upon the broad range of existing



*Above: U.S. Nuclear Regulatory Commission member Jeffrey Merrifield touring the Rajasthan Atomic Power Station.*

*Left: USAID worked through local and international business and NGOs to respond to the tsunami, including the replacement and repair of hundreds of boats, allowing fishermen to return to work.*

## Unprecedented Cooperation on Tsunami Relief

Collaboration on tsunami relief marked a new high in U.S.-India cooperation. Soon after the disaster struck, senior U.S. officials were speaking directly with their Indian counterparts -- then-National Security Advisor Condoleezza Rice with the late J.N. Dixit and the Commander of the U.S. Pacific Command with India's Naval Chief. The result: the “Core Group” of four nations (Japan, Australia, India and the United States) uniquely qualified to provide quick relief and unprecedented cooperation.

**“By working together, the U.S. and India can help secure clean, reliable, affordable sources of energy to keep both our economies and the economies of the world expanding.”**

—Secretary of Energy Samuel W. Bodman

energy cooperation and develop new avenues of collaboration. It will address all energy issues that are common to our economies: civil nuclear cooperation and nuclear safety, environment-friendly renewable energy and energy-efficient technologies, coal power and clean coal, and oil and gas.

### Strategic

We are deepening our strategic partnership, moving beyond the Next Steps in Strategic Partnership (NSSP) to a Strategic Dialogue. Global and regional security problems, high-technology trade, space, and a deeper engagement on India's legitimate defense needs, including co-production of defense equipment, are now on the agenda.

The progress is striking. High technology and dual-use trade -- items that have both military and civilian applications and that require a license for export -- has increased significantly. Data available in 2005 show that licensing changes introduced in 2004 had a significant impact on bilateral trade--especially in terms of the number of items that no longer require licenses.

The positive impact of the United States' easing of licensing requirements on bilateral trade with the Indian Space Research Organisation (ISRO) and its subordinates is already having an effect. Tens of millions of dollars in additional transactions could be spurred by additional lifting of licensing requirements.

Two of America's leading defense and aeronautics companies, the Boeing Corporation and Lockheed Martin, are working hard to sell state-of-the-art fighter planes to the Indian Air Force. A Space Working Group is forging links between the space programs of our two nations, and India has offered to fly a U.S. instrument on India's Chandrayaan moon mission.

### U.S. and India Tackle Global Issues Together

On May 17, 2005, the India-U.S. Global Issues Forum re-affirmed the two countries' commitment to harness the transformed bilateral relationship to address global challenges such as protection of the environment, sustainable development, protection of the vulnerable, combating transnational organized crime, promotion of democratic values and human rights.



*Top: Both the United States and India will benefit from increased trade in dual-use and high-tech areas, such as nanotechnology.*

*Above: Leaders of the Indian automotive industry inspect a Bajaj auto rickshaw converted, with USAID support, to run on hydrogen.*

*Left: The Energy Dialogue includes energy efficient technology, such as this USAID-supported waste heat recovery unit that generates 10.5 megawatts of power for Sterlite Industries.*



LARRY DOWNING, POOL © AP-WWP

Increased cooperation on non-proliferation is another important area. The United States is facilitating increased dual-use and defense technology exports to India, and India is implementing its new Weapons of Mass Destruction Export Control Law, thus cementing the trust necessary for an enduring partnership.

### Economics

Exciting things are also happening in the area of economics and trade. Our two governments are going the extra mile to bring commercial cooperation to the level it should be between two great powers. Through our Economic Dialogue, we are intensifying our interaction in finance, trade, commerce, energy and environment.



GAUTAM SINGH © AP-WWP

*Above: Secretary of Defense Donald H. Rumsfeld reviews a guard of honor in New Delhi.*

*Left: ISRO Chairman G. Madhavan Nair and Ambassador David C. Mulford at a recent Indo-U.S. space conference.*

*Right: A U.S. F-15C (center) and two Indian fighter aircraft during a joint exercise over Gwalior, India.*

### U.S. Liberalizes Export Controls

Since President Bush lifted the last sanctions against India in 2001, the U.S. Government has approved more than 700 licenses for direct commercial defense sales to India. Each year since then, there has been an increase in the export of controlled dual-use items to India, with the approval rate for dual-use license applications currently at or above 90 percent. U.S. commercial military sales to India have tripled from \$5.6 million in 2003 to \$17.7 million in 2004, and are projected to surge to \$64 million in 2005.

**“The defense-to-defense relationship is a strong one and something that we intend to see is further knitted together.”**

—Secretary of Defense Donald H. Rumsfeld



AP / INDIAN AIR FORCE/HANDOUT

**“After too long a period of maintaining a distance, India and the United States are coming together as true partners on the world stage.”**

—Secretary of Transportation Norman Mineta



**“Open Skies” Agreement Signed**

Secretary of Transportation Norman Mineta and Indian Civil Aviation Minister Praful Patel sign the Open Skies agreement (left) to remove all barriers on air services between our two countries. This agreement will stimulate new passenger and cargo services, innovation, and lower prices, to the benefit of our countries, our economies, our businesses and our citizens. Both Indian and U.S. air carriers have already announced new services, including direct flights between India and the United States.

MANISH SWARUP/AP/WWP

The Open Skies Treaty, signed in New Delhi this April, moved this agenda forward more than any other event this year. By facilitating air traffic between our two countries, travel will be cheaper, easier and faster. A number of U.S. and Indian carriers have already announced plans to launch new flights.

The launching of a CEO Forum within the Economic Dialogue is another important step. The Forum brings together a select group of India’s and America’s top corporate executives to help our governments identify how to take our economic cooperation to new heights as quickly as possible.

CEOs and government leaders from both countries will identify and remove blockages to trade and investment so that policy and commercial issues do not obstruct closer strategic cooperation and growth and jobs can be delivered to both sides.

**People-to-People**

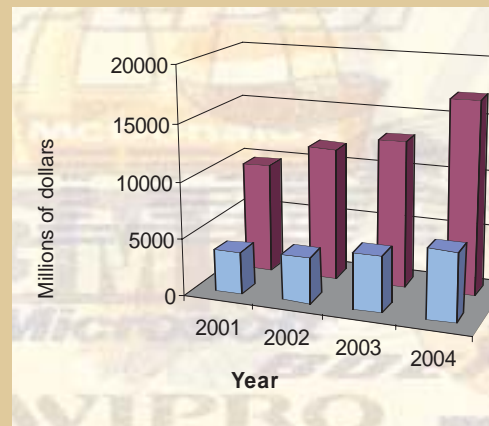
People-to-people contact continues to grow at record rates. The demand for visas to the United States has been so high this year -- from businessmen, employees, students and tourists -- that the United States significantly increased staffing and expanded its visa offices in India. The U.S. Mission in India now is the United States’ second largest consular operation in the world, behind our neighbor Mexico. More Indian students are studying in the United States than in any other foreign country, and more temporary workers are in the United States from India than from any other country.

Indo-U.S. cooperation continues to grow in numerous other areas as well.

*Many U.S. companies, like Boeing, hope to participate in the growing U.S.-India trade relationship.*



AP/BOEING



□ Indian Imports from U.S.  
■ Indian Exports to U.S.

**Private Sector Takes a Leading Role in Transformed Relationship**

U.S.-India trade is growing sharply, and the U.S. commitment to develop deep economic and commercial ties with India has never been stronger. The CEOs of America’s leading companies, from GE to Disney, are coming to India to explore new opportunities. The bilateral CEO Forum enables top executives from both countries to advise the two governments how to expand economic relations faster. Results are already coming in—exports from both countries are up this year. U.S. exports to India are up by 50 percent and India’s by 15 percent for the first three months of 2005 compared to the same period last year.

## Battling HIV/AIDS

The U.S. Government is collaborating with a wide range of Indian institutions to combat the HIV/AIDS epidemic threatening India. HIV prevalence has declined for the last three years in Tamil Nadu, where USAID and NGO partners have been working for the last decade. A more comprehensive approach is now emerging with recently launched collaborations among the Indian government, military and private sector.



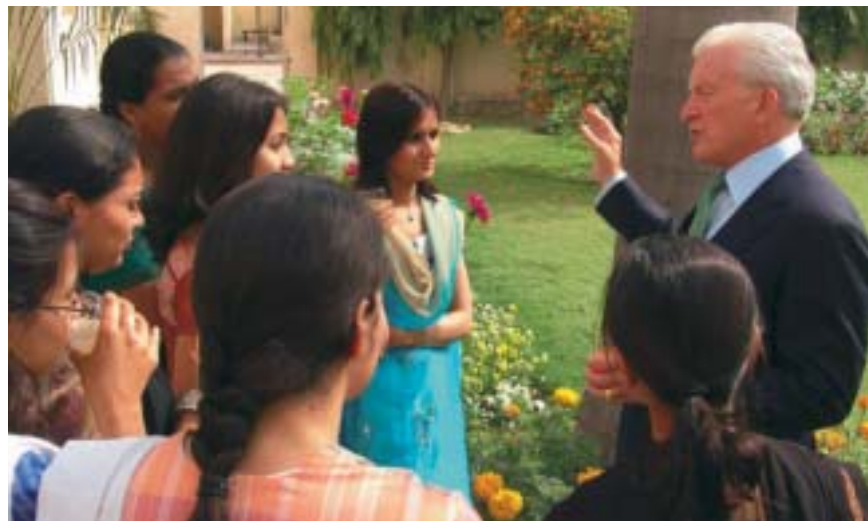
HEMANT BHATT/MGMR

We are working closely to combat one of the scourges of our day, HIV/AIDS. And we are cooperating on global issues of mutual concern. These are reproductive health, trafficking in persons, financial sector reform, wildlife protection and many, many more.

In short, relations between our two nations have never been better. Prime Minister Manmohan Singh said, “the best was yet to come” and the two countries have reaffirmed their commitment to work together. It is satisfying to see that it is coming so quickly.

**“I take great pride in knowing that we have made real progress transforming our strategic partnership into a truly comprehensive relationship.”**

—Ambassador David C. Mulford



VIKAS VARJOLA



ROB GRIFFITH/AP/WWP

**“Today India actively seeks foreign direct investment from the U.S., but India is also eager to invest in the U.S. The two-way investment ... must be underscored by technology transfer and technology exchange.”**

—Kamal Nath,  
Minister of Commerce & Industry



The Nasdaq Stock Market, Inc.

## U.S. Welcomes Indian Students

Ambassador David C. Mulford interacting with Indian students prior to their departure to U.S. universities. In the 2003-04 school year, 79,736 students from India studied in American universities, an increase of 6.9 percent from the previous year. Over the past five years, the number of Indian students in the United States has doubled, and for the third year in a row, India remained the leading place of origin for foreign students in the United States.

*Above: The NASDAQ market site in New York's Times Square on Indian Republic Day.*

**“This is a watershed year in U.S.-India relations.”**

—Christina Rocca,  
Assistant Secretary of State  
for South Asian Affairs