

U.S.-India Relations  
Needed: A New Kind of Partnership  
Testimony before the Subcommittee on the Middle East and South Asia  
House Foreign Affairs Committee  
June 25, 2008

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Thank you for inviting me to testify, Mr. Chairman. Before I begin my formal testimony, I'd like to say that it's a special honor to appear before the man who was my late mother-in-law's Congressman for many years. Minnie Schaffer passed away about four years ago at the age of 101, but she was an active participant in Kew Gardens politics until the day she died, and she appreciated your contribution.

There is broad support for a strong relationship with India. Rather than recite our many joint activities, I will focus on why India matters to the United States, and the potential and limitations of the partnership that is emerging.

I want to leave you with two thoughts. First, our partnership and our bond as democracies will prosper only if we focus on our common geopolitical interests. Second, we need to develop a new model for international partnership, different from the Cold War era alliances. I hope the nuclear agreement will be part of this model.

Three factors transformed our relations after 1990: the end of the Cold War, India's booming economy, and the Indian-American community. Both major parties in both countries built today's vibrant relationship. I see three key building blocks for our new partnership: Asian and Indian Ocean security; economics; and democracy.

We start with the growing convergence of Indian and American interests from the Persian Gulf to the Western Pacific. China and India are both rising, and will shape Asia's future. India and the United States are engaging peacefully with China, but both are wary of its growing military strength. Neither wants Asia to be dominated by a single country. India, the United States, China, and the other large Asian countries all play a part in creating a peaceful Asian future. We don't like the term "balance of power" nowadays, but that's what the U.S. and India want and expect.

Both of us depend on the international energy market. India is the world's second fastest growing energy buyer. Oil represented one-third of its import bill even before the recent hike in prices. Persian Gulf and Indian Ocean security is critical for both countries. We share concerns about terrorism and radical extremism. India has almost 5 million workers in the Gulf, sending home one-fourth of India's remittance earnings. The Gulf countries provide two-thirds of India's imported oil and all its imported LNG.

India and the United States have some disagreements on the Middle East and Asia, including some aspects of how we deal with Iran. But we agree on the big strategic goals. This has made possible the expanding U.S.-India military cooperation that you've heard so much about, and it has led India to look on the U.S. presence in the Indian Ocean as a benign one.

The second building block is economics. India has had three years of over 9 percent growth. Trade represents 34 percent of India's economy today, compared to only 15 percent in 1990. Trade with the United States is up to \$30 billion a year, plus another \$20 billion in services trade. The United States is India's top export destination and buys two-thirds of its Information Technology exports. For India, economy is strategy. This

makes the United States a critical part of India's game plan. For us, India has become an exciting destination for exports and investment.

Democracy is a building block for our partnership, but also a complication. Take the nuclear deal. Indians were shocked when the Hyde Act turned out to be such a cliffhanger in the U.S. Congress. And we were stunned when India's coalition politics stalled the next stage of the deal. Democracy doesn't create partners automatically. The partners need to understand each other's processes and policies. Democratic values have little impact on policy unless they are linked to common interests. That's beginning to happen now, and should give us a kind of "foreign policy sweet spot."

So what kind of partnership can we develop? We're not looking at another alliance. Our alliances in Europe and Japan arose out of the Cold War, with a single, forceful enemy. Today's world is more diffuse, and the strategic rivalry many predict with China doesn't divide the world into two clearly defined camps.

An even more important reason for not trying to create a new alliance is India's strong attachment to "strategic autonomy" in its foreign policy. Indian governments are not willing to adopt a "default position" that their foreign policy will align itself with any outside country, even a friend with which India has very close relations. Indian governments that work closely with the United States need to demonstrate that that they can still make decisions that don't match Washington's. Look at the political beating India's government took after it voted twice with the United States and against Iran in the International Atomic Energy Agency (IAEA).

In short, the U.S. and India will be close partners on some issues, but will go their own way on others. This can work well provided the two governments take the time and

energy to understand each other's priorities and figure out which issues lend themselves to common policies and which don't. The experience of the last ten years would suggest that the "partnership list" will grow with time.

Our common interests will push us together regardless of the fate of the nuclear agreement, but this breakthrough initiative is the most powerful tool the U.S. and India have for putting our partnership on a strong footing. India has hesitated, since the agreement posed a risk of bringing down the government ahead of schedule. If India now feels able to move ahead, we will have an unparalleled opportunity to recalibrate the way our giant democracies work together, and to focus together on the energy and proliferation concerns that we both face.

Summing up, India was the missing piece in a U.S. Asia strategy for the 21<sup>st</sup> Century. That piece is now being put in place. The next administration will inherit a lot of useful activities – dialogues on economics, business and energy; military exercises; potential military sales; scientific cooperation on such subjects as HIV research; educational exchanges that bring 80,000 Indian students to the U.S. each year; space cooperation; and perhaps an agreement on civilian nuclear cooperation. What the new administration needs to do is to strengthen the strategic context for all this activity, by focusing both governments on our common strategic interests and defining the areas where the United States and India can act in common.