

**“India and the United States: The Vision and the Future”:
A Discussion with the Indian Ambassador to the United States, the Hon. Meera Shankar**

December 3, 2009

On Thursday, December 3rd, the South Asia Program was pleased to host a discussion session with the Indian Ambassador to the United States, the Hon. Meera Shankar. Using the recent visit of Prime Minister Singh as the frame for her remarks, the ambassador outlined the current state of the bilateral relationship between the U.S. and India, and described the ways the two leaders were trying to move it towards greater global collaboration.

On defense, Ambassador Shankar noted the commitment from President Obama and Prime Minister Singh to expanding cooperation between the U.S. and Indian militaries. Such an expansion will be accomplished through continued personnel exchanges and further joint exercises. The ambassador also pointed to military sales as another important element of the defense relationship. In the 2008-2009 fiscal year, the Indian government purchased around \$3 billion in defense equipment from U.S. suppliers. To augment military purchases from the U.S., the Indians also are working to build the capacity of their own private sector military suppliers. Overall, the Indians see U.S.-Indian military cooperation in the context of international peacekeeping and maritime security.

The economics portion of Ambassador Shankar’s remarks represented one of the most optimistic issue areas in U.S.-Indian relations. There is great potential for growth in U.S.-India economic relations, and since that relationship has been broadly balanced, it will benefit both countries substantially. This past year has seen strong growth in trade between the U.S. and India, particularly trade in services, which amounted to \$22 billion. FDI flows have also accelerated in both directions, and Ambassador Shankar expressed a strong interest on the part of the Indians for increased U.S. investment in Indian infrastructure. The relatively poor quality of infrastructure is seen by the Indians as one of the biggest constraints on their future growth, and they are keen to remove this impediment with the help of foreign investors. The reconstituted CEO Forum, which met for the first time during the prime minister’s visit, was also mentioned. The ambassador lauded its usefulness in creating linkages between the corporate worlds and governments of both sides of the U.S.-India partnership.

More broadly, Ambassador Shankar discussed India’s economic performance in the wake of the financial crisis. Having weathered the meltdown largely unscathed, the Indian economy grew at 7.9% in the first quarter of the current fiscal year, exceeding all expectations. Although this points to a strong revival, the Indians plan to continue stimulus measures through the end of the fiscal year. If India continues on its strong growth path and returns to 8-9% growth, the ambassador anticipates that India will soon become one of the primary engines of the global economy.

Looking beyond the bilateral, the U.S. and Indian leaders discussed at length the evolving situation in Pakistan and Afghanistan. India’s foremost concern is for the stability of both nations, an interest which the U.S. also shares. To that end, Prime Minister Singh impressed upon the president his belief in the need for continued international engagement in Afghanistan

and pledged to sustain India's reconstruction efforts there. So far, India has provided \$1.2 billion in development assistance and also given training to Afghan officials in attempt to build the human capacity of the Afghan state. With respect to its neighbor, India's view is that ridding Pakistan of terrorist safe havens is that country's most important security challenge. By extension, the Indians believe that security assistance to Pakistan should have a more narrow focus on counterinsurgency. Aside from security concerns, Ambassador Shankar expressed a hope that further economic and development assistance to Pakistan would have the greatest ameliorative effect on the problems faced by the Pakistani state.

On energy and climate change, Ambassador Shankar expressed some optimism for a successful outcome at the Copenhagen summit. She said India is still looking for developed nations to agree to specific emissions targets, while developing nations will take a national treatment approach in which they will agree to make substantive progress toward developing carbon-diminishing policies. Given that current carbon levels are largely the result of developed-country actions, India believes the developed world should finance a sizeable portion of the cost for developing countries to implement carbon-cutting policies, possibly through a global fund. India itself has already adopted a plan of action consisting of both carbon mitigation and adaption strategies. It is also focusing on improving energy efficiency to prevent a rise in energy intensity. She noted that India has brought down its energy intensity (meaning use of energy per unit of GDP); since Shankar's speech, India and China have undertaken to pledge further reductions in energy intensity.

Finally, Ambassador Shankar touched on a number of smaller issue areas that are fast gaining in importance, such as education, agriculture, and intellectual property rights. On education, Prime Minister Singh and President Obama signed a new knowledge initiative to facilitate educational exchanges such the Nehru-Fulbright Scholarship. On agriculture, India is looking to the U.S. to assist it in efforts to jump-start the next generation of productivity growth. On IPR, the U.S. and India signed an agreement to allow U.S. patent examiners access to and training on India's Traditional Knowledge Digital Library.

During the question period, Ambassador Shankar touched on a few issues not addressed directly in her remarks. One of those issues was the status of the civilian nuclear deal. The ambassador noted that during the prime minister's visit both sides committed to fulfilling all the remaining obligations of the agreement. Additionally, India has set aside two new sites for U.S.-built nuclear reactors, one in Gujarat and one in Andhra Pradesh. Turning to U.S.-India cooperation on the larger Asian scene, Ambassador Shankar noted that each country understands and expects that the other will play a significant role in assuring peace and stability in Asia. For its part, India is looking to continue its engagement with Asian institutions, and the ambassador pointed to the recently signed India-ASEAN free trade agreement as an example of this. On China, Ambassador Shankar struck a positive note by saying that India welcomes the rise of its neighbor to the north, so long as its rise is peaceful and anchored in an international framework. Moreover, she expressed her belief that enough space exists for the simultaneous rise of both nations.