

BACKGROUND

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Going the Extra Mile for a Strategic U.S.–India Relationship

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Abstract

While the U.S. and India have developed multifaceted ties over the last decade, the overall relationship has recently been challenged: India bought advanced fighter jets from France, not from the U.S.; the Indian parliament virtually shut out U.S. companies from India's civil nuclear industry; the Singh government delayed economic reforms that would give foreign companies greater access to the Indian market; and many Indians remain suspicious of the Obama Administration's plans for the Asia–Pacific. Nevertheless, the growing strategic challenge presented by a rising China, and India's and America's shared democratic values, will drive the two countries to increase cooperation. India and the U.S. should accept that the partnership will not always meet their expectations, and must demonstrate a willingness to collaborate on issues of core importance to the other.

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Several differences between the U.S. and India have arisen over the past two years. While none of the issues on its own would be a major cause of concern, when taken together, the irritants have cast doubt on India's value as a strategic partner for the U.S.

The most recent source of tension in the relationship has been India's reluctance to impose oil sanctions against Iran. Washington was also disappointed by India's decision last year to buy French (rather than American) aircraft to fill an \$11 billion order for advanced fighters, as well as by the Indian parliament's passage of legislation in August 2010 that virtually shuts U.S. companies out of India's civil nuclear industry.

The Singh government's unwillingness to implement needed economic reforms has also led to disappointment among potential U.S. investors and undermined prospects for India's future economic growth. The government's quick renegeing on the opening of the multi-brand retail sector and its efforts to retroactively tax telecommunications giant Vodafone billions of dollars for its entry into the Indian market in 2007 are the latest indications that India's foreign investment climate is becoming increasingly inhospitable.

KEY POINTS

- After a steady upswing in U.S.–Indian ties between 2000 and 2010, several differences have arisen between the two nations, resulting in doubts about the value of India as a strategic partner.
- It is in both countries' security interests to regain the lost momentum. The growing strategic challenge of a rising China, and India's and America's shared democratic values, means that a robust partnership will help ensure a stable balance of power in the Asia–Pacific.
- In order to reap the full benefits of a strategic partnership, each side must better understand and appreciate the other's principal security concerns and be willing to re-evaluate long-held positions.
- Indian leaders must convince their bureaucracy and public that long-standing suspicions of U.S. power are unmerited, and explain how a U.S. role in Asia serves India's interests. The U.S. will have to address India's specific security concerns.

Despite the steady upswing in ties between the two nations over the past decade, it is not surprising that they eventually hit some roadblocks, given the concerns of domestic constituencies in each country. Still, the growing strategic challenge presented by a rising China, the two countries' shared democratic values, and their mutual need to confront terrorism in South Asia should encourage them to redouble efforts to increase cooperation.

In order to reap the full benefits of a robust strategic partnership, each side must better understand and appreciate the other's principal security concerns and be willing to adjust long-held policies and positions to meet the needs of an evolving relationship. A robust strategic partnership between the U.S. and India will be critical to ensuring a stable balance of power prevails in Asia. Indian leaders must convince a skeptical bureaucracy and public that long-held suspicions of U.S. power are unmerited, and must explain how the American commitment to Asia serves India's own fundamental security interests. For its part, the U.S. will have to recognize the limits to the partnership and address India's specific security concerns, for example, by reassuring India that the U.S. will remain deeply engaged in Afghanistan long after 2014, and pursuing more consistent counterterrorism policies toward Pakistan.

Domestic Hurdles to Improved Ties

Many believe the U.S.–India partnership is not living up to what U.S. policymakers expected from it seven years ago. The course correction in the relationship that has occurred over the past two years partly reflects the weakness of Prime Minister Manmohan Singh's Congress-led government. Prime Minister Singh, well known as a supporter of strong ties with the U.S., risked his previous government in 2007 to push through the controversial civil nuclear deal, costing him political support from left-leaning parties.

More recently, Singh has faced a series of high-level corruption scandals, the most notorious of which involved the former telecommunications minister, A. Raja, who allegedly sold second-generation telecommunications licenses at less than market value to selected companies. Raja resigned in November 2010, spent over a year in jail, and now faces a trial conducted by a special judge with the Central Bureau of Investigation.

In addition to the series of corruption scandals that have sapped the Singh government of initiative, the release of dozens of Wiki leaks cables dealing with U.S.–India relations also embarrassed the government, and contributed to Singh's reticence to take bold action in the cause of U.S.–India relations.

In the U.S., domestic politics and the economic recession, including record-high unemployment, have also contributed to strains in the Indo–U.S. partnership. President Barack Obama has repeatedly criticized the practice of business outsourcing to India and other countries. The criticism over outsourcing U.S. jobs to India is becoming more pronounced as the U.S. presidential election approaches. In one recent campaign advertisement, President Obama criticized opponent Governor Mitt Romney for allowing his former private equity firm to move American jobs to China and India to cut business costs.¹

IN THE U.S., DOMESTIC POLITICS AND THE ECONOMIC RECESSION, INCLUDING RECORD-HIGH UNEMPLOYMENT, HAVE ALSO CONTRIBUTED TO STRAINS IN THE INDO-U.S. PARTNERSHIP.

There are also indications that the Obama Administration is making it harder for highly skilled Indian workers to seek employment in the U.S. A U.S. think tank, the National Foundation for American Policy, says that data collected from the U.S. Bureau of Citizenship and Immigration Services shows a dramatic increase in denials for both L-1 (intra-company transfer) and H-1B (temporary work) visas

1. Gregory Wallace, "In New Ad, Obama Hits Romney Over Outsourcing," CNN.com, July 7, 2012, <http://politicalticker.blogs.cnn.com/2012/07/07/in-new-ad-obama-hits-romney-over-outsourcing/> (accessed August 6, 2012).

for India-born professionals and researchers compared to those from other countries.² White House officials have admitted to taking a tougher stance toward H-1B applicants than the Bush Administration through application denials and demands for more evidence from employers about their need to hire foreign workers.³

The moves to restrict the number of Indian workers in the U.S. and to prevent U.S. companies from outsourcing jobs to countries like India have frustrated Indian government officials. Following the introduction of legislation in the U.S. House of Representatives last year that would punish American companies for offshoring call-center jobs by taking away their federal loan eligibility for a period of five years, former Indian finance minister and now President Pranab Mukherjee accused the U.S. Administration of pushing a protectionist agenda.

Divergences over Foreign Policy Challenges

The irritants that have arisen in the bilateral relationship are not solely the result of Indian and U.S. domestic political concerns. Differences of approach on key foreign policy challenges, such as Pakistani support for terrorism, the rise of China, and Iran's pursuit of nuclear weapons, have also created hurdles in developing a robust strategic agenda on which the two countries can cooperate.

Pakistan. Indian tempering of its relations with the U.S. may partly reflect its disappointment with U.S. policies toward South Asia, including inconsistent messages toward Pakistan on its backing of the Taliban and terrorist groups that target India, such as the Lashkar-e-Tayyiba (LeT). While Washington has recently been more willing to call Pakistan out on its failure to address terrorist threats, such as announcing a \$10 million reward for information leading to the arrest and prosecution of LeT founder Hafiz Muhammad Saeed, Indian leaders continue to express wariness about U.S. policies toward Pakistan. Indian officials are particularly concerned about U.S. willingness to boost Pakistani defense capabilities, which New Delhi believes only emboldens the Pakistani military to engage in provocative activities toward India.

Indian officials initially believed that the 9/11 attacks would force the U.S. to pressure Pakistan to give up its reliance on terrorist proxies, but they now believe the U.S. is unwilling to put the necessary pressure on Islamabad to change its terrorism policies. U.S. South Asia expert Christopher Clary notes that Indian officials believe that the U.S. has misjudged Pakistani behavior and motivations over the past several years, and thus have little confidence that the U.S. will develop effective policies toward Pakistan in the future.⁴ Even so, India is pursuing a bilateral dialogue with Islamabad in an effort

to forge more peaceful ties, independent of any U.S. role.

Indian officials also are understandably wary of U.S. policies toward Afghanistan. After the U.S.-led invasion of Afghanistan and the ousting of the Taliban regime, U.S. officials pressured India to limit its diplomatic presence in Afghanistan to assuage Pakistani concerns about the formation of a New Delhi-Kabul axis aimed against Pakistan. U.S. thinking on India's role in Afghanistan has evolved considerably in the past few years. This development was evident last fall when the U.S. welcomed the announcement of the India-Afghanistan Strategic Partnership Agreement, which included a commitment from India to train Afghan security forces. In previous years, the U.S. would likely have frowned on such an agreement and viewed it as provocative toward Pakistan.

The Administration's positive approach toward the New Delhi-Kabul agreement signals that the U.S. has grown frustrated with Pakistani intransigence over Afghanistan and feels less compelled to respect Pakistani regional sensitivities. There is growing recognition within the Administration that the strategy of engagement and accommodation of Pakistani security concerns has not elicited cooperation from Islamabad. In short, U.S. officials have slowly realized that pressuring India (a country that shares many strategic objectives with the U.S.) to

2. Aziz Haniffa, "That Rejected Feeling," *India Abroad*, February 14, 2012, <http://www.indiaabroad-digital.com/indiaabroad/20120224/?pg=8#pg8> (accessed August 6, 2012).

3. Tom Hamburger, Carol D. Leonnig, and Zachary A. Goldfarb, "Obama's Record on Outsourcing Draws Criticism from the Left," *The Washington Post*, July 9, 2012, http://www.washingtonpost.com/business/economy/obamas-record-on-outsourcing-draws-criticism-from-the-left/2012/07/09/gJQAljCZW_story.html (accessed August 6, 2012).

4. Christopher Clary, "Will India Ever Really Be America's Partner?" *Foreign Policy*, June 11, 2012, http://www.foreignpolicy.com/articles/2012/06/11/will_india_ever_really_be_americas_partner (accessed August 6, 2012).

limit its role in Afghanistan in order to placate Pakistan (a country that harbors militants who attack U.S. forces) has contributed to undermining the overall U.S. strategy in the region.

China. Conflicting views in Indian policy circles about how to deal with a rising China also seem to be contributing to New Delhi's recent standoffish approach toward Washington. India and the U.S. are both hedging against Beijing's rapid rise. Their private dialogue on East Asia has reportedly been robust, and Secretary of State Hillary Clinton has been clear about the U.S. desire to see India play a larger role in East Asia to offset growing Chinese military and economic might. India, however, has reacted cautiously to the U.S. public overtures, lest overt cooperation be seen as part of a China-containment policy.

There is a powerful line of reasoning in Indian strategic circles that argues that New Delhi should placate Beijing, including distancing itself from the U.S., since New Delhi is currently outmatched by Beijing's military and technological capacity. Most Indian strategists say it will be at least 10 years before India catches up with Chinese military capabilities. This was highlighted in a recent study by prominent Indian academics titled, "Nonalignment 2.0: A Foreign and Strategic Policy for India in the Twenty First Century." While the authors acknowledge that the U.S. and China will be global power

centers and that a robust American maritime presence in the Asia-Pacific will help delay the projection of Chinese naval power in the Indian Ocean, it raises doubts about whether India would benefit from close ties with the U.S.⁵

A POWERFUL LINE OF REASONING IN INDIAN STRATEGIC CIRCLES ARGUES THAT NEW DELHI SHOULD PLACATE BEIJING.

The authors argue that it would be risky for India to rely too heavily on the U.S. since an Indo-U.S. strategic partnership "could become a casualty of any tactical upswing in Sino-American ties." They go on to state that the American alliance system is in decline and that it is uncertain "how the U.S. would respond if China posed a threat to India's interests." After the 2007 multilateral Malabar naval exercise in the Bay of Bengal stoked Chinese concerns, India reportedly curtailed these types of multilateral exercises. Indian officials apparently fear that such moves could provoke China and that the U.S. would not back India in a meaningful way if conflict were to erupt between New Delhi and Beijing.⁶

Critiquing the "Nonalignment 2.0" report, Indian strategist Bharat Karnad put it this way: "India is supposed to forsake meaningful partnerships with third countries... because it might anger Beijing, even as the Chinese proceed with

implementing their *wei qi* [a Chinese board game] encirclement strategies." Karnad called this policy prescription "fatalistic and defeatist."⁷

Indian policymakers are formulating their own complex response to cope with the uncertainty surrounding a rising China, and the U.S. will have to temper its expectations of India accordingly. India is pursuing a robust diplomatic strategy emphasizing peaceful resolution of its border disputes and growing trade and economic ties, and at the same time embarking on an ambitious military modernization campaign and deployments with clear implications for its rivalry with China. Witness India's successful testing of the Agni-V intermediate-range nuclear-capable missile a few months ago—a weapon with direct relevance to deterring attack from China.

Despite progress on the Sino-Indian economic and trade front, border tensions continue to bedevil ties. Some Indian observers say that Beijing has backtracked on a 2005 border agreement in which both sides agreed that no areas with settled populations would be exchanged.⁸ They cite official Chinese media referring to the Indian state of Arunachal Pradesh as "South Tibet" and Chinese protests against Indian official visits to the Tawang district of the state as signs that the Chinese are toughening their position on the territorial dispute.

India is also concerned with China's rapid military moderni-

5. Sunil Khilnani, Rajiv Kumar, Pratap Bhanu Mehta, Lt. Gen. (Ret.) Prakash Menon, Nandan Nilekani, Srinath Raghavan, Shyam Saran, and Siddharth Varadarajan, "Nonalignment 2.0: A Foreign and Strategic Policy for India in the Twenty First Century," 2012, at http://www.cprindia.org/sites/default/files/NonAlignment%202.0_1.pdf (accessed August 6, 2012).

6. Clary, "Will India Ever Really Be America's Partner?"

7. Bharat Karnad, "Roadmap for Second-Rate Power Status for India: Response to Quasi-Official Foreign Policy Document—'Nonalignment 2.0,'" March 4, 2012, <http://bharatkarnad.com/2012/03/04/response-to-nonalignment-2-0-a-regressive-foreign-policy-roadmap/> (accessed August 6, 2012).

8. Bhaskar Roy, "India in China's New Assertiveness," South Asia Analysis Group Paper No. 4930, February 23, 2012, <http://www.southasiaanalysis.org/%5Cpapers50%5Cpaper4930.html> (accessed August 6, 2012).

zation, its increasing force projection capabilities, and its buildup of military infrastructure in Tibet.⁹ The U.S. Director of National Intelligence, James Clapper, told a Senate committee in January that “we judge that India is increasingly concerned about China’s posture along their disputed border and Beijing’s perceived aggressive posture in the Indian Ocean and Asia-Pacific region.”¹⁰ Clapper went on to note that Indian military leaders do not believe that a major Sino-Indian conflict is imminent, and they continue to calculate that the overall probability of war is low. However, according to their assessment, China may be trying to enhance its bargaining position in their ongoing border negotiations or could be preparing for limited conflict along the border.

India also has memories of 1962 when it was caught off guard by Chinese border aggression. If Tibet becomes more volatile or unstable, the Chinese could lash out at India. India calculates that it must be prepared for the worst, while at the same time building economic and diplomatic ties.

One approach that India is taking as a way to balance Chinese power is to build up ties to other Southeast Asian nations, notably Vietnam. New Delhi’s security partnership with Hanoi dates back a decade, and New Delhi has long understood the importance of Vietnam in the South China Sea and its potential to balance the Chinese naval presence in the Indian Ocean. Also with an eye on China,

India is strengthening relations with Japan through increasing military contacts, maritime cooperation, and trade and investment ties. India, the U.S., and Japan recently concluded their second round of trilateral meetings.

Indian strategists worry that India is losing primacy in South Asia because of Chinese inroads into the region. Not only is China focusing on reinforcing ties with its traditional ally Pakistan, it is building economic relationships with Sri Lanka and Bangladesh and wielding more influence over Nepal on the Tibetan refugee question. India has also taken seriously the Chinese refusal to grant visas to Indian officials serving in Jammu and Kashmir. Beijing had demonstrated in recent years that it favored bilateral Indo-Pakistani negotiations to resolve their differences and had previously played a helpful role in preventing the outbreak of full-scale war between the two countries during the 1999 Kargil border conflict. However, by increasing its presence in Gilgit Baltistan and increasingly questioning Indian sovereignty over the areas of Jammu and Kashmir under New Delhi’s control, the Chinese seem to be subtly upping the ante on India.

While a certain degree of Indian indecisiveness on how to effectively deal with China is understandable, Indian leaders need to ensure that their equivocation does not paralyze them or lead them to forgo good strategic options that maximize their security. A close relationship

with the U.S.—not a military alliance—will help India maintain its long-held tradition of exercising strategic autonomy. Instead of keeping the U.S. at arm’s distance, with the hope of placating the Chinese, India should be drawing closer to the U.S. in ways that solidify and build trust in the partnership, which will deter the Chinese from pursuing a more aggressive posture toward India.

ONE APPROACH THAT INDIA IS TAKING AS A WAY TO BALANCE CHINESE POWER IS TO BUILD UP TIES TO OTHER SOUTHEAST ASIAN NATIONS, NOTABLY VIETNAM.

In his recent article, “Managing Multipolarity: India’s Security Strategy in a Changing World,” Indian strategic affairs commentator C. Raja Mohan argues that the emerging regional and global distribution of power in favor of China will compel India to abandon its multidirectional engagement and deepen its strategic partnership with the U.S.¹¹ Mohan argues that India’s success in balancing Chinese power in the region depends squarely on the quality of its relations with the U.S.—the only country capable of acting as offshore balancer against China. At the same time, Mohan cautions, India must reduce its vulnerability to the potential for changing dynamics in Sino-U.S. ties.

Iran. A major source of tension between Washington and New Delhi has been over how to deal with the

9. Yogesh Joshi, “Reluctant India, Rising China and Alliance Politics in the Asia-Pacific,” East-West Center *Asia Pacific Bulletin* No. 162, April 26, 2012, http://www.eastwestcenter.org/sites/default/files/private/apb162_0.pdf (accessed August 6, 2012).

10. James R. Clapper, “Worldwide Threat Assessment of the US Intelligence Community for the Senate Select Committee on Intelligence,” Director of National Intelligence statement for the record, January 31, 2012, p. 12, http://www.fas.org/irp/congress/2012_hr/013112clapper.pdf (accessed August 6, 2012).

11. C. Raja Mohan, “Managing Multipolarity: India’s Security Strategy in a Changing World,” in “India’s Security Challenges at Home and Abroad,” National Bureau of Asian Research *Special Report* No. 39, May 2012, http://www.nbr.org/publications/specialreport/pdf/SR39_India_Security_Challenges.pdf (accessed August 6, 2012).

Iranian pursuit of a nuclear weapons capability. India has a multifaceted relationship with Iran that is characterized by long-standing regional, historical, and cultural ties. While India opposes Iran's pursuit of nuclear weapons in principle, and supports U.N. sanctions against the country, it is reluctant to sacrifice cordial relations with Iran and resents U.S. pressure to fall in line with unilateral U.S. sanctions. New Delhi views ties to Tehran through its own regional context and believes it must maintain friendly relations in order to maintain access for its goods to Afghanistan, and to prevent Islamabad and Tehran from drawing closer. India currently ships goods to Afghanistan through the Iranian port at Chahbahar, since Pakistan does not allow Indian goods destined for Afghanistan to transit its territory.

India has tried hard to balance its burgeoning strategic partnership with the U.S. and its traditionally close relations with Iran. India has voted against Iran in three crucial votes at International Atomic Energy Agency (IAEA) meetings over the past six years. It also scrapped negotiations over an Iran-Pakistan-India energy pipeline under pressure from the U.S. India paid a price for these actions: After it voted against Iran at the IAEA board of governors' meetings in 2005 and 2006, Iran cancelled a 25-year \$22 billion liquefied-natural-gas deal with terms highly favorable to India.

There also is a strong domestic lobby in India, primarily made up of the left-leaning parties, that supports good relations between India and Iran and bristles at U.S. pressure aimed at disrupting those

ties. Because of this domestic pressure, Indian officials are reluctant to publicly support U.S. sanctions against Iran but have been willing to quietly reduce India's dependence on Iranian oil over the past few years. The U.S. announced two days before the start of the third round of Indo-U.S. strategic dialogue talks held in Washington in mid-June that it would waive sanctions against India, despite its continued reliance on Iranian oil imports. In the waiver, the U.S. acknowledged that India had "significantly" reduced its dependence on Iranian oil in recent years. India's crude imports from Iran have a steadily declining share in India's total oil imports: They have dropped from a level of more than 16 percent in 2009 to around 10 percent in 2012 and are expected to decline further in 2013.

Civil Nuclear Woes

The U.S.-India civil nuclear deal that was introduced in 2005 and approved by the Nuclear Suppliers Group in 2008 has been the centerpiece of improved U.S.-India ties over the past decade. The deal, which involved the U.S. spearheading a contentious international push to provide India access to nuclear fuel and technology for the first time in 35 years, is seen as the bedrock for the developing strategic partnership between the U.S. and India. But India's passage of legislation restricting U.S. companies' ability to compete for contracts in the civil nuclear sector has angered some U.S. officials that went to tremendous lengths to convince a skeptical international community of the merits of the deal.

Washington had hoped that the Indian government would pass

legislation establishing an internationally compliant civil nuclear liability regime that would facilitate U.S. investment in India's nuclear industry. Such legislation would have been the last step in completing the U.S.-India civil nuclear deal. U.S. policymakers and industrial leaders were thus taken off guard when legislation (titled the Civil Liability for Nuclear Damage Bill) containing language inconsistent with international standards for engaging in nuclear commerce passed the Indian parliament in August 2010. The law includes language that makes suppliers of equipment, raw materials, and services liable—beyond the recourse already available through the courts—in the unlikely event of a nuclear accident.

The legislation represented a failure of New Delhi to uphold its end of the civil nuclear agreement. Some, however, point to progress in discussions between India and U.S. industry on civil nuclear projects as a sign of the interest and intent of U.S. companies to eventually participate in the Indian market, despite the current unfavorable legal environment. Westinghouse and the Nuclear Power Corporation of India Limited (NPCIL) signed a preliminary pact to negotiate an Early Works Agreement (EWA) to construct a nuclear power plant in the state of Gujarat. The vice president of Westinghouse India said the agreement was an important step in allowing Westinghouse and NPCIL to keep the project moving forward.¹²

The preliminary agreement notwithstanding, there is still a lingering sense in U.S. policy circles that Washington gained little from the civil nuclear deal. Only time will tell

12. "US Firm Westinghouse Signs MoU for Building Nuclear Plants in India," *Business Today*, June 14, 2012, <http://businesstoday.intoday.in/story/us-firm-westinghouse-signs-mou-on-india-nuke-plant/1/185448.html> (accessed August 14, 2012).

whether U.S. companies will benefit from the deal and whether it leads to greater cooperation between the two countries in stemming global proliferation. From India's perspective, the problem of liability has been exacerbated by the Fukushima disaster and anti-nuclear protests that have threatened the opening of the Russian-built Kudankulam reactor and development of the site at Jaitapur, where the French plan to construct a civil nuclear plant.¹³

Mixed Picture on Defense Ties

U.S.–India defense ties have grown rapidly over the past decade, but still fall short of what they should be. Indian suspicions at the bureaucratic level, as well as deep-seated post-colonial Indian fears of U.S. hegemony, persist. India's decision to buy French, rather than American, fighter jets to fulfill its order for 126 medium multirole combat aircraft (MMRCA) does not necessarily portend a deterioration in relations. Given the institutional relationships engendered by U.S. arms sales, however, the decision does represent a significant lost opportunity to advance the strategic relationship.

Despite the MMRCA setback, the U.S. has signed nearly \$8 billion in defense contracts with India over the past few years, including for C-130J and C-17 transport aircraft and

P-81 maritime surveillance aircraft. America is now the largest arms seller to India, with Israel second and Russia third. Moscow is still viewed as New Delhi's most reliable partner when it comes to acquiring the most strategic of capabilities, as evidenced by Russia's willingness to assist India with its missile and nuclear-capable submarine development.¹⁴

U.S.–INDIA DEFENSE TIES HAVE GROWN RAPIDLY OVER THE PAST DECADE, BUT STILL FALL SHORT OF WHAT THEY SHOULD BE.

A congressionally mandated Department of Defense report on U.S.–India defense cooperation released last fall¹⁵ highlighted the enhanced and multifaceted defense cooperation between the two nations, including extensive training exercises, numerous defense deals, and increasing operational cooperation, particularly between the two navies. The report's offer to provide India with information on the F-35 Joint Strike Fighter also sent a signal that the U.S. considers India one of its most important future defense partners and is willing to consider co-production of some of its most sophisticated defense technology.

Indian strategic planners often see eye to eye with their U.S. counterparts on threats in the region but

are reluctant to develop combined approaches to mitigate these threats.

There is a perception in Washington that New Delhi is focused primarily on technology acquisition rather than discussing strategically significant issues with U.S. counterparts. Such discussions could address force posture, power projection, and command and control. The Indian defense bureaucracy tends to view U.S. interest in these issues with suspicion and has been reluctant to expand dialogue with its U.S. counterparts beyond a certain point.¹⁶ The complex nature of the Indian military acquisition process and its lack of connection to overall strategic planning have also contributed to limiting the scope of U.S.–India military planning discussions. Some Indian analysts, such as Rajeswari Pillai Rajagopalan, have noted there would be benefits to both sides in sharing military data on a more regular basis and in planning joint responses to potential threats in the region.¹⁷

There is a major disconnect between the U.S. and India when it comes to the issue of sensitive technology transfers. Washington views itself as relatively forthcoming on this front, while New Delhi perceives Washington as giving it short shrift and denying India access to sensitive U.S. equipment. According to the U.S. State Department, less than

13. Kanwal Sibal, "The Arc of the India-US Partnership," *Indian Defence Review*, Vol. 27, No. 2 (April-June 2012), <http://www.indiandefencereview.com/spotlights/the-arc-of-the-india-us-partnership/> (accessed August 6, 2012).
14. C. Uday Bhaskar, "The Strategic Context of India-US Defense Relations," *ORF Seminar Series*, Vol. 1, No. 7 (April 2012), p. 4.
15. U.S. Department of Defense, "Report to Congress on U.S.–India Security Cooperation," November 2011, http://www.defense.gov/pubs/pdfs/20111101_NDAA_Report_on_US_India_Security_Cooperation.pdf (accessed August 8, 2012).
16. Lisa Curtis, Walter Lohman, Rory Medcalf, Lydia Powell, Rajeswari Pillai Rajagopalan, and Andrew Shearer, "Shared Goals, Converging Interests: A Plan for U.S.–Australia–India Cooperation in the Indo-Pacific," November 3, 2011, <http://www.heritage.org/research/reports/2011/11/shared-goals-converging-interests-a-plan-for-u-s-australia-india-cooperation-in-the-indo-pacific> (accessed August 6, 2012).
17. Rajeswari Pillai Rajagopalan, "Why U.S. Needs India's Air Force," *The Diplomat*, November 29, 2011, <http://thediplomat.com/2011/11/29/why-u-s-needs-indias-air-force/> (accessed August 6, 2012).

1 percent of export-control licenses are denied to India.¹⁸ The U.S. has also identified India as one of the countries that will benefit from the Pentagon's ongoing efforts to reform rules and regulations that govern U.S. defense exports.¹⁹ In July, U.S. Defense Secretary Leon Panetta said that Washington wanted to work with New Delhi to streamline each country's respective bureaucratic processes to encourage more defense trade and designated his deputy, Ashton Carter, as the point person for the job.

In January 2011, the U.S. removed export controls on several Indian space and defense-related organizations. By removing several subsidiaries of India's Defense Research and Development Organization and the Indian Space Research Organization from the Department of Commerce's "Entities List" barring export of certain dual-use technologies, Washington followed through on a key pledge that President Obama made during a visit to India in November 2010. The U.S. took the additional step of removing India from several other export-control lists that had referred to India as a "country of concern" and placed it in a preferential category that consists mainly of members of the Missile Technology Control Regime (MTCR).

A major hurdle to improving Indian-U.S. defense relations is Indian reluctance to sign end-use monitoring agreements that the U.S. requires for ensuring protection of its sensitive technology. India views such agreements as overly intrusive.

Some in the Indian military believe that the U.S. would use the agreements to surreptitiously examine Indian equipment, while others are concerned that, since Pakistan has signed some of the same agreements with the U.S., Indian security could be inadvertently compromised.²⁰ U.S. South Asia specialist Christopher Clary has pointed out that, while a logistics supply agreement (LSA) is considered a pro forma agreement that the U.S. has concluded with 75 other nations, many Indians erroneously believe it would give the U.S. basing rights in India.²¹

ONE QUESTION THAT THE U.S. AND INDIA NEED TO PONDER IS WHETHER THEY WANT THEIR PARTNERSHIP TO BE MERELY CONVERGENT OR TRULY AND INTENTIONALLY STRATEGIC.

India clearly has no interest in developing a defense relationship with the U.S. along the lines of what the U.S. has developed with Japan, South Korea, and Australia. The two countries' long history of suspicion means that changes in India toward greater defense cooperation with the U.S. will come more slowly than the U.S. may have initially hoped.

Revive Momentum in Relations

There are still major benefits that the U.S. is likely to accrue by pursuing cooperation with India. While Indian policymakers publicly waffle on their approach to dealing with a rising China, they privately hold

similar views to those of the U.S. and reportedly have been forthcoming with the U.S. in private discussions on Asia-Pacific security issues. The two countries will continue to have differences on how to deal with Iran, but India has demonstrated it is willing—albeit grudgingly—to take the necessary steps to tighten the sanctions noose on Tehran.

One question that the two countries need to ponder is whether they desire the partnership to be merely convergent or truly and intentionally strategic. A convergent relationship simply involves both sides recognizing overlapping interests, and otherwise accepting the limits to the partnership. A strategic partnership, on the other hand, would require both the U.S. and India to seek out concrete ways to cooperate on issues of importance to the other in furtherance of the larger strategic goals.

It is important for both sides to try to regain the momentum in ties that has been lost in the past few years. Otherwise, leaders in Washington may begin to view previous U.S. references to India as the "the most important partner for the U.S. in the twenty-first century" as mere hyperbole and both sides will fail to realize the true potential of the relationship at the expense of both countries' long-term security interests. Specifically:

- **The U.S. should continue to invest robustly in its relationship with India, recognizing the long-term benefits of forging coordinated positions on**

18. "Roundtable with Assistant Secretary of State Andrew Shapiro," Carnegie Endowment for International Peace, April 24, 2012, <http://carnegieendowment.org/2012/04/24/roundtable-with-assistant-secretary-of-state-andrew-shapiro/aib7> (accessed August 6, 2012).

19. "India to Benefit Most from Reformed Defence Exports Rules: US," *Business Standard*, June 29, 2012, <http://www.business-standard.com/india/news/india-to-benefit-mostreformed-defence-exports-rules-us/176786/on> (accessed August 6, 2012).

20. Samir Advani, "Prospects for Bilateral Cooperation: Co-Development Possibilities with the US," *ORF Seminar Series*, Vol. 1, No. 7 (April 2012), p. 19.

21. Clary, "Will India Ever Really Be America's Partner?"

regional and global developments. High-level engagement between U.S. and Indian officials through the strategic dialogue—the third round of which was held in mid-June—allows the two sides to deepen mutual understanding and paves the way for future cooperation and policy coordination in the event of a regional crisis, especially one involving either Pakistan or China. India and the U.S. share similar concerns about terrorism emanating from Pakistan and the potential for terrorists to gain access to Pakistan's nuclear weapons and technology. They are also watching with wariness China's rapid military modernization and increased naval assertiveness. The two sides need to carefully coordinate policies to head off emerging threats to the stability and security of the region.

- **The U.S. should reassure India regarding its position on a potential Sino-Indian border or naval conflict.** Many Indians remain skeptical of U.S. reliability and question whether Washington would sacrifice its delicate relationship with Beijing for New Delhi's sake. While Indian concerns may seem misplaced to most Americans, it would be helpful if the U.S. develops scenarios and policy options for how the U.S. might react in the event hostilities break out between India and China. The chance for such conflict is remote, but preparing ahead of time for the potential U.S. response could help reassure India that it will not stand alone against China.

- **The U.S. should increasingly factor India into its plans regarding Afghanistan. Such an approach will likely help garner Indian support for U.S. policies toward Iran.** India is worried that the U.S. is “cutting and running” from Afghanistan and thus it is reluctant to alienate Iran, on whom it depends for access to Afghanistan. Furthermore, Iran, India, and Russia closely cooperated to fight the Taliban in the late 1990s, and India may calculate that it can revive such an alliance to prevent the Taliban from retaking power after the departure of U.S. and NATO forces. While the U.S. needs to keep pressuring India to cut back oil imports from Iran, Washington should also seek to address Indian concerns *vis-à-vis* Afghanistan. The U.S. welcoming of the New Delhi-Kabul strategic partnership agreement is a step in the right direction. U.S. officials should also hold regular consultations with Indian officials on the future of Afghanistan and cooperate wherever possible to promote a stable and democratic Afghanistan.

- **The U.S. must pursue more consistent counterterrorism policies toward Pakistan.** U.S. officials should be consistent and firm in their expectations that Pakistani authorities act against all terrorist groups and their supporters. In the past, Washington has sent mixed messages to Islamabad about the importance it attaches to India-focused terrorist groups, conveying the impression that groups like the LeT were less of a threat

than al-Qaeda. These mixed messages have not only sapped Indian confidence in the U.S. as a reliable counterterrorism partner, they have also undermined U.S. efforts to get a handle on threats to the U.S. homeland. The groups that focus on attacking India cooperate with al-Qaeda on logistics, training, recruiting, and fundraising and thus must be defeated in order to contain global terrorism.

- **Both sides need to consider ways to enhance trust on defense issues and enhance military-to-military collaboration.** Each side must better understand and appreciate the other's core security concerns and be willing to adjust long-held policies and positions to meet the needs of a new relationship that will be critical to ensuring that a stable balance of power prevails in Asia. Indian leaders must convince a skeptical bureaucracy and public that long-held suspicions of U.S. power are unmerited and explain how the American commitment to Asia serves India's own fundamental security interests. Indian leaders also need to correct misconceptions about the purposes of U.S. end-use monitoring agreements, starting with the LSA. Completing this pro forma agreement will help build trust and put in place the building blocks for enhanced defense trade. For its part, the U.S. must speed up export control reforms that will also facilitate military trade with India. The designation of a senior Department of Defense official to take on this task is a welcome step. It is important to maintain momentum on this initiative and

prevent the Deputy Secretary of Defense from getting side tracked and handing the initiative over to the bureaucracy.

- **India must do its part to keep up momentum in the relationship, including ratifying the Convention on Supplementary Compensation (CSC) for Nuclear Damage, and aligning its nuclear liability legislation accordingly.** Indian ratification of the CSC, which sets parameters on international nuclear liability, would demonstrate a good faith effort on New Delhi's part to meet U.S. concerns on the nuclear liability issue. The preliminary agreement between Westinghouse and NPCIL is not enough to quell concerns in Washington that New Delhi is taking for granted

the tremendous effort the U.S. expended to ensure that India would obtain access to nuclear fuel and technology without signing the Nuclear Nonproliferation Treaty. Failing to align its domestic legislation with internationally accepted rules and regulations on nuclear liability will create doubts about India's commitment to building a strategic relationship and dampen prospects for additional U.S. initiatives that seek to integrate India into the nuclear nonproliferation mainstream.

Going the Extra Mile

India and the U.S. should accept that their partnership will not always reach the full expectations of either side. Still, the growing strategic challenge presented by a rising China and the two countries' shared democratic

values will inevitably drive them to increase cooperation. At times—such as now—it will be necessary for each side to go the extra mile to maintain confidence in relations. For example, the U.S. should work to allay Indian concerns vis-à-vis Afghanistan and India, for its part, should align its nuclear liability legislation with internationally accepted nuclear liability rules. If each side demonstrates a willingness to collaborate on issues of core importance to the other, each will demonstrate that it has a genuine interest in developing a strategic partnership—not merely finding convergence on selected issues.

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