

PRIORITIES BEFORE THE PRESIDENT

IN ORDER TO CREATE a truly strategic U.S.-India relationship, the Obama Administration will need to go beyond the civil nuclear cooperation, drawing on areas of common concern and interest.

BY XENIA DORMANDY

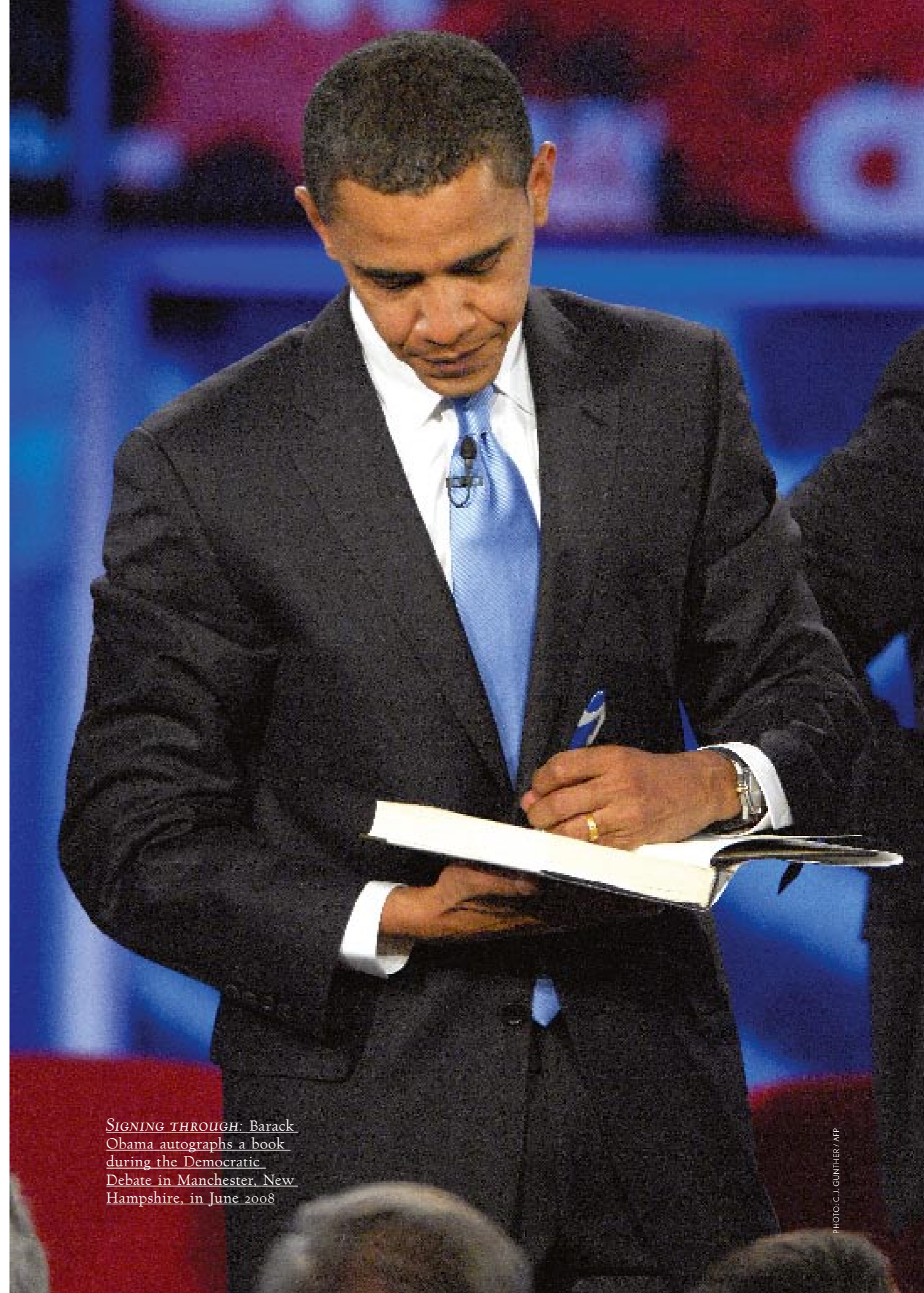
As Barack Obama takes over as the 44th President of the United States, India too will have a national election before May and possibly, subsequently, a new leadership. With these changes, one might suppose that predicting the future direction of U.S.-India bilateral relations would be highly uncertain.

In contrast, notwithstanding how little India was discussed during the U.S. election process, one can predict with some confidence the general outline of a new Obama Administration's policy. Three facts provide guidance. First, the Bush Administration's much vaunted 'new' U.S.-India bilateral relationship was in fact first launched by President Bill Clinton when he visited India in May 2000; it is a bipartisan policy (as it is in India). A more recent signal of the new administration's policy stems from both Barack Obama's and Vice-President-elect Joe Biden's support of the civil nuclear deal during its progress through the U.S. Congress. Both recognised that a stronger U.S.-India relationship was necessary to enhance America's national security. And finally, in the words of Obama himself, "With India, America has one of its most important relationships in an uncertain world."

The Bush Administration has described its policy towards India as one of its greatest foreign policy successes. The relationship has been 'transformed' and, in recent years it has become, semantically at least, a 'strategic partnership'. And yet, this description is not accurate today. Instead, this goal will be passed to the next administration as then-Senator Obama recognised during the election campaign stating, "I will move forward to build a close strategic partnership between the U.S. and India..."

STRATEGIC PARTNERSHIP

The recognition by both the Indian and U.S. governments of the complementarity of their interests and values led to the announcement of the strategic relationship. In some important priorities the two nations' interests align: the rise of China, the importance of countering terrorism and the proliferation of Weapons of Mass Destruction (WMD) are all of major concern to both countries. Both India and the U.S. need to sustain economic growth in order to address the problems of poverty and, in order to do this, they need reliable sources of energy (and, increasingly, energy without environmental consequences).



SIGNING THROUGH: Barack Obama autographs a book during the Democratic Debate in Manchester, New Hampshire, in June 2008

HIGHLIGHTS

Bush recognised India as one of his greatest foreign policy successes; an Obama Administration will usher in support for a stronger U.S.-India relationship, necessary for America's national security.

India and the U.S. need to sustain economic growth to address the problems of poverty and, to do this, they need reliable sources of energy.

The 'strategic relationship' between U.S. and India is defined entirely by the civil nuclear deal and focus has shifted away from other aspects to their dialogue/partnership.

Building stronger economic links, opening up markets, and working more cooperatively in the World Trade Organisation are all areas of potential.

The Obama Administration will have to take steps forward in recognising India's new global position, if not through the U.N., then through the G8.

The American healthcare system is broken financially. The Indian system is one of extremes. Both could benefit from mutual cooperation.

There needs to be more joint military operations, training and building compatibility between both the countries, following on such exercises as Operations Cope and Malabar.

Terrorism and proliferation of WMD are issues of direct concern to India and in which Indian participation is vital to effect better strategic cooperation.

Environmental concerns are a policy priority of Obama. He will need to work with India, China & Russia if a new pact is to be reached before the Kyoto Protocol ends in 2012.

However, there are other areas of discord, not least Iraq and Iran. There are differences in prioritisation and in tactics; India is more concerned with China's burgeoning relationship with the Burmese junta than with the latter's human rights abuses, and its own need for energy and strategic security than Iran's questionable nuclear weapons objectives. These differences will raise tensions between the two nations.

The so-called strategic relationship is today defined almost entirely by the civil nuclear deal. While this deal was announced alongside seven other initiatives on July 18, 2005, almost all political will and resources have gone into moving this one leg forward, leaving other projects such as the Economic Dialogue and a broader Energy Dialogue without sufficient attention to make progress. What has resulted is far from a strategic relationship.

WHAT NEXT?

With the intention to create a truly strategic relationship, the Obama Administration will need to build on the base established by Presidents Clinton and Bush. Drawing on the areas of common concern and interest, the future bilateral policy should be driven by the following six elements:

ECONOMIC ENGAGEMENT: The Bush Administration announced an Economic Dialogue and concurrent CEO's Forum (a group of 20 U.S. and Indian business heads that advises the two leaders and their governments) in 2005. The Dialogue provides a forum to address a number of issues of mutual interest but perhaps also of some disagreement. Both the Indian and American governments have concentrated on the importance of sustaining strong internal economic growth, particularly in light of the current global economic downturn; it will therefore prove to be a critical thread in the bilateral relationship in future.

The potential for cooperation in this area is great. The American economy is still the largest in the world and, in addition to investment funds, provides a major market for Indian goods and services. Likewise, India constitutes a new and underdeveloped market for American goods.

Building stronger economic links, opening up markets, and perhaps even working more cooperatively in the World Trade Organisation (WTO) are all areas of potential.

There remain obstacles that have slowed engagement. Ongoing discussions on a Bilateral Investment Treaty (BIT) have been complicated by the lack of flexibility inherent in such a framework, which lead to tension and complaints of intransigence; it would be even worse with a Free Trade Agreement (FTA). Without focus and attention from the highest levels, progress in these areas is unlikely. Equally, the recommendations that have come out of the CEO's Forum in the past two years have languished in the two bureaucracies, and will need to be re-energised.

GEOPOLITICS: India's capabilities and its location make it a vital geopolitical partner for the United States. India has gained economic, diplomatic and military power in recent years and today has notable soft power. Secretary of State Condoleezza Rice's rather ambiguous statement in March 2005, that 'international institutions are going to have to start to accommodate (India) in some way', is no longer sufficient; the Obama Administration will have to take further steps forward in recognising India's new global position, if not through the U.N., then through other organisations such as the G8 (perhaps building on World Bank President Robert Zoellick's suggestion in October 2008, that the G8 be reformed and expanded to include, among others, India).

While India's role on the global scene is expanding, and a new administration will support this, it is unlikely that America will unequivocally state its support for India's permanent membership in the U.N. Security Council. Given American concerns over the efficacy of the U.N., such a step would be hard until further progress is made on U.N. reform. Notwithstanding this, the U.S. will want to engage more actively and regularly with India on such issues of mutual interest as Iran, China and Afghanistan. The new President has also made clear his interest in trying to promote the India-Pakistan relationship, particularly with regard to Kashmir.

HEALTH: Thus far, U.S.-India cooperation in the health arena has largely been driven by the private sector and non-profit organisations. But, given both the increasing problems in the American healthcare system and the political pressure this causes and India's importance as a frontline state in addressing a possible pandemic, the two governments are going to have to start engaging more actively on these issues.

The American healthcare system is broken financially. The Indian system is one of extremes. Both could benefit from cooperation. As American 'medical tourists' head to India for treatments, where the cost is so much lower, money flows with them benefiting the Indian system, albeit in a largely non-distributive fashion.

In addition to support from American consumers, the U.S. Government also has direct interests in strengthening the Indian medical system; given its geography, India is likely to be a frontline state in responding to any pandemic (such as SARS from China or Avian Influenza from South East Asia). New Delhi will be a vital part of any containment, and for this India needs a stronger network of medical facilities. It should also be noted that India's robust vaccine production capabilities (and America's lack thereof) make it a vital partner in combating any virus that hits the U.S. homeland.

MILITARY: The U.S. military is overstretched. Obama has stated many times that he intends to pull troops out of Iraq, albeit increasing them in Afghanistan. U.S. forces need time to recover, an end that will be supported by what is likely to be a quieter foreign (particularly security) policy. The new administration will look to its friends and allies to fill the gap that will result; an area in which India could participate given its large and capable military and its sizeable U.N. peacekeeping contributions.

The new administration will also build on the June 2005 Defence Framework that laid out a far-reaching vision for cooperation, but on which progress has been slow. Such activities will include more joint operations, training and building compatibility between the two militaries, follow-

ing on such exercises as Operations Cope and Malabar. American companies will also engage, continuing to push the U.S. Government and particularly the Commerce Department to relax restrictions on sales of advanced technologies to India.

STRATEGIC ENGAGEMENT: Some of the greatest U.S. foreign policy challenges of the coming years — terrorism and proliferation of WMD — are also issues of direct concern to India and ones in which Indian participation is vital to effect change. And yet, thus far there has been little cooperation. With the completion of the civil nuclear deal and what will likely be a redefinition of the war on terror by the new administration (to encompass more than just threats to the United States), it is hoped that here too is an area where the two nations can work together. Other strategic issues such as energy security (particularly keeping open the Malacca Straits) and narcotics will also need to be part of a future dialogue.

ENVIRONMENT & ENERGY: Finally, the two nations are going to have to deal with energy and the environment, issues that have risen in the public interest in recent years and are becoming more complex. Environmental concerns were a policy priority of Barack Obama during the elections, and he will need to work closely with India (as well as China and Russia) if a new global agreement is to be reached before the Kyoto Protocol ends in 2012.

Tied closely to the question of the environment is that of energy. India's energy demands are rising swiftly (second only to China) and will increasingly bring it into competition with the U.S. The ongoing bilateral Energy Dialogue (of which the civil nuclear deal was part) will be a good platform from which to work, encompassing as it does multiple elements of the energy question from renewables to new technologies and improving efficiencies (areas that Obama paid great attention to during the campaign). With the focus on nuclear cooperation, these other avenues of interest have lagged, but they are an integral part of any energy solution and one on which a new administration will hope to focus India's attention.

BURNING ISSUES: An AIDS awareness rally in Agartala, India; (R) a U.S. soldier in Paktika province, Afghanistan





PARTNERS IN BUSINESS:
A file photo of Tata Group Chairman Ratan Tata (R) and the then Chairman of JPMorgan Chase, William B. Harrison Jr., at an Indo-U.S. business meeting in New Delhi

OBSTACLES TO PROGRESS

While the logic of a strengthened bilateral relationship is clear, obstacles could stymie progress. After decades of wariness during the Cold War, changing the views of bureaucracies is slow work; political foresight and drive will continue to be necessary to ensure momentum. Meanwhile, lack of trust will continue to hinder progress.

Realistic expectations are important. The U.S. is extremely unlikely to propose India's permanent U.N. membership. Nor will it change the structure of an FTA. In America, particularly among Democrats, there are expectations that with the civil nuclear deal complete India will be more supportive of non-proliferation goals, not least vis-à-vis Iran. None of these are likely. And, particularly in the first months post-election, U.S. attention on critical challenges such as North Korea, Iran and Afghanistan will mean that leadership focus on India will be lacking; India will need to be patient.

ASIAN CENTURY

Many have suggested that the 22nd century will be the Asian Century. And while some, such as Parag Khanna, have proposed that China will prove to be the sun in that region,

India's growth and Japan's large economy will ensure that China will not provide the only source of gravity. India's role in the future of Asia, and globally is incontrovertible. Recognising this, both Republicans and Democrats alike support a stronger relationship with India. As Obama has stated, mirroring the words of then-Prime Minister Atal Bihari Vajpayee, "The world's oldest democracy and the world's largest democracy are *natural partners*, sharing important interests and fundamental democratic values."

As a developing country, India still focusses inwards. The United States will need to recognise India's current political limitations even while pushing issues forward. But in order to reach new heights, India too needs to be willing to take on some of the burdens of global leadership, despite the costs that sometimes come with them.

The next four years should show a broadening of the bilateral relationship beyond the civilian nuclear deal into other areas of mutual interest. But if the two nations are truly going to realise the potential in the relationship, both sides are going to have to refocus political will and resources to this challenge. To maintain momentum, both governments will need to apply themselves to what will, inevitably, be difficult political decisions. □



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