

India in the Contemporary World
Polity, Economy and
International Relations

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15

An Evolving Partnership between India and the US

Opportunities, Convergences and Challenges

*Chintamani Mahapatra
and Monish Tourangbam*

India and the United States (US) have walked a long way to transform their relationship from estrangement to a new 'strategic partnership' at the regional level as well as on the global stage. The path-breaking visit of US President Bill Clinton in March 2000 was instrumental in turning a new leaf in the relationship, earlier marked by mutual misperception, half-hearted economic cooperation and divergent approaches to regional and international security, to the one with promise of, in the words of President Barack Obama, being the 'defining relationship of the 21st century'.¹ Significantly, between the Clinton administration and the Obama administration, the White House was under the control of a Republican administration for eight years. President George W. Bush during his two terms materially altered the nature, content and depth of Indo-US relationship. In other words, the Indo-US strategic partnership in the process of its evolution was guided and supported by both the Democrats and the Republicans, making it one of the rare cases of bipartisan foreign policy initiative by the US government.

Similar, if not identical, is the story from the Indian side. Three presidents of the US, since the dawn of the 21st century, had to deal with two major coalition governments in India — one led by Prime Minister Atal Bihari Vajpayee and the other by Prime Minister Manmohan Singh. Vajpayee's National Democratic Alliance (NDA) was at the helm of affairs when President Clinton first distanced his administration from India

by imposing sanctions against the Indian nuclear tests and then visited India to rebuild and reorient Washington's approach towards nuclear India. India extended its hand of friendship to Clinton with new strategic confidence with the conviction that India could not walk a lonely path on the international stage and that closer ties with the US would bring enormous foreign policy gains for the country. Vajpayee's desire to cement a strategic relationship with the US was strengthened further when a Republican administration in Washington, headed by George Bush, strongly responded to the terrorist strike on 11 September 2001 and showed determination to fight back against international terrorism with vigour and utmost capacity. In the middle of the global war on terrorism, there was a change of guard in Delhi and Manmohan Singh became head of a new coalition government, called the United Progressive Alliance (UPA). Despite the complexity of this coalition marked by the inclusion of Indian Left parties, Manmohan Singh carried forward India's evolving strategic partnership with the US to new heights. Domestic politics in India and the US certainly made the process difficult at times and eased it at others, but it appeared that the majority of the political parties in India backed the idea of stronger relations with the US.

The relationship is now comfortably multi-pronged, spanning across a broad spectrum of issues. But, like in any relationship between countries entrenched across diverse sectors, there are differences and disagreements in Indo-US relations. But the leadership in both capitals has continued their hard work to settle them and mend the loopholes for the partnership to attain its true potential. The Indo-US strategic partnership cannot stand on a strong foundation unless its economic content is reasonably expanded in the years to come.

Indo-US Economic and Trade Relations

The US first became attracted towards India during the waning days of the Cold War due to its new economic policies and developed hopes of tapping the huge potential market of India. By the time Bill Clinton entered the White House, India had already taken steps to end its era of 'License and Permit Raj' by instituting a series of reforms in June 1991 to liberalise its economic policy. When the Department of Commerce under the Clinton administration undertook a study of new emerging markets, it identified India as one of the 'Big Emerging Markets'.² US think tanks

like the Asia Society and the Carnegie Endowment for International Peace had also taken note of the new openings in the Indian market and had recommended the Clinton administration to re-examine its policy approach towards India. More than India's loss of a close strategic partner like the former Soviet Union, it was India's new economic initiatives that encouraged President Clinton to reformulate US policy towards India away from the traditional mode of looking at India.

As the reforms undertaken in the early 1990s led to India's steady integration with the international market, it also gradually helped in materialising multiple points of linkages between the economies of India and the US. India's growth rate, the prominence and capability of its rising middle class, the proliferation of its information technology (IT) talents changed the image of India in the American mind. The importance that the US under Bill Clinton's administration accorded to India's economy was evident quite early. American policymakers showered praises on the Indian economic reforms and envisioned a continued expansion of trade and commercial ties between the two countries.³ There is no doubt that India's vibrant economic growth despite global recession, the Asian financial crisis of 1997 and US nuclear test-related sanctions in 1998 convinced President Clinton that a dynamic democracy and a gigantic market like India should be engaged rather than isolated due to its nuclear tests, as he explained during his trip to India in early 2000.

Although George W. Bush, Clinton's successor, had to focus more on security rather than economic issues he did not ignore this dimension of engagement with India for too long. A US-India Trade Policy Forum was conceived in July 2005 to expand bilateral economic engagement and provide a venue for discussing multilateral trade issues. The Trade Policy Forum co-chaired by the United States Trade Representative (USTR) and India's commerce and industry minister or their deputies replaced the US-India Working Group on Trade, which was established earlier in 2000. Months later, officials from the two countries concurrently arrived at the decision to establish five focus groups, namely: (i) agriculture; (ii) tariff and non-tariff barriers; (iii) services; (iv) investment; and (v) innovation and creativity that would meet on a regular basis and work towards facilitating and promoting more trade and investment.⁴

A Private Sector Advisory Group (PSAG) was created in 2007 to provide strategic recommendations to the Trade Policy Forum. The White House-led Economic Dialogue — the government-to-government forum on bilateral economic issues — also functions as the umbrella mechanism

for the Trade Policy Forum and several other bilateral dialogues led by other agencies. Moreover, the Chief Executive Officers' (CEO) forum seeks to improve the commercial climate between the two countries.⁵

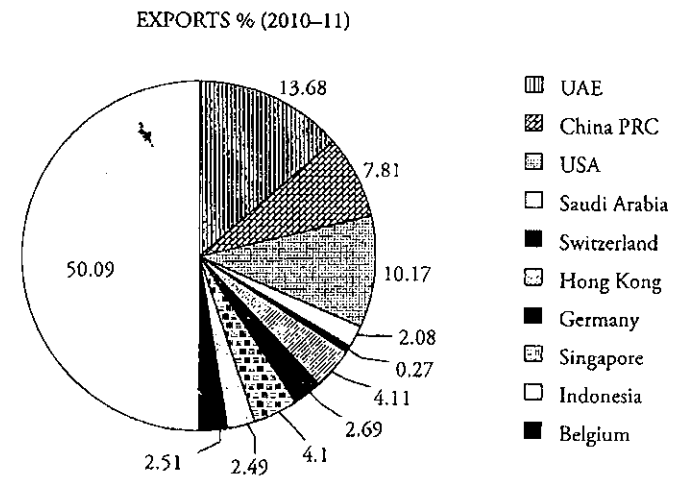
India had long moved away from the decades of 'Hindu rate of growth' by the time the new millennium came. The Indian economy grew at an impressive rate a few years before the recession hit the developed countries in 2008 and came to be portrayed as one of the two fastest growing economies in the world by 2007. The US was very much a part of the growth story of India. American heavyweights such as Cisco Systems, General Electric, Intel, NVIDIA (a Silicon Valley producer of graphics processor technologies), Texas Instruments, and Yahoo! increasingly looked at 'India's Silicon valley' as the base of the future research and development (R&D) pool. In addition, Indian IT giants expanded their base in the US to an extent that prompted some American politicians to use Bengaluru as a punching bag for their anti-outsourcing rhetoric.⁶

All these developments indicated that people-to-people relations and private business transactions between India and the US outpaced the government-to-government relations. Out of all the top US venture-funded companies, '48 per cent', according to a study by the US National Foundation for American Policy (NFAP), had at least one immigrant founder. Moreover, these immigrant founders originated most commonly from India, followed by Israel, Canada, Iran, and New Zealand.⁷

With the expansion of the Indian economy, India's trade with other countries, particularly the US, has witnessed impressive growth. Figures 15.1 and 15.2 indicate that the US is currently the second largest export market for Indian goods and the fifth largest source of Indian imports (in terms of monetary value). The US is India's third largest trading partner in terms of total trade. This position does not exemplify a strong partnership emerging between India and the US. But a closer look at it will clarify that India's energy bill makes the United Arab Emirates (UAE) the largest trading partner of India and flooding of cheap Chinese goods in India make China the biggest trading partner of India. A content analysis of the trade items can show that the US is the single most important economic partner of India. The negative growth rate in Indo-US trade during 2009 and 2010 is the result of current global recession and the US financial crisis and cannot signify a trend for the future.

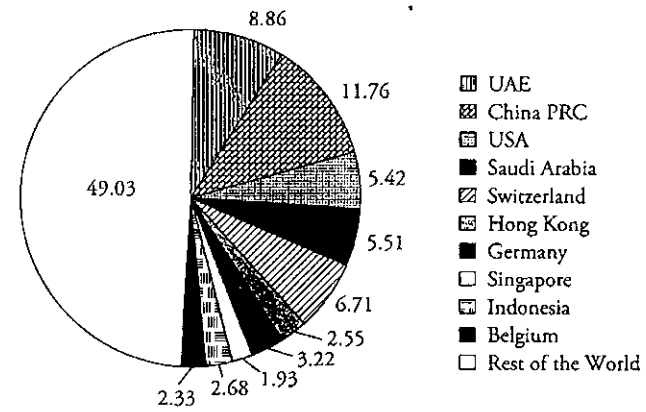
Similar is the case with investment figures. As Figure 15.3 suggests, it is true that Mauritius, Singapore, Japan, and the Netherlands have invested

Figure 15.1: India's exports (%): Top 10 countries, 2010-11



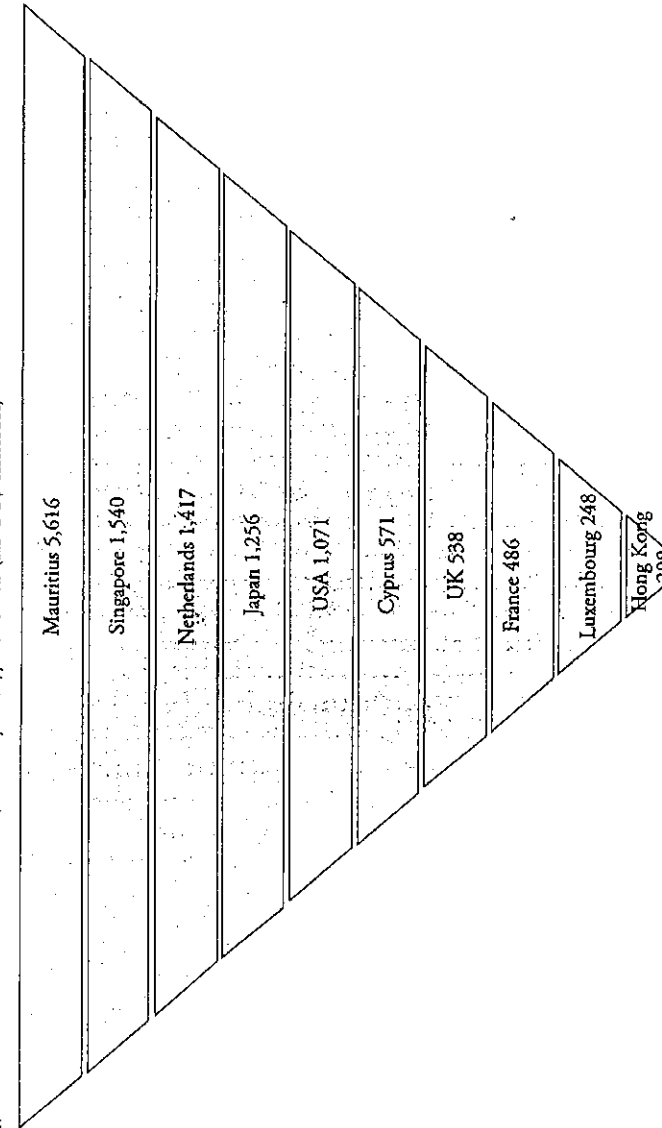
Source: Department of Commerce, Ministry of Commerce & Industry, Government of India; Export-Import Data Bank.

Figure 15.2: India's imports (%): Top 10 countries, 2010-11



Source: Department of Commerce, Ministry of Commerce & Industry, Government of India.

Figure 15.3: FDI flows to India (country-wise), 2010-11 (in US\$ million)



Source: Reserve Bank of India (RBI), Reserve Bank of India Annual Report 2010-2011, Mumbai: Reserve Bank of India, 2011.

more in India than the US, but in terms of sectors and technology, US investment in India is very strategic.

The US, according to Ashley Thomas Lenihan, is 'likely the largest true investor in India after Singapore'.⁸ A major area of concern is the high number of formal and informal barriers to foreign investment which leads to comparatively low levels of Inward Foreign Direct Investment (IFDI) into India.⁹ In fact, one of the significant areas of economic and strategic dialogue between India and the US involves expanding the US investment base in India.

No one can doubt that economic cooperation between the two countries is a significant pillar of emerging strategic partnership. Besides trade and investment, Indians in the US send almost half of the remittances that come to India every year, contributing significantly to the Indian economy. The Indian-American community in the US and a large number of Indian students in American universities provide an important social base for economic cooperation between the two countries. However, this aspect of strategic partnership is not free from challenges. It is an area that can be called work-in-progress and the business cycle is bound to create turbulence from time to time in view of the fact that the US champions the cause of free/fair trade, but occasionally resorts to mercantilist measures. India, on the other hand, is mindful of social justice in its economic policy because of the very nature of Indian demographic realities.

Key Challenges

One of the major issues to have a negative impact on the trend of Indo-US economic relations concerns the US demands for greater market access and India's resistance on account of public interests. The US more specifically wants greater access to the agricultural market, financial services and retail distribution, but India claims that US farm subsidies are unfair and greater market access would threaten the livelihood of millions of Indian farmers. US officials, on the other hand, complain about Indian farm subsidies.

The complex trade negotiations at the Doha Round have often mirrored many Indo-US differences over issues related to 'agriculture, market access for non-agricultural products, services, trade-related aspects of intellectual property rights (TRIPS), rules (covering anti-dumping and subsidies), trade facilitation, etc'.¹⁰ The US wants to acquire 'market access

commitments in agriculture and other areas, particularly from the . . . fastest-growing economies'.¹¹ Indian officials, on the other hand, champion the cause of the developing nations and try to resist any attempt by developed countries to take away the right of World Trade Organization (WTO)-member nations to restrict the export of food items and raise import tariffs beyond existing levels.¹²

The issue of intellectual property rights (IPR) is another one that comes in the way of improved cooperation between the two countries. Washington often expresses displeasure over the lack of measures being taken in India to protect its IPR and includes India in the Priority Watch List of the 'Special 301' Clause of the US trade law.¹³ The USTR, however, announced a new initiative in 2011 'inviting trade partner[s] appearing on the Special 301 Priority Watch List to negotiate a mutually agreed action plan' that could lead to their 'removal from the relevant list'.¹⁴

Financial and other economic problems have opened up other areas of controversy and clash of policies such as outsourcing. So long as the US companies benefitted a great deal from business process outsourcing (BPO) and outsourcing, the US government was silent. The moment recession began to hit the employment market, measures to discourage outsourcing and protect US employment generated significant disputes in US-Indian economic interactions.

All said and done, the Indian economy has become an integral part of the global economy. The contribution of external economic engagements to the Indian gross domestic product (GDP) has touched about 40 per cent from the mere 14 per cent that it had been when India began its economic reforms about two decades ago. India, like the US, has developed a stake in the international trade regime and the two countries have begun to cooperate through the G20 mechanisms to combat current economic woes afflicting the global economy. The relative decline of the US economy, and the robust Indian measures to tackle the recession have enabled India to play, along with the US, a major role in international economic policymaking. Moreover, India and the US are members of the East Asia Summit and both are likely to coordinate their policies for taking advantage of the growth story of the Asia-Pacific in the years to come.

Strategic Partnership

While it was the economic reforms in India in the early 1990s that first altered the US perception and attitude towards India and resulted in

the US treasury secretary's economic mission to India and that of the Indian prime minister's to Washington, President Bill Clinton's visit to India in March 2000 to re-engage nuclear India opened up new avenues for meaningful security cooperation. Defence trade, military exercises, dual-use technology transfers soon became the major areas of strategic cooperation between the two countries.

Defence Cooperation

US-India defence cooperation during the Cold War was nominal and sporadic. It was negligible in the early years of the post-Cold War era as well. But Clinton's visit to India marked a fresh start in bilateral cooperation in this sector.

Firstly, the India-US Defence Policy Group (DPG) — moribund after India's 1998 nuclear tests and ensuing US sanctions — was revitalised in 2001 to meet annually. These annual meetings have been helpful in the exchange of ideas, removal of suspicions and resolution of issues. The success of the defence dialogue became visible within a matter of years. In June 2005, the US and India inked a 10-year defence pact. Accordingly, the two countries outlined plans to: collaborate in multilateral operations, expand two-way defence trade and increase opportunities for technology transfers and co-production. Further, both sides agreed to expand collaboration related to missile defence and establish a bilateral Defence Procurement and Production Group.¹⁵

Dual-Use Technology

The issue of dual-use exports has been one of the major areas of contention between the two countries, wherein stringent US domestic laws and strategic considerations and India's cautious approach to maintain its autonomy prevented uninterrupted technology trade between the two countries. But the decision by the two countries to establish a strategic partnership and subsequently New Steps in Strategic Partnership (NSSP) have opened increased trade in sophisticated new-age technologies and the issue of dual-use technology exports has been placed at the forefront of Indo-US defence trade.

The US-India High Technology Cooperation Group (HTCG) was conceived in November 2001 with a joint statement by then president,

George W. Bush, and then Indian Prime Minister, Atal Behari Vajpayee. By November 2002, the US and Indian governments began work on a set of principles regarding bilateral cooperation in high technology trade and the first session was held in 2003. Since the sanctions on India were lifted in 2001 and the HTCG was created in 2002, the number of dual-use exports to India requiring licenses has dropped considerably. For instance, in 2000, 24 per cent (approximately \$1 billion) out of the \$4.1 billion in US exports to India required a license from the Department of Commerce. However, by 2009, only 0.3 per cent (approximately \$49 million) out of the \$16.3 billion US exports to India required such a license. In addition, approximately 24 per cent (\$4 billion) out of this were classified by the Commerce Department as high-technology products and only 0.5 per cent of such products required a Commerce Department license.¹⁶

Since 1998, a number of Indian entities have been subjected to case-by-case licensing requirements and appear on the US export control 'Entity List' of foreign end users involved in weapons proliferation activities. However, as part of NSSP implementation, in 2004 the US modified some export licensing policies and removed the Indian Space Research Organisation (ISRO) headquarters from the Entity List. Six more subordinate entities were removed from the list in 2005. When President Obama visited India in November 2010, he had promised to lift sanctions from Indian R&D organisations, such as ISRO, Defence Research and Development Organisation (DRDO) and Bharat Dynamics Limited (BDL). Subsequently, nine Indian space- and defence-related companies, including those from ISRO and DRDO, were removed from the Entity List.¹⁷ Hence, the pronouncements made during the summit in New Delhi were quickly acted upon and did not end up as empty words.

Besides technology transfer, trade in military weapons and equipment also saw an upward trend as part of the efforts to strengthen strategic partnership. In 2002, in the first-ever major US arms sale to India, the Pentagon negotiated the delivery of 12 counter-battery radar sets (or 'Firefinder' radars) worth a total of \$190 million.¹⁸ Other defence purchases by India include '\$44 million' paid for 'the *USS Trenton*, a decommissioned American amphibious transport dock', which 'became the second-largest [vessel] in the Indian navy when it was commissioned as the *INS Jalashwa* in 2007'.¹⁹

The US State Department in 2008 approved licenses involving defence articles for India worth over \$233 million. Also, through Technical Assistance and Manufacturing Licensing agreements, the US government

authorised defence services for India worth \$677 million.²⁰ Increased defence sales to India in the midst of high unemployment would mean more job creation in American defence firms.²¹

Constraints in Defence Trade

Unlike the Cold War period, India has been trying more vigorously to diversify its sources of defence acquisitions in the last two decades. While Israel has been a significant source of defence purchases, the US and India have both tried to expand their trade in defence equipment and technology. India would not like to continue the traditional dependence on Moscow and the US would obviously desire to tap into the huge arms bazaar of India. The US has been the best repository of advanced and technologically superior weapons and ammunitions and India has of late sought state-of-the-art weapons and technology.

But this happens to be an ideal situation. In the real world of bilateral efforts to forge close security ties, Indian and American officials have encountered considerable difficulties in realising the true potential of cooperation. Defence ministry officials and top military officers in India remain circumspect of procuring American weapons, partly for historical reasons and also because of stern US domestic laws, the cost factor and a lurking fear of weakening India's strategic autonomy.

Stephen Cohen and Sunil Dasgupta have contended that unlike Russia, the US insists on 'end-use monitoring agreements' and 'policy coordination'. This works against Indian interests, since India not only 'greatly values foreign policy autonomy' but also has been apprehensive of 'political conditions on arms sales', especially since the 1965 Indo-Pak War, 'when Washington imposed an arms embargo in the midst of the war. India's defence establishment has had a residual distrust of the United States ever since'.²² India's 'broken procurement system' and problems of 'transparency, legitimacy and corruption' are also major stumbling blocks.²³

In addition, the licensing process in the US for export of munitions is 'more cumbersome and opaque than the dual-use licensing procedures', creating yet another major hurdle in Indo-US defence trade.²⁴ For instance, the requirements of the End-Use Monitoring Agreement (EUMA), the Communications Interoperability and Security

Memorandum of Agreement (CISMoA), the Logistics Support Agreement (LSA) and the Basic Exchange and Cooperation Agreement for Geospatial Cooperation (BECA) have contributed to the slow progress of Indo-US defence trade. Even though US officials continually insist that India sign these agreements in order to further streamline trade flow in defence items of the most sophisticated and advanced nature, overriding political sentiments in India resist the US attempts for fear of losing strategic autonomy in the backdrop of historical unreliability of the US as a defence partner. India draws strength from other suppliers of weapon systems, like Russia and Israel, which do not ask for the kind of binding agreements that the US does.

Washington's strength lies in the sophistication and superior quality of its defence products and its weakness lies in the heavy cost of its weapons and complex legal requirements. India certainly wants state-of-the-art defence items, but would not compromise on its strategic autonomy. The hard bargaining between the parties finally led to the signing of the EUMA in 2009 by the two countries, but not without some Indian conditions untypical of EUMA agreements between the US and other countries. Prime Minister Manmohan Singh defended the agreement in Parliament arguing that Indian sovereignty was not compromised and that the agreement did not allow 'unilateral' US inspections.²⁵ Hence, even if US inspectors would be allowed to inspect equipment purchased or transferred from the US, the inspections would be pre-scheduled and would occur at locations of India's choice. If the transferred US equipment was being used, it would be possible to reschedule the inspection.²⁶ All three accords have faced political opposition in India and some technical issues remain to be clarified.²⁷

The Indian government is in the process of negotiating a deal which will become the most lucrative defence contract to date. It involves 126 new medium, multi-role combat aircraft (MMRCA) worth some US\$11 billion. Lockheed Martin and Boeing of the US were competing with aircraft built in Russia, France, Sweden, and by a European consortium. But in 2011 New Delhi announced that it would not look to American firms for this sale. Many analysts and even pro-India voices in the US felt let down by the Indian decision, with some regretting that the Indian government had short-circuited a good opportunity to take the Indo-US strategic relationship to the next level. But, not all agree with such an assessment because a strategic partnership of the kind that India and the

US evasion should not be based on the pedestal of business alone. The failure of a single deal, howsoever significant, should not be read as a case of India's inconsistency and unreliability in the matter. India's decision to settle for fighters from European consortiums should be seen as an independent autonomous decision arrived at under internal consultations, keeping various interests in mind. It would also be unnerving for the US if other major arms exporters started objecting to every other major project the US concludes with India. Moreover, India will in any case buy the planes from European countries that are not strategic adversaries of the US.²⁸ Hence India's decision to decline American firms should not be seen as a strategic countersignal to the US.²⁹

In any case, the failure of US companies to win the competition for a multi-role aircraft was partially compensated with other defence deals to the tune of several billion dollars. Nonetheless, the signal is clear that the strategic partnership with the US would not mean India would always sign on the dotted line.

Military Exercises

Another significant area of military-to-military cooperation between India and the US has been the growing sophistication and size of joint military exercises involving all the services. Military exercises were actually clear visible signs of emerging security cooperation between India and the US in the immediate aftermath of Soviet disintegration. Beginning in 1992, such exercises only gradually improved in sophistication. Initial rounds of exercises were more symbolic and limited in size. Nevertheless, these were an important shift in the direction of policies in view of the fact that India never conducted such exercises with the former Soviet Union even during the thick of their friendship and cooperation.

It was in the wake of the establishment of a 'strategic partnership' and NSSP that the nature and size of military exercises assumed more significance, particularly in the post-9/11 era. Since early 2002, the US and India have held a series of unprecedented and increasingly substantive combined exercises involving all military services. The US now conducts more joint exercises and personnel exchanges with India than with any other country. These embrace 'Cope India' air exercises, joint Special Forces Training, 'Vajra Prahar' exercises and major annual 'Malabar' joint naval exercises. In addition to about 1,000 military personnel from

the Indian and US army, Yudh Abhyas 2009 also involved '17 Stryker vehicles — the largest deployment of the [US] vehicles outside of Iraq and Afghanistan' in recent years.³⁰

Indo-US military exercises have infused a habit of cooperation and interoperability between the two militaries. Moreover, the US seeks to showcase its weapons to promote its defence sales to a modernising Indian military. In addition, Indian forces 'learn a lot from exercising' with the US forces and India offers the US its 'vast counter-insurgency experience'.³¹ The US Pacific Command (USPACOM) and the Indian Integrated Defence Staff (IDS), in 2010, conducted the inaugural Joint Exercise India (JEI) tabletop exercise. Shatrugjeet, another exercise, focuses on 'amphibious doctrine and operations'.³²

Besides the premier Malabar exercise aimed at reinforcing 'maritime tactics, techniques, and procedures (TTPs) of both nations', the US and Indian navies also conduct three other naval exercises, namely Habu Nag (naval aspects of amphibious operations), Spitting Cobra (explosive ordnance destruction focus), and Salvex (diving and salvage). The US Coast Guard has also begun engagement and training with its Indian counterpart.³³

Counterterrorism

In terms of immediate upshot for the civilian population in both countries and in terms of its value for Indo-US trust building, an important facet of the emerging 'strategic partnership' between the US and India is intelligence and counterterrorism cooperation. In 2000, the two governments established a US-India Joint Working Group on Counter-Terrorism to coordinate bilateral efforts in this realm. It signalled a new resolve from President Bill Clinton to revive bilateral ties. New Delhi welcomed it 'as evidence of renewed engagement with Washington, as well as a channel for engaging US officials regularly on India's terrorism concerns, specifically with respect to Pakistan'.³⁴ However, the US and India differed enormously on the definition of terrorism and the *modus vivendi* to tackle it at this time.

Soon after the 9/11 terrorist attacks on the US, the convergence of interests in tackling the menace of international terrorism replaced the earlier divergent views to a large extent. However, the differences in categorising the sources of threat did not disappear. India sees terrorism in

stark terms, as the type of acts that anti-India groups finding safe havens in Pakistan have perpetrated inside India. Sections of the Pakistani military and intelligence have long been indicated as the instigators and designers of anti-India plans. In turn, for the US, rogue nations such as Iran or Iraq under the rule of those like Saddam Hussein had been seen as the main source of terrorism, and India's relations with these countries concerned America. Secondly, India had often tried to bring American policymakers to the point of acknowledging and realising the threats that Indians faced from plans hatched inside Pakistan. But Washington, far from designating Pakistan as a state sponsor of terrorism, sought Pakistani cooperation in combating Islamic terrorism. Even as Americans came to develop a strategic partnership with India and viewed the threat of terrorism from at least some shared perspective, the strategic role that Pakistan played in America's war in Afghanistan gave the American government less room to manoeuvre. Nevertheless, between these geostrategic constrictions, India and the US in the post-9/11 era found ways to increase their cooperation to prevent and fight terrorism. In October 2001, the two countries concluded a Mutual Legal Assistance Treaty and in April 2002 a cyber security forum to advance bilateral cooperation in this domain. The two countries also established closer cooperation in cases involving intelligence sharing, money laundering and other serious criminal activities.³⁵

More significantly, the militaries from both the countries conducted jungle warfare exercises in India's North-east and Guam in 2003 and 2004.³⁶ In 2004, a senior-level US Army delegation visited India's 15 Corps Battle School (CBS) near Srinagar to have first-hand knowledge of 'training techniques' adopted by India in 'anti-militancy and unconventional operations'.³⁷ Apart from expanding cooperation on aviation security, the two countries also incorporated counterterrorism elements in their joint naval exercises. In addition, the US-India defence framework agreement signed in June 2005 specified 'defeating terrorism and violent religious extremism as one of four top security objectives'.³⁸

The 26/11 attacks in Mumbai reinforced the need for greater Indo-US counterterrorism cooperation and the impact was accentuated as foreigners, including Americans, were killed in the attacks. The focus was soon renewed on Lashkar's terrorist activities that were going beyond the geographical confines of South Asia. Concerned US officials worked hand-in-hand with Indian officials during the investigation. Once it came

to be known that there was a clear Pakistani connection, political pressure from the highest level was put on Islamabad to cooperate.³⁹ Operational cooperation during these investigations was regarded unprecedented and groundbreaking in terms of their 'scope and depth'.⁴⁰ Though some differences of perceptions and priorities lingered on and larger strategic considerations limited the scope of joint action, overall counterterrorism cooperation has over the years grown in scope and regularity.

In July 2010, India and the US signed the India-US Counter Terrorism Initiative.⁴¹ A Homeland Security Dialogue was initiated during President Obama's visit to India in November 2010. On 22 April 2011 in Los Angeles, California, the US Federal Bureau of Investigation (FBI) and the Indian Ministry of Home Affairs concluded a five-day Law Enforcement Executive Development Seminar that focused on counterterrorism, crisis response and megacity policing.⁴² A Pentagon report of November 2011 'identified maritime security and counter-terrorism' as 'an important pillar of military-to-military cooperation between the two countries'.⁴³

Despite all these developments, India has little conviction that the US will cooperate fully on terrorist issues that are directly related to Pakistan. The case of David Coleman Headley exemplifies India's concerns. Lisa Curtis of the Heritage Foundation has rightly argued that the 'handling of the David Coleman Headley case' and the unnecessary delays in giving 'direct access to Headley' revived 'India's mistrust of the U.S.' when it came to dealing with terrorists based in and nurtured by Pakistan.⁴⁴ As long as Pakistan's cooperation is required by the US to combat anti-US terrorist groups, it would come in the way of full-fledged Indo-US counterterrorism cooperation.

123 Agreement and Beyond

One of the most significant moves to have opened up new avenues for a robust partnership with strategic import is the civilian nuclear cooperation agreement, known as the 123 Agreement, concluded by the Bush administration and the Manmohan Singh government.

It is because one of the thorniest issues in the US-Indian bilateral relationship has been the one related to India's nuclear programme. India's nuclear tests in 1974 and the subsequent ones in 1998 created considerable unease among American policymakers and non-proliferation lobbies.

Various rounds of sanctions were imposed on India, isolating the country from international nuclear commerce. US policymakers followed a strategy to cap, roll back and eliminate India's nuclear weapons programme, which of course did not materialise. India has refused to sign the Nuclear Non-Proliferation Treaty (NPT) and the Comprehensive Test Ban Treaty (CTBT), calling them discriminatory in nature.

The thaw in Indo-US relations towards the end of the rule of the Clinton administration gave way to cooperation during that of the George W. Bush administration. The most significant game changer was the Indo-US civilian nuclear deal that merited a Nuclear Suppliers Group (NSG) waiver and International Atomic Energy Agency (IAEA) approval. When the Obama team displayed high enthusiasm for promoting non-proliferation and even articulated the need for sending the CTBT draft back to the Senate for ratification, there were major concerns over the fate of the Indo-US nuclear deal and its implementation. However, efforts made at high levels to clear issues and dispel the misunderstandings quickly yielded positive results. During Secretary of State Hillary Clinton's visit to India in July 2009, the Obama administration made it clear that the US was keen to implement the 123 Agreement and that the NPT and CTBT issues would not come in the way.⁴⁵ Concurrently, India, on its part, announced two places — Andhra Pradesh and Gujarat — as nuclear energy parks earmarked for the US companies to set up power-generating nuclear reactors.⁴⁶

India and the US in late March 2010 concluded negotiations on an agreement for the reprocessing of US-origin spent nuclear fuel, removing one of the key remaining barriers to nuclear trade between the two countries. Around mid-2011, the NSG decision to ban the transfer of Enrichment and Reprocessing (ENR) technologies to countries that have not signed the NPT led to deliberations on and speculations about the future of India's nuclear commerce, and its civilian nuclear deals, especially with the US.⁴⁷ Since India is the only country outside the NPT that is allowed to receive such technology from NSG members, the move was seen as targeted towards India. The irony was that all this took place while there were deliberations regarding India's possible entry to the NSG. High-level Indian officials sought to calm nerves emphasising the huge energy market of India and the leverage it could provide.⁴⁸

Subsequently, the Civil Liability for Nuclear Damage Bill, passed in Indian Parliament on 30 August 2011, was unacceptable to Washington.

Various steps have been taken since then to streamline and ease international concerns regarding Indian nuclear laws, such as signing the Convention on Supplementary Compensation for Nuclear Damage (CSC), and new rules on nuclear liability considering suppliers' and victims' concerns. But some differences continue to persist.⁴⁹ That the road to nuclear cooperation has been a difficult one is indisputable. But the fact that the nuclear cooperation agreement has to a large extent removed a major road-block to strategic partnership is irrefutable.

Pillars of Asian Balance of Power

It is noteworthy that one of America's foremost international affairs analysts and authors, Fareed Zakaria in his well-known book *The Post-American World and the Rise of the Rest* calls China 'the Challenger' and India 'the Ally'.⁵⁰ Moreover, a September 2011 Joint Study Group Report produced by the Council on Foreign Relations and Aspen Institute India titled *The United States and India: A Shared Strategic Future* drew attention to the role of the US and India in maintaining a stable balance of power in Asia.⁵¹

China's increasing military budget and the Chinese navy's drive towards becoming a blue-water navy has caused concern in many nations. Every rising power tries to propagate its growing influence as congruent with the 'greater good' of all. Great Britain used the missionary pretence of civilising the world. The US floated ideas like 'Manifest Destiny' and 'Democracy Promotion' to disguise its expansionist policies. Beijing's relentless drive for power and influence appears to be disguised under its propaganda of 'Peaceful Rise of China'. But the outside world perceives such developments in a different light.

However, Washington sees India's current dynamism as a stabilising force. The US welcomes the balancing of growing Chinese power by assisting the expansion of Indian capabilities. Some US policymakers and high US officials visualise cooperative relations with India to counterbalance China.⁵²

India's growing economic and political footprint in the Asia-Pacific region is the result of its 'Look East' policy and its desire to diversify and cement its relations with the countries of East and South-East Asia. In its search for a new Asian security structure, National Security Adviser Shivshankar Menon remarked at the India-ASEAN Delhi Dialogue III

in March 2011 that India would like to see the emergence of a 'security architecture' that would be 'open, flexible and inclusive'.⁵³

As India deepens its economic and political engagements in South-East Asia, China's discomfort has been quite visible. China considers itself the unchallenged 'dragon' of the Asian continent; hence the Indian 'elephant's strides' seems unsettling to it. China's aggressive assertion of sovereignty in the South China Sea in the meantime have made the US role and Indian engagements in the region more acceptable to regional countries. Expanding Indo-Japanese and Indo-Australian relations, including in the defence and security fields, and multilateral naval exercises involving these countries appears to some as one of many ways of tackling any future Chinese belligerence. Chinese concerns over rising India-Japan-US trilateral cooperation in multiple areas signify the changing of the balance of power dynamics in Asia.

The complex web of economic interdependence between China and other countries, particularly the US, Japan and Australia, indicates that the shifting balance of power will take quite a while before it achieves stability. Thus, notwithstanding the broad consensus in New Delhi and Washington over the centrality and salience of the Indo-US strategic partnership, there are some concerns in India regarding the possibility of a US-China condominium, or G2, emerging in the coming years. India appears to be wary that Washington might eventually end up giving too much leeway to the Chinese in the politics and economics of Asia.

President Bill Clinton and subsequently President Obama raised eyebrows in India when they suggested a more robust Chinese role in South Asian affairs. Although the US position was eventually clarified, suspicions in India did not disappear. Zbigniew Brzezinski, a former US National Security Advisor, argued in favour of more US-China consultations regarding India and Pakistan on the grounds that 'a conflict between the two would be a regional calamity'.⁵⁴ Evan A. Feigenbaum, a former State Department official, has rightly raised issues related to Indian concerns and American opaqueness on Washington's perception of the Indian role in Asia.⁵⁵ Fairly reflecting India's concerns, foreign policy analyst C. Rajamohan has asserted that 'New Delhi wants neither a Chinese-US condominium in Asia nor a new confrontation between Washington and Beijing'.⁵⁶

Conclusion

It is apparent that neither the US nor India can ignore China. Neither would like to see the emergence of Chinese hegemony in Asia. Neither would like to lose the economic benefits that a growing China brings. In the process India, the US, Japan and the ASEAN countries are all seeking an Asian security architecture that would not drastically alter the status quo. China clearly seeks a larger role commensurate with its growing power, so does India. But none would like to see a reduction in their status. A new balance of power in Asia is gradually emerging. The interests of India and the US are likely to converge on maintaining a stable balance of power in Asia in the years to come.

India's increasing economic prowess and growing power projection capability and its geographical proximity to China makes it an attractive potential security partner of the US. The US has been confronted with a severe economic crisis when the Indian military is undergoing a major modernisation programme. New Delhi has planned to spend \$100 billion on new weapons in the next 10 years. Some analysts are of the view that arms sales may be the best way for the US to revive stagnating US-Indian relations.⁵⁷ In the face of an economic downturn and prominent political demands for defence budget cuts, the US government probably sees India's expanding defence budget and an impressive defence shopping list as a means to profitably involve major US defence firms.

As the term of the first Obama administration comes to a close, the strategic divergences between China and the US have expanded and the US has resolved to develop a long-term strategic partnership with India. The new strategy released by President Obama in the very first week of 2012 clearly articulates the need for stronger US economic and military presence in the Asia-Pacific region. In this context, the Obama administration depicts China's rise as a development possessing the 'potential to affect' the US economy as well as security in years to come, whereas India is seen as a future 'regional economic anchor' and 'provider of security in the broader Indian Ocean region'.⁵⁸ As of now, Beijing has harshly responded to the new US strategy and India has maintained a studied silence.

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