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“Building a Strategic Partnership: U.S.-India Relations in the Wake of
Mumbai”

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Building a Strategic Partnership: U.S.-India Relations in the Wake of Mumbai

Last year's November 26–29 terrorist attacks in Mumbai that killed nearly 170 people, including six Americans, have provided new impetus to U.S.-India counterterrorism cooperation. While Washington and New Delhi have expanded ties across a broad range of issues over the last several years, the two capitals have not yet taken full advantage of the tremendous opportunity to build an effective counterterrorism partnership to the benefit of both countries. Stronger U.S.-India anti-terrorism cooperation will strengthen our overall strategic partnership and improve the safety and security of both Indian and American citizens.

Maintaining Momentum in the U.S.-India Partnership

The U.S.-India relationship has improved dramatically over the last decade. Relations started to improve in the early 1990s following India's economic reforms, but lingering mutual suspicion from the Cold War era, India-Pakistan tensions (which resulted in three major military crises between 1990 and 2002), and the 1998 nuclear tests stalled genuine strategic engagement. Former President Clinton's famous 2000 visit to India created mutual good feelings and was a catalyst for improved relations, but it wasn't until President George W. Bush entered office with a broader vision for the relationship that we witnessed a substantive shift in the ties between India and the United States. The centerpiece of this paradigm shift in relations was the completion of the civil nuclear deal last fall, an historic agreement that has removed a major irritant in U.S.-India relations.

During the Bush Administration, U.S. officials broke the habit of viewing India solely through the India-Pakistan lens. Washington developed a greater appreciation for the Indian democratic miracle and viewed our shared democratic principles as the bedrock for a broader strategic partnership. Washington began to view India's growth in power as a positive development for the balance of power in Asia. India is now broadening its engagement throughout Asia through closer relations and trade links with China, strengthened political and economic ties to the Southeast Asian states, and a budding security partnership with fellow democracy Japan. India's increased economic and political involvement throughout the Asian continent will help to ensure that one country does not dominate the continent, and will encourage stability in a region that accounts for a quarter of U.S. trade and investment and almost half of the world's population.

There is some uncertainty over whether the new Obama Administration will maintain the current momentum in improving U.S.-India ties. Mr. Obama's statements during last year's presidential campaign linking the resolution of the Kashmir conflict to the stabilization of Afghanistan have raised concerns in New Delhi that the new Administration might revert back to policies that view India narrowly through the South Asia prism rather than as the emerging global power it has become. Indian concerns were somewhat assuaged by the late-January announcement that

Richard Holbrooke, special representative to Afghanistan and Pakistan, would focus on those two countries, not on India or Jammu and Kashmir.

Mumbai Attacks and the Need for Stronger U.S.-Indian Counterterrorism Cooperation

One key area of cooperation that needs more attention and nurturing involves countering terrorism. The terrorist attacks in Mumbai have highlighted the urgent need for India and the U.S. to work together more closely to counter regional and global terrorist threats. Despite general convergence of American and Indian views on the need to contain terrorism, the two countries have failed in the past to work together as closely as they could have to minimize terrorist threats. New Delhi and Washington both stand to gain considerably from improving counterterrorism cooperation and therefore should seek to overcome their trust deficit. Indian suspicions revolve around the issue of Kashmir and U.S. policy toward Pakistan, which has provided training, financing, and military and logistical support to militants fighting in Kashmir, who more recently have conducted attacks throughout India. Credible U.S. media reports, citing U.S. officials, indicated there was a Pakistani intelligence link to the bombing of the Indian embassy in Kabul last July that killed two senior Indian officials and more than 50 Afghan civilians.

The U.S. made a mistake in not forcing Pakistan to close down groups like the Lashkar-e-Tayyiba (LET)—the terrorist group responsible for the Mumbai attacks—directly after 9/11. The Bush Administration operated on the assumption that Pakistan was an indispensable partner against al-Qaeda and failed to press Pakistan to crack down on other groups like the Taliban and Kashmir-focused groups, like the LET and Jaish-e-Mohammed (JEM—responsible for the 2002 kidnapping and killing of *Wall Street Journal* reporter Daniel Pearl). U.S. officials tended to view the LET (and the JEM) through the prism of the Indo-Pakistani conflict, despite well-known links between these groups and international terrorism. For instance, shoe bomber Richard Reid apparently trained at an LET camp in Pakistan; one of the London subway bombers spent time at an LET complex in Muridke, Pakistan; and al-Qaeda leader Abu Zubayda was found at an LET safe house in Faisalabad, Pakistan.

The LET links to al-Qaeda go back even further. In 1998, the LET signed Usama bin Laden's fatwa for Muslims to kill Americans and Israelis. It has been a failure of U.S. policy to not insist long ago that Pakistan shut down this group. Turning a blind eye to this group's activities is equivalent to standing next to a ticking time bomb waiting for it to explode.

Since the Mumbai massacre, Islamabad has raided LET training facilities, shut down several LET offices throughout the country, and arrested and detained key LET members. These are positive, albeit much belated, steps. But Islamabad must go further: It must prosecute individuals found to be involved in the Mumbai attacks and shut down LET's ability to sustain itself as a terrorist organization.

On December 31, 2008, the Indian government passed legislation that would strengthen its ability to investigate, prosecute, and—most important—prevent acts of terrorism. Much like the effects of 9/11 on the U.S., the Mumbai attacks have catalyzed Indian efforts to adopt a more

integrated and structured approach to India's homeland security. The U.S. and India alike should recognize the value of their shared experiences in the war on terrorism. Drawing on these experiences, India and the U.S. should pursue a robust dialogue on counterterrorism strategies and deepen their intelligence sharing and other forms of cooperation related to homeland security, thereby improving the security of both nations.

U.S.-Indian counterterrorism cooperation has expanded considerably in recent years, particularly since 9/11. The U.S. and India had already launched a formal Counterterrorism Joint Working Group (CTJWG) in 2000 that meets one or two times a year, although the two countries cooperated informally before 2000. India's success in combating Sikh terrorism in the 1980s and 1990s stemmed in part from intelligence shared by the U.S. and other countries, as well from a U.S. law signed in 1996 that barred fundraising in the U.S. by the Indian Sikh separatist groups.²

Through the CTJWG mechanism, India and the U.S. have exchanged information, training material, and methods related to interrupting terrorist financial networks, and have taken institutional and law enforcement steps to strengthen homeland security, border management and surveillance techniques, aviation security, and disaster management in the event of a terrorist incident involving weapons of mass destruction.³

Despite this wide-ranging anti-terrorism cooperation, a lingering trust deficit pervades the relationship and prevents deeper cooperation on specific regional threats. In the past, India has been frustrated by what it viewed as inconsistencies and backsliding in U.S. public statements concerning the Pakistan-based terrorist threat to India.⁴ Indian officials also believe the U.S. has withheld information on terrorist operatives suspected of having ties to Kashmiri militants.⁵ Indian analysts believe the U.S. has been reluctant to assist the Indian government with investigations related to terrorism in Jammu and Kashmir to spare embarrassment to Pakistan, which has assisted Kashmiri militant groups, many of which are also connected to al-Qaeda.

The convergence of U.S. and Indian interests in Afghanistan could help to build confidence between Washington and New Delhi in terms of intelligence sharing, since both U.S. forces and Indian interests have been targeted by the same terrorists. India has developed a significant political presence and substantial assistance programs inside Afghanistan, which have fueled concern within the Pakistani security establishment that it is losing influence in the region and is being encircled by hostile regimes in both New Delhi and Kabul. Indian media reports reveal that the U.S. possessed intelligence information related to the attack on its embassy in Kabul that it shared with the Indian government weeks before it occurred.⁶ U.S.-Indian intelligence sharing and cooperation could not prevent this dastardly attack, but there may be future opportunities for

²Polly Nayak, "Prospects for US-India Counterterrorism Cooperation: An American View," in *US-Indian Strategic Cooperation into the 21st Century: More than Words*, Sumit Ganguly, Brian Shoup, and Andrew Scobell, eds. (London and New York: Routledge, 2006), p. 133.

³U.S. Department of State, "India-U.S. 'Joint Working Group on Counter-Terrorism,'" January 24, 2002.

⁴Nayak, "Prospects for US-India Counterterrorism Cooperation: An American View," p. 135.

⁵*Ibid.*, p. 144.

⁶Praveen Swami, "ISI Engineered Kabul Embassy Bombing: NYT," *The Hindu*, August 2, 2008, at <http://www.hindu.com/2008/08/02/stories/2008080255181200.htm> (February 25, 2009).

the U.S. and India to assist each other in preventing Taliban and al-Qaeda attacks against both coalition forces and Indian interests in Afghanistan.

Civil Nuclear Cooperation. The most tangible sign of the strengthened U.S.-India relationship is last year's passage in the U.S. Congress of the civil nuclear deal. Completing the deal marks a significant departure from the past when U.S.-India ties were constrained by misunderstanding over the nuclear issue and when India found itself outside of the nuclear mainstream. This deal will help deepen U.S.-Indian ties at the strategic level and help India develop its power-generation capacity. There are still some steps the Indian government must take to make the agreement fully operational for U.S. firms, including identifying civilian nuclear sites for construction of nuclear installations by U.S. firms and completing accident liability protection agreements for U.S. companies. India has already allocated civilian nuclear construction sites for French and Russian companies, which are exempt by their governments from liability for potential industrial accidents.

Defense Ties. One of the cornerstones of the U.S.-India partnership is the military-to-military relationship. Military contacts between the U.S. and India have expanded considerably over the last several years with the resumption of the annual Defense Policy Group meetings beginning in 2001, the signing of a major defense agreement in mid-2005, and an extensive number of training exercises. One of the most significant of these exercises was held in September of last year and involved three other nations—Japan, Australia, and Singapore—in the Bay Bengal.

Although the level of military exchanges and training exercises between our two countries has been impressive, the defense trade relationship has been slower to develop. Last year's sale of six C130-J Hercules military transport aircraft worth one billion dollars is the largest U.S. military sale to India ever, and, hopefully, marks the beginning of a substantial defense trade relationship. India's military market is one of the fastest-growing in the world and has become a key leverage point for New Delhi in cultivating relations with the major powers. India has long relied on Russia for arms supplies, and about 80 percent of its existing military equipment is of Russian origin. Indian military personnel complain about the quality and reliability of Russian equipment, however, and Indian strategic planners are increasingly looking to purchase advanced weapons systems from countries like the United States, Israel, France, and Japan.

Indian defense industrialists and officials have long complained that questions about U.S. reliability as a supplier (due to past nuclear sanctions) have dissuaded them from buying American military hardware. The civil nuclear deal was aimed at overcoming these suspicions and bringing Washington and New Delhi into closer alignment on nuclear issues. The signing of a 10-year defense framework agreement in 2005 that called for expanded joint military exercises, increased defense-related trade, and establishing a defense and procurement production group, has also helped boost confidence between our two militaries.

Missile Defense. The U.S. position toward Indian missile development, and Washington's interest in discussing missile defense systems with New Delhi also signifies that mutual confidence is increasing in the relationship. Missile defenses, such as high-powered lasers, limit the potential for regional conflict and serve as a deterrent to enemy threats. They also provide an alternative to massive retaliation in the face of an actual attack. The American record on military

laser research and its many cooperative ventures with friendly and allied powers suggests that a joint U.S.-Indian-directed energy program is certainly achievable. The shared interests of both nations in promoting security and stability in Asia indicates they have a common cause in developing military technologies that would lessen the potential for conflict.

India was among the first countries to support U.S. moves away from the Anti-Ballistic Missile Treaty and toward a missile defense program, which was unveiled by the Bush Administration in May 2001. The U.S. and India have engaged on the issue of missile defense since it became the fourth plank of the Next Steps in Strategic Partnership in early 2004. The U.S. has provided India with classified briefings on the Patriot Advanced Capability (PAC-3) theater missile defense system and authorized Israel to sell the Phalcon airborne early warning system to India.

The China Factor. The U.S. and India share concerns about China's military modernization and seek greater transparency from China on its strategic plans and intentions. Both countries also view with wariness signs of Chinese military presence in and around the Indian Ocean and are carefully considering what it means for energy and sea-lane security. China's attempt to scuttle the civil nuclear agreement at the September 2008 Nuclear Suppliers Group (NSG) meeting was evidence for many Indians that China does not willingly accept India's rise on the world stage, nor the prospect of closer U.S.-India ties. In a speech last year, Indian Home Affairs Minister Palaniappan Chidambaram, citing China's position within the NSG, said that, "From time to time, China takes unpredictable positions that raise a number of questions about its attitude toward the rise of India."

Signs of India's and China's deep-seated disagreements have begun to surface over the last two years and it is likely that such friction will continue, given their unsettled borders, China's interest in consolidating its hold on Tibet, and India's expanding influence in Asia. China has moved slowly on border talks and conducted several incursions into the Indian states of Sikkim and Arunachal Pradesh since January 2008.⁷ China also is strengthening ties to its traditional ally Pakistan and slowly gaining influence with other South Asian states. Beijing is developing strategic port facilities in Sittwe, Burma; Chittagong, Bangladesh; Hambantota, Sri Lanka; and Gwadar, Pakistan, in order to protect sea lanes and ensure uninterrupted energy supplies. China also uses military and other assistance to court these nations, especially when India and other Western states attempt to use their assistance programs to encourage respect for human rights and democracy.

Economics. As a result of Indian development and reform, new trade and investment opportunities have made America India's largest trading and investment partner. U.S.-India bilateral trade topped \$44 billion and cumulative U.S. investment in India reached over 14 billion in 2008. Like all other countries, however, India is suffering from the worldwide economic downturn, and is likely to see its GDP growth rate decline from 9 percent last fiscal year to around 6–7 percent for the fiscal year ending in March. India lost over one million jobs because of the global economic crisis as of late January, according to the Indian government.

⁷Rajat Pandit, "Fresh Chinese Incursions Across LAC," *The Times of India*, September 10, 2008.

In the World Economic Forum's most recent *Global Competitiveness Report*, India ranks high for its domestic market size and for its strong business sophistication and innovation. It also gets high marks for the large number of scientists and engineers and for the quality of its research institutions. The report also notes areas of concern like poor health indicators and low educational enrollment rates. There are many challenges India will have to address over the coming years to sustain growth and begin to lift the two-thirds of its population that still live on less than \$2 per day out of poverty. Some of the important measures India needs to adopt to keep pace economically include investing more in infrastructure; reducing the burden of the bureaucracy on business; liberalizing labor laws; and reducing the tariffs and non-tariff barriers that deny consumers and firms access to a wider variety of less expensive imports and that inhibit investment, growth, and development.

Challenges

Although India and the U.S. share common interests, including commitment to the principles of democracy, the fight against terrorism and extremism, and peace and stability in Asia, which will lead their strategic objectives to intersect on most occasions, they will not see eye-to-eye on all issues. There is still some debate within the Indian strategic community and Indian political circles over the extent to which India should associate itself with U.S. power and global policies. India will seek to leave open its strategic options and avoid being tied down in an alliance with any major power. India's leftist parties are particularly skeptical of close U.S.-India ties and would like to see India prioritize other relationships. This debate came to the fore over the U.S.-India civil nuclear deal with India's Left parties objecting strenuously to it on grounds that it would tie India too closely to U.S. policies and jeopardize its independent foreign policy. In the end, Prime Minister Singh's Congress Party split with the Left parties and went ahead with the deal, demonstrating that his left-of-center political party and a vast majority of Indian foreign policy thinkers want to develop a new framework for cooperation with the U.S.

There have been several questions about India's relationship with Iran. U.S. concerns about Iran's pursuit of a nuclear weapons capability and its support for terrorism drives Washington's policy toward Tehran. India, on the other hand, has a multifaceted relationship with Iran that is characterized by long-standing regional, historical, and cultural ties. India opposes Iran's pursuit of a nuclear weapons program and voted against Iran on that issue at International Atomic Energy Agency (IAEA) meetings in September 2005 and again in February 2006. New Delhi, however, views its ties to Tehran through its own regional context and believes that it must maintain cordial ties with Iran to prevent Islamabad and Tehran from drawing closer. India also views Iran as a potential source for its growing energy needs and currently ships goods to Afghanistan through the Iranian port at Chabahar, since Pakistan does not allow Indian goods destined for Afghanistan to transit its territory.

Contrary to some perceptions in Washington, New Delhi does not have a strong military relationship with Tehran, although it occasionally holds symbolic and non-substantive military exchanges. Observers also note that India's relationship with Iran has not impacted growing Israeli-Indian defense ties, demonstrating that Tel Aviv accepts to a certain degree New Delhi's need to maintain cordial relations with Tehran. Israel has emerged as India's largest defense

supplier behind Russia and the two countries have signed contracts worth up to \$5 billion since 2002.⁸

Another irritant in U.S.-India ties has been India's role in the collapse of the Doha round of global trade talks. India's position has been to push for wealthy countries to abandon their trade barriers (especially agriculture subsidies) without reciprocal trade concessions from developing countries. India's demand for developing countries to be allowed to backpedal on commitments made in previous rounds or in their accession agreements, in particular regarding tariffs on rice and other farm goods, essentially killed the deal. Kamal Nath, India's commerce minister and top trade negotiator, placed blame for inadequate investment in the developing world's agriculture sector on rich countries subsidizing their own agriculture. Although U.S., European, and other agriculture subsidies do distort world prices and influence the global pattern of food production, they are not principally to blame for the lack of agricultural development in poorer countries. Much of that rests on the protectionist barriers to trade and other distorted economic policies that undermine incentives to invest. This direct confrontation about the way trade facilitates development keeps the talks from moving forward.

India and other developing nations need to embrace a freer trade strategy that will provide meaningful new market access in each other's economies as well as promote competitiveness, productivity, and investment in their own economies. Under such a strategy, there would be a real chance to conclude a new global trade agreement that promotes sustainable development. With the benefits it stands to gain, India cannot afford to turn away from making progress on economic reform at home and advancing freer trade around the world.

U.S. Policy Recommendations

The U.S. should continue to build strategic ties to India, including a robust military-to-military relationship to assist India in playing a stabilizing role in Asia. To ensure peaceful political and economic development in South Asia, the U.S. also will need to collaborate more closely with India in initiatives that strengthen economic development, freer trade, and democratic trends in the region.

Washington should encourage India's permanent involvement in values-based strategic initiatives like the U.S.-Japan-Australia trilateral dialogue. Former Japanese Prime Minister Shinzo Abe had proposed that Japan, India, Australia, and the U.S. formalize a four-way strategic dialogue. The government in Canberra led by Kevin Rudd, however, has since backed away from the initiative. Washington should convince Canberra of the benefits of reviving and elevating a quadrilateral forum focused on promoting democracy, counterterrorism, and economic freedom and development in Asia. In the meantime, the U.S. can also pursue U.S.-Japan-India trilateral initiatives, especially in the areas of energy and maritime cooperation, and through the institution of regular dialogue on Asian security issues. Indian-Japanese relations have been strengthening in recent years, as demonstrated by Indian Prime Minister Singh's

⁸Trefor Moss, "India Surveys its Strategic Options," *Jane's Defence Weekly*, January 7, 2009.

October 2008 visit to Japan, where he signed a joint declaration on security. It was the third such pact Japan has ever signed, including one with the U.S. and one with Australia.

Washington should expand cooperation with India on matters of intelligence and homeland security and position itself to be a resource for India, finding means of sharing the lessons it learned after 9/11. Since 90 percent of counterterrorism concerns intelligence, Washington and New Delhi should focus on breaking down barriers to intelligence-sharing. Indeed, the Mumbai attacks have already spurred greater U.S.-India counterterrorism cooperation. New Delhi and Washington should also increase official diplomatic and non-governmental exchanges on improving counterterrorism cooperation. The level and frequency of the U.S.-Indian Counterterrorism Joint Working Group meetings should be raised and increased. These meetings should include talks on ways to organize and streamline operations of various intelligence-gathering and investigative institutions as well as a free exchange of ideas on how to address the ideological foundations of terrorism.

Washington should demonstrate its commitment to uprooting terrorism in all its forms by adopting sharper policies with regard to Pakistan that hold the country's officials accountable for stopping all support to terrorists. The most important measures that can be taken to prevent another Mumbai-like attack anywhere in the world is for Pakistan to punish those involved in the inspiration, planning, training, and equipping of the terrorists while proactively undercutting the extremist propaganda that led to the Mumbai massacre. Pakistani officials must be held to account for any links to terrorism. If such links are discovered, as in the case of last July's bombing of the Indian embassy in Kabul, there must be consequences for the Pakistani officials in charge of these individuals.

U.S. legislation referred to as the "Enhanced Partnership with Pakistan Act 2008" introduced last year in the Senate Foreign Relations Committee (SFRC) seeks to simultaneously bolster support for democracy and economic development in Pakistan by tripling non-military assistance, while strengthening Pakistan's commitment to fighting terrorism by tying military assistance to preconditions. As Ranking Member of the SFRC Senator Richard Lugar said, "It is not a blank check...it calls for tangible progress in a number of areas, including an independent judiciary, greater accountability by the central government, respect for human rights, and civilian control of the levers of power, including the military and intelligence agencies." Beginning in fiscal year 2010, the bill would require the Secretary of State to certify that Pakistan is making concerted efforts to prevent al-Qaeda and associated terrorist groups from operating on its territory before the U.S. provides additional military assistance to Pakistan.

Conditioning military assistance to Pakistan is necessary to demonstrate that the U.S. will not tolerate dual policies toward terrorists, and that there will be consequences for Pakistani leaders if elements of the security services provide support to terrorists. Such consequences are necessary to stem regional and global terrorism. The inherent political instability in Pakistan and continued domination of the country's national security policies by the military will make it difficult to carry out the policies laid out in the Kerry-Lugar legislation. It will require close coordination and consultation between the executive and legislative branches in order to understand clearly and respond quickly to developments inside Pakistan. In this regard, the inclusion in the legislation of a national security waiver that allows the executive branch the

necessary flexibility to play its role as chief executor of the foreign policy of the United States is essential.

Washington should avoid falling into the trap of trying to directly mediate on the Indo-Pakistani dispute over Kashmir, and should instead encourage the two sides to resume bilateral talks that had made substantial progress from 2004 to 2007. Recent assertions that the U.S. should try to help resolve the Kashmir issue so that Pakistan can focus on reining in militancy on its Afghan border is misguided. Raising the specter of international intervention in the dispute could fuel unrealistic expectations in Pakistan for a final settlement in its favor. Such expectations could encourage Islamabad to increase support for Kashmiri militants to push an agenda it believes to be within reach. Such a scenario is hardly unprecedented: Former Pakistani President Pervez Musharraf initiated the Kargil incursion into Indian-administered Kashmir in 1999 precisely to raise the profile of the Kashmir issue and to encourage international mediation.

The U.S. can play a more productive role in easing Indo-Pakistani tensions by pursuing a quiet diplomatic role that encourages the two sides to resume bilateral negotiations that reportedly made substantial progress on the vexed Kashmir issue through back channels from 2004 to 2007.⁹ India and Pakistan also achieved tangible progress in these peace talks, including holding dozens of official meetings, increasing people-to-people exchanges, augmenting annual bilateral trade to over \$1 billion, launching several cross-border bus and train services, and liberalizing visa regimes to encourage travel between the two countries.

In 2006, then-President Musharraf and Prime Minister Singh had begun to craft their statements on Kashmir in ways that narrowed the gap between their countries' long-held official positions on the disputed territory. For instance, Musharraf declared in December 2006 that Pakistan would give up its claim to Kashmir if India agreed to a four-part solution that involves 1) keeping the current boundaries intact and making the Line of Control (LOC) that divides Kashmir irrelevant; 2) demilitarizing both sides of the LOC; 3) developing a plan for self-governance of Kashmir; and 4) instituting a mechanism for India and Pakistan to jointly supervise the region. Musharraf's plan followed Singh's call in March 2006 for making the LOC "irrelevant" and for a "joint mechanism" between the two parts of Kashmir to facilitate cooperation in social and economic development.¹⁰ If talks resume between Islamabad and New Delhi, the Indians and Pakistanis can pick up the threads of these earlier discussions, rather than starting from square one or rehashing traditional positions.

Part of U.S. trade strategy with respect to India should be the promotion of domestic liberalization. India has concerns about access to American labor markets and freedom for American companies to operate overseas, among other things. Our discussion of their concerns should include liberalization on the Indian side, as well. This will not only pay off in a stronger

⁹Steve Coll, "The Back Channel," *The New Yorker*, March 2, 2009, at http://www.newyorker.com/reporting/2009/03/02/090302fa_fact_coll (February 15, 2009).

¹⁰Lisa Curtis, "India and Pakistan Poised to Make Progress on Kashmir," Heritage Foundation *Background* No. 1997, January 12, 2007, at <http://www.heritage.org/Research/AsiaandthePacific/bg1997.cfm>.

Indian economy and direct improvements in market access for U.S. multinationals but in speeding a resolution of the WTO standoff. As India liberalizes outside the WTO framework, the domestic political balance will shift toward those willing to move forward with open trade.

The U.S. should continue and expand cooperative initiatives with India on areas of mutual concern like HIV/AIDS, tuberculosis, education, and developing alternative energy solutions. The 2.5 million Indian-American community can play a vital role in spurring such cooperation and bringing together American and Indian technology and scientific innovation through cooperative ventures to deal with the most pressing challenges of the twenty-first century. India's demographic trends give it the highest percentage of potential workers of any country in the world. However, ensuring good education for the 250 million Indians currently under the age of 15 will be a major challenge. Much attention has focused on training for technology jobs, but the technology sector cannot absorb all of these "potential workers." The Indian government needs to ensure a level of basic education that can accommodate a flexible work force. The U.S. government can play a role by expanding an existing tool, the U.S.-India Educational Foundation, which currently focuses only on higher education, to emphasize primary and secondary education as well. This will allow the Educational Foundation to focus on the needs of the largest portion of the population—who lack even the most basic of education and skills.¹¹

Conclusion

The new Administration has a firm basis on which to strengthen and expand the U.S.-India partnership for a safer and more prosperous Asia. As former Secretary of State Condoleezza Rice recognized, the civil nuclear agreement "unlocks a new and far broader world of potential for our strategic partnership in the 21st century, not just on nuclear cooperation but on every area of national endeavor." Maximizing the potential of the U.S.-India strategic partnership should be a major focus of the Obama Administration.

¹¹ A further discussion of India's economic prospects, including the future of the education sector, will be forthcoming in a Heritage Backgrounder to be published by Derek Scissors and Michelle Marinaro.