



Indo-US Relations: Where Are They Headed?

The Honorable Ronen Sen

Ambassador of India to the United States

Occasional Paper Number 24
December 2005



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The Honorable Ronen Sen,
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**Edited text of a Special Lecture
sponsored by the
Center for the Advanced Study of India
University of Pennsylvania
October 26, 2005**

Available online via
www.sas.upenn.edu/casi

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***Introduction by Dr. Francine R. Frankel
(Director, Center for the Advanced Study of India)***

I am Francine Frankel, director of the Center for the Advanced Study of India. It is a very special pleasure to extend a warm welcome to all of you for this special occasion. We are honored to welcome Ambassador of India Ronen Sen for a very unusual event. This is the opportunity to participate in a dialogue with India's most distinguished diplomat and active participant in ongoing discussions of the potential for changing the direction of India-US relations and potentially the future great power balance in Asia.

Ambassador Sen took up his position in Washington in August 2004. He is a career diplomat with a long historical perspective on changing power alignments from the period of his postings in San Francisco and in Moscow during the Cold War, and subsequently as ambassador to the Russian Federation, Germany, and the United Kingdom in the 1990s and 2000s. He has been equally engaged in summit meetings and international fora ranging from the United Nations to the Commonwealth, the Non-Aligned Movement, the IAEA, the G15, and over 160 bilateral summit meetings. He was the immediate advisor on foreign policy to Indian Prime Minister Rajiv Gandhi during 1986, 1986 to '89, and his successors in 1989 to '91. Ambassador Sen has a deep knowledge, not only of foreign affairs but of defense and science and technology, having previously been secretary to the Atomic Energy Commission of India.

It is difficult to imagine a better qualified person to deal with the new opportunities and challenges for building global partnership between the United States and India, the goal endorsed in the joint statement issued by President Bush and Prime Minister Manmohan Singh in Washington on July 18, 2005. Once implemented, an entirely new international policy reality will be created. On the US side, Washington is committed to put behind once and for all the policy of parity between India and Pakistan pursued by the United States since partition and to do this in tangible ways. The most notable is to assist India to achieve its status as a global power through a new framework for cooperation in high technology, including defense, space exploration, satellite navigation, and full civilian nuclear energy cooperation. This last commitment requires Congress to adjust US laws and policies. Similarly, India has agreed to voluntarily separate its civilian and military nuclear facilities and place its civilian nuclear facilities under IAEA safeguards. When changes of such magnitude need to be implemented, there are bound to be critics in both countries. What is clear is that Ambassador Ronen Sen is the right person in the right place at the right time.

Ambassador Sen today will provide a short overview of the challenges involved in taking this relationship many steps further, speaking for about twenty minutes. The remainder of the session will be organized around questions from the audience. Ambassador Sen has emphasized that the questions can address as broad a spectrum of issues as the audience wishes to raise, either about the implications of the joint declaration or other issues concerning India. This is therefore a unique opportunity for dialogue and an occasion for all of us to learn and deepen our understanding of some of the most important foreign policy issues of this decade. Ambassador Sen.

(Applause)

Remarks by Ambassador Ronen Sen

Thank you, Professor Francine Frankel. Ladies and gentlemen, I am honored to have been given the opportunity to address this informed gathering organized by CASI, which is a center of excellence in the oldest and one of the most prestigious universities in the United States, and indeed in the world. As Professor Frankel has said, I don't propose to speak at great length on India-US relations and its future directions. I just jotted down one or two ideas, which I will share with you, following which I look forward to an interactive discussion with you. And I look forward to benefiting from this interaction.

In terms of overall perspective, I would first like to dispel what I regard as a misperception, namely that India-US relations started to develop after the breakup of the Soviet Union and the end of the Cold War. It is a fact that India-US engagement in the earlier period was often episodic and there were periods of time of misunderstanding and even outright hostility, like during the time of the Nixon Administration and the Bangladesh war. Then there were also long periods of benign neglect by both countries. But this does not alter the fact that relations were often very close previously during the height of the Cold War, for instance after the 1962 conflict with China. In fact, our external secret service was set up primarily in cooperation with the CIA. There was an expectation in the United States after the Lop Nor tests, which followed immediately after the 1962 war, in 1964, that we would follow suit. There was incomprehension that we did not do so. But that's history.

Coming back to what I want to say is that during the Reagan Administration—and that's what I witnessed myself—some of the most important steps were taken. For instance, a Memorandum of Understanding on technology transfer, including dual-use technologies, was signed as far back as 1984. This is a precursor actually of the more recent agreement, what's referred to as the "Next Steps in Strategic Partnership," between India and the US, which Professor Frankel referred to. Also the supply of US engines for the light combat aircraft we were developing. The deal was signed in 1986. India was one of the first non-NATO recipients of a US super computer. That was in 1987. Defense Secretaries Weinberger and Carlucci visited India. This was in 1987/1988, within eight months of each other, in quick succession. At this point we were in very close touch on other issues. In fact, we had informed the United States in advance of the dates of the Soviet withdrawal from Afghanistan. We cooperated more than most people even now comprehend on the post-Soviet withdrawal developments in Afghanistan. And of course, during the Gulf War in 1991, for the first time in its history, India allowed its air space to be used by military aircraft overflying its territory. Not only overflying its territory, but using its territory to make refueling stops.

In fact, if you really look at it, the slowdown in contacts between the two countries took place after the end of the Cold War. And only after the 1998 nuclear tests was there renewed interest in cooperation. Within a month of the tests, there was dialogue between Strobe Talbott [former US deputy secretary of state] and Jaswant Singh, at that time deputy chairman of our Planning Commission and thereafter our finance and foreign minister.

The turning point of the US re-engagement with India was towards the end of the second term of the Clinton presidency. You might say that the Kargil episode was the turning point and it

culminated in an understanding reflective of a change in the viewpoint of the United States, which was manifested in President Clinton's visit to India. It was a five day visit to India, a five hour visit to Pakistan. Thereafter, the relationship has flourished and has taken off very rapidly.

What I want to point out in all of this is that it was basically not ideology, but perceptions of mutual interests which guided the relationship between the two countries. The initial boost, as I said, in reviving this relationship was provided by President Clinton. New impetus was given by President Bush right from the time of the beginning of his first term. Rather than viewing India in a sub-regional context, which was a distorting perspective, India was viewed, to quote, "as an emerging global power with which it was in the interest of the United States to develop a strategic partnership." This was the conclusion broadly arrived at by the Bush Administration in its very first year in office.

After the elections in India, and change of government in India, and thereafter elections in United States and the second Bush Administration, there was no loss of momentum in this relationship. In fact, there was an acceleration, as Professor Frankel has pointed out, on an unprecedented scale and in multiple areas of engagement. Immediately after the US elections, Defense Secretary Rumsfeld made his third visit to India. Secretary Rice made India her first stop on her Asian tour, and thereafter it culminated in an excellent meeting between our prime minister and President Bush in September last year. And then in July this year there was what I would describe as a truly historic, landmark visit of our prime minister to the United States.

In broad perspective, earlier when I visited the United States—and I visited the United States on several occasions in the 1980s, the shortest visit I think was for nine hours in Washington, and the longest stay was something like three days, which was a long time, in my previous capacity as foreign and defense policy advisor to the prime minister—the first question I was asked was "What can I do for you?" when I went to any meeting. Today, there is a realization that it is not what the US can do for India, nor what India can do for the United States, but what both countries can do together bilaterally for their mutual benefit and for making the world a safer and more secure place.

I will just give you some examples of this perspective, for instance, from the outcome of the July visit of our Prime Minister. Bilaterally, areas were identified where both countries would benefit. The NSSP process, that is the Next Steps in Strategic Partnership, which would permit civilian nuclear and space cooperation and cooperation in dual-use technologies and missile defense. People had thought it would take years, but it was concluded in a very short period of time. We dovetailed the last two phases and we completed the process this September. Then we had the reiteration of the long-term June agreement between the defense ministers, which was a very positive factor, that is, a ten year perspective of defense cooperation.

Then there's another aspect of cooperation namely, the India-US Economic Dialogue. The Economic Dialogue, which was largely dormant, was revitalized...What we gave it was a new content by forming what we called the CEOs Forum composed of business leaders of both countries. We wanted there to be inputs from industry in different areas, practical inputs. That has been an invaluable step forward. The CEOs Forum is active since it was set up.

You would see that we always tend to talk about high level visits of politicians. Yesterday, we had this meeting where both our ministers of civil aviation and of surface transport and shipping were present. They were both there, and they had practically a whole day with US Secretary of Transportation Norman Mineta. But it is not just governmental meetings that count. For instance, in the last week or ten days alone we had visits by the Cisco Systems CEO, John Chambers; CEO of Citigroup, Charles Prince; New York Stock Exchange CEO, John Thain; the chairman of Ford, among others. This is just to give you examples of the fact of gaining momentum in business relations.

We set up another mutually beneficial area of cooperation, namely, the field of agriculture. I had a wonderful visit to Ohio just for a couple of days and a very useful meeting with the person whom we call the father of our green revolution, Norman Borlaug, who is fascinating and very alert and very active. He got me exhausted with the pace of his activities and also his enthusiasm, going very strong at age 91. There is some very fine research going on in Ohio and elsewhere. What we want to do is make a difference to the people in our rural areas. A lot of people don't realize that the green revolution in India was started with very fine institutes of research in India, which were set up on the basis of land grant universities in the United States, and with US cooperation in research and development work. We want to give that a new impetus which would be not just oriented to pure research but which would have commercial linkages. I had talks with the chairmen and CEOs of Cargill, Monsanto, and some companies to focus on commercial linkages. That would be directly beneficial to our farmers and have direct impact on the well-being of these farmers, and it would also benefit the US companies and research centers.

Similarly infrastructure. That's expanding very, very fast. I'll tell you, just to give you a sense of what's happening, if you just take a period of two or three months, you would have many more direct flights after the recently concluded India-US open skies policy. Northwest Airlines going to start off additional flights I think on the last day of this month, 30th October, to Chennai and, thereafter I think to Bangalore and Hyderabad; Continental's direct flights to Delhi—nonstop flights—will commence on the 1st of November. On 15th of November, American Airlines will commence daily nonstop flights from Chicago... Tomorrow I'll be meeting up with the chairman and CEO of UPS and thereafter I will meet with FedEx people. So a lot of things are happening, and happening very rapidly.

The Energy Dialogue, set up during the prime minister's visit in July, is ongoing, in all areas. One area, of course we can talk about later, which is the most talked about issue, is on the civil nuclear cooperation. But a lot of cooperation is possible in other areas—in clean coal technologies, in new forms of renewable energy, hydrogen fuel research, and a number of areas which we are looking at.

Bilateral trade is growing. I'm conscious of the fact that my job is not only to increase Indian exports to the United States but the other way around. And I'm glad that the US exports to India are growing much faster than Indian exports in the United States. In the first eight months of this year, US exports have increased by thirty-seven percent, whereas Indian exports have increased by eighteen percent. The same with investments. Roughly, Indian investments in the United

States are less than half of US investments in India, but I hope that it will soon be equal, that there will be equal investments in both directions.

There is a change of perception in the US about India, and that is basically as a result of bridging the gap between reality and perception. This is also based on recognition of our economy; of the fact that, for instance, last year we had late monsoons, we had the oil shock, we had the tsunami, we had a change of government. Nonetheless we recorded a growth rate of seven percent. This year, with all these other factors, the economy in the first three months grew 8.1 percent. And this high growth is accompanied by low inflation which was reduced, from 5.7 percent in April to the current 3.9 percent. It is going to decline even further in spite of very high oil prices and in spite of the multiplier impact of high oil prices. So I would say that the fact that we are the world's fastest growing democracy has been recognized for a long time. But that we can be not only the world's fastest growing democracy, but among the two fastest growing countries in the world, not just democracies, that fact is gaining increasing recognition.

I see this not only in a bilateral context, but in the context of the world, the global context. How do we make the world a safer and a better place? We have taken concrete initiatives. For example, democracy. We have taken an India-US initiative on democracy, which is to help to build capacity in countries in transition to democracy. That initiative was launched in July this year. Thereafter, a democracy fund was set up to which both India and the United States each contributed an initial amount of \$10 million. President Bush and our prime minister launched this fund this September, that is, just about a month ago. This was co-chaired by President Bush and our Prime Minister Manmohan Singh in the presence of the UN Secretary-General and heads of state and government of both old democracies and new democracies, like Ukraine....Democracy is vitally important. It's not just a slogan. It's not just the ideological aspect, but we find that it's a factor for peace. It's not only that democracies do not go to war with each other, but you have various checks and balances in democratic systems which make rash decisions very difficult.

Also democracy is the ultimate antidote to terrorism. We are convinced of this. We are convinced that all these arguments about the root causes of terrorism, of disaffection, of poverty being the causes are false. All these are disproved in India. Because if that was so, and poverty etc. were causes, we would have been churning out the largest number of terrorists in the world. But the fact is that we don't have one Indian, not one Indian, in any international terrorist movement. That fact speaks for itself.

In fact, by our very existence, as an incredibly diverse country in terms of religions, languages, ethnicity etc., we disprove the prognosis, Huntington's prognosis, of clash of civilizations. The other notion which we disprove is that democracy is only meant for countries at certain stages of development. We have shown that democracy and development not only can go hand in hand but in fact are inextricably inter-linked. They are linked and one reinforces the other. And development in the longer term perspective can be sustained only through democratic governance.

Nonproliferation. That's another area where our interests overlap with the United States. It's not very difficult to see the reason why, because the fallout, literally and otherwise, is going to be

on India, if we have further nuclear proliferation in our region. Both the origins of proliferation, the world's biggest origins of proliferation, as well as destinations of proliferation, are in our immediate neighborhood, from our immediate neighbors.

International terrorism. Here again we have a vital stake, and some interests very much in common. And of course the worst case scenario which both our countries are worried about intensely, that is, the danger of linkage between weapons of mass destruction and terrorist groups.

Combating HIV/AIDS and other pandemics is another major India-US initiative. This is not just tackling the problem in India or the US but working together in Africa and elsewhere. And I'd just like to point out, without going into detail, that eight out of ten drugs for this treatment are manufactured in India, and we have more FDA approved drugs in India than in any other country outside the USA .

An India-US disaster response initiative has been launched based on our experience of cooperation during the tsunami. And the tsunami cooperation also succeeded because of very close exercises between our armed forces....Since July we have already formulated plans on capacity-building in other countries which do not have the response mechanisms and also in setting up a tsunami warning system.

Finally, I would conclude by saying...that in our relationship, which is based on shared interests and aspirations, also long-term shared values and interests, we have no difficulty in reconciling principle and practice, ideals and interests. I see no clouds on the horizon; I see no conflict in the long term interests, strategic interests, of India and the United States. We might have some differences on approaches to certain issues, but not in long-term goals. The challenge before us essentially today is how to rescue this relationship from some old mindsets which still exist in both our countries, and to take bold and innovative steps to realize the full potential of this relationship....As Professor Frankel said, I would really welcome a dialogue with you, an interactive dialogue with you. Not just on India-US relationship, but on any aspect...whether it's in terms of India's economy, socio-economic developments in India, relations with other countries or anything at all concerning India, its foreign policy orientation, its security policy, environmental policy, or whatever. Thank you.

(Applause)

Question and Answer Period

FF: Thank you very much, Ambassador Sen. You have been as good as your word in covering a broad swathe of issues and then inviting questions on any issue of concern that affects India-US relations or simply that is important to India right now. So we will take as many questions as time allows, and I suggest that you use the microphone. And there are also mobile microphones which can be brought to questioners in the audience. I think this young woman here had her hand up very quickly.

Q: Thank you, Francine. Do you want names, or doesn't it matter?

FF: You can identify yourself, it helps us later on.

Q: Trudy Rubin, I write a column on foreign affairs for *The Philadelphia Inquirer*. Mr. Ambassador, I wonder if you could say something about the United States-India-China triangle. In the Bush Administration, some officials who have been very interested in better US-India relations have made no secret of the fact that they looked at India as a possible buffer or ally against China, not in a military sense but in a buffer sense. How do you see yourself in that three-way relationship?

RS: The first thing I would like to clarify is that I haven't heard any responsible person in this administration talking in terms of India and the United States cooperating against China, if I can put it that way. What we both share, we are both interested in China continuing its path of greater integration with the global economy. We have a vital stake in the stability and prosperity of China. If you look at India, China is our biggest neighbor. It is also a neighbor with which we have an unresolved boundary issue over which we've had a conflict. It's also a neighbor with which we have, let's say, some differences and unanswered questions relating to issues such as nonproliferation. But what we have done is we have not allowed any of these differences to hold the rest of the relationship hostage, and we are moving ahead very rapidly in developing this relationship. Our bilateral trade with China is growing rapidly. Very soon it's become our second largest trading partner, and if it continues to grow at this rate, it might, in the next four years or so, well become our largest trading partner. We are cooperating on issues of common concern, like on the environment and on many other issues. And at the same time, we in India have to frankly not just go on the basis of statements of intent, we have to take into account actual capabilities as existing realities. We have to take that factor into account, but I think that it's not a question of India versus China. Our approach should be what China and India can do together, like I said in promoting common objectives as in the case of India and the United States of America.

Q: I'm Allen Model. Mr. Ambassador, two very brief observations and then a question. Observation number one, it seems that as long as the United States is involved in Afghanistan, Iraq, and our war on terror, that we will in one way or another be linked to Pakistan. Secondly, Pakistan is appallingly behind India on both political and economic development. Thirdly, the question: do you think it is in India's enlightened self-interest to not only ease its tensions with Pakistan, but in fact to promote both further political and economic evolution in Pakistan?

RS: I would just like to say a word about your first observation. We know the realities, that is of geographical contiguity and other factors which have to be taken into account; they are realities. We also appreciate the fact that sometimes, unlike in our case, not with all countries in the world can you have always a coincidence of interests and ideals, or principles and practice, as I said. But sometimes you have to have other factors coming into play. We recognize that. But with respect to Afghanistan, or for that matter even in Iraq, there is no divergence of our views and that of the United States in wanting and hoping for the establishment of a stable polity, a stable democratic polity, and also one which would be more economically prosperous, and that this would go hand in hand. And I'm not saying this just with words. We have so far committed about half a billion dollars in projects, construction and re-construction projects, in Afghanistan. I guess we'll have to do more. And we are doing this in our own interest because it is in our interest to have a stable democratic Afghanistan. The same logic applies to Pakistan. We have a vital stake, a vital stake not just in terms of a philosophy of good neighborly relations, but vital Indian national interests are involved in having a stable Pakistan, a Pakistan which feels secure, and in which hopefully over a period of time you find that you will have the evolution of a system which takes into account the wishes of its people.

And I say this not in an ideological framework. I would put it even very crudely and very frankly to you, in terms of what democracy involves. Basically, you have you might say vested interests or lobbies, for instance, which could be created by reuniting many divided families. Millions of people could be reunited. For a generation which has grown up in India and in Pakistan, they are fading old photographs. We could bring them together. That would be an interest, a closer link, with movement of people in both directions. If you have mutual investments, Indian investments in Pakistan, Pakistani investments in India, more of direct trade rather than trading through Dubai, it would benefit both. All these I use in a very positive sense. They create vested interests in democracy and free trade, economic integration. These are factors which contribute to creating interest groups you might say, or constituencies, for peace. I hope in the longer term that this...and also popular opinion in both countries, will...create a certain momentum and a force, which will make both governments realize that it is in their mutual interests not only to maintain the momentum of this peace process, but to accelerate it. Because none of us benefits from tension.

In India, there is a national consensus on this. We have seen it even with the past government... You know, we all recognize reality. Even at a time when, after the military coup, Pakistan was being condemned...condemnation and strong language was used. These are sentiments which we share in the sense that a government overthrown by coup, an elected government, is something which goes against what we stand for. But we recognize the realities. In fact, we were the first at that particular time to reach out to the new president and to send him an invitation to visit India. Despite hopes, high expectations, and then these periodic bouts of depression, we still have no option but to persist. It won't affect India in the long term. I tell you very frankly we are maintaining these growth rates. We can sustain a defense budget which is much larger than now. We can deal with natural calamities on our own. We have got an in-built dynamism and that doesn't come just from the government, it comes essentially from the people of India. Entrepreneurship, that's our strength. Now we can take care of ourselves, but it could be helpful for us, as well as the rest of the world, if our neighborhood was stable.

When I talk about energy security, if you look at the map of India you see how vital our interest is in a stable Afghanistan and stable Pakistan because without that we can't access the energy resources of Central Asia. We are bottled up, unlike China, which neighbors some of the biggest energy producing areas in the world, Siberia and the Far East. Vladivostok is further away from Moscow than New York, and Siberia is just adjoining China. Same with Central Asia. But we are sort of bottled up in our region. For us, and I'm not talking of any philosophic kind of thing, I'm talking of our national interests, our national interests dictate the need for a stable, prosperous Pakistan and stability in Afghanistan. Thank you.

Q: Avery Goldstein. Mr. Ambassador, I'm wondering, you mentioned the common interest of the United States and India in dealing with the problem of weapons of mass destruction and terrorism. And although I think that is a common interest, one of the areas that observers have mentioned as a potential area of friction between the US and India is the question of Iran. I was wondering if you could say a few words about how the problem of Iran's nuclear energy program is likely to be addressed.

RS: There was an unnecessary storm in a teacup which was prompted by people. There was a lot of gnashing of teeth and frothing in the mouth about a report, which was of the Iranian news agency attributing certain remarks to our foreign minister. There is no clash or difference in the end objective... Though India has been a non-signatory to the NPT, its actual practice has been NPT plus. In fact, we have never exported any technologies relating to re-processing, enrichment, or any other reactor technology. And our track record in this regard, I will say this, without any sense of false modesty, is better than the vast majority of countries which are currently members of the Nuclear Suppliers Group. Our interest is also not served by having another nuclear weapons state in our immediate neighborhood. So our objectives are the same. How do we get there? Sometimes we might have differences in this regard. But our voting the last time at the International Atomic Energy Agency was, I can tell you, was taken on the basis of our own interests. It was not to accommodate the wishes or desires of any third country. And on that let me be clear also, to say that India is too old and proud a civilization, too big and diverse a country, too vibrant a democracy, to follow and accept the leadership role of any country in the world. We will take our decisions on the basis of our perceived national interests. Thank you.

Q: John Wolf. Mr. Ambassador, there are three clusters, at least three clusters, of concerns among some in Congress and outside Congress about the nuclear agreement. The first has to do with the role of the international architecture. For decades, India, the Non-Aligned Movement, and others told the west and, especially the United States, that the rule of international law was actually the best protection that nonaligned countries had against large nations and whatnot. So under that rubric the first question has to do with India's insistence that the United States essentially change its law and change international law to accommodate India's interests in nuclear cooperation with the United States and others. How can you have an international architecture that works on the basis of exceptions by favorites, as some have talked about it.

The second question about the nuclear agreement has to do with how India will make its decisions to divide civil from military, and are you in a position to say that India will put under international safeguards every aspect of the India nuclear program that relates to civil power

generation? So not only the reactors that directly feed into the grid, but other facilities that are part of the infrastructure behind that.

The third area has to do with India's desire to be treated equivalent to a nuclear weapons state, recognizing that the nuclear weapons state category was frozen by the NPT. Four of the five nuclear weapons states under the NPT, and probably the fifth, have ended the production of fissile material and yet India has refused during the negotiations to stop its production of fissile material. At what point will India have that minimal deterrent capability that would enable it to make the same decision and to stop producing the materials that are the most dangerous in the world? Thank you.

RS: Thank you. I think these are indeed thought-provoking questions. I think the concerns which are implied in these questions are genuine, and I recognize these concerns. But coming to facts, when you talk of an international architecture of nonproliferation, there has never been any nonaligned position. In fact, on every single issue, we have been the sort of odd country out, in the sense that, it has been India taking one position and the whole nonaligned movement taking a different position. So that's a fact, I'm just mentioning that. Second, if you talk about international regimes, and the so-called domino theory and playing favorites, it has no basis in actual reality. Number one is, there are only three countries in the world which are non NPT countries but which have, or are reported to have, nuclear weapons, namely India, Pakistan and Israel. Two are democracies. The other is the only such country in the world which has a military finger directly on the nuclear trigger. As far as its actual record in nonproliferation, as recipient and proliferator, I don't want to make any comments when you compare the three countries. And a third aspect, which I pointed out right in the beginning, and I want to re-emphasize it. People forget the fact that even at the time of Eisenhower's Atoms for Peace program, we were a lone voice. Why were we the lone voice calling for a test ban, calling for disarmament, calling for a nonproliferation regime? Why? Because we were the first country in Asia, before China or Japan, to build a reactor on our own. We knew that this was poisonous stuff when in wrong hands. We knew that it had to be controlled. Therefore, much before...codifying nonproliferation laws and regimes, much before they were even conceived of, India had actually practiced, and continues to practice, a strict regime of nonproliferation which is impeccable in its record.

...Secondly I would just like to say it's not that we demanded it. Both sides mutually agreed. It is not a question of an Indian demand. I would like to point out another fact. There has been intense criticism in India about this nuclear deal. Firstly in our parliament, our prime minister faced a lot of criticism: Why are you presenting us with a fait accompli on issues which are so important? Why weren't there consultations, both within the coalition and even with the opposition, on an issue affecting our national security? So that's one, lack of prior consultation. Number two there's very strong criticism which you will see reflected in our press and of course also the criticism of, what did India gain in return for the obligations it has reiterated and assumed ...And how is this going to affect our vital national security interests? So I just would like to say, when people talk about this agreement, they say India demanded and the US granted. That is false, right at the beginning. Both countries decided, and for good reason, and I don't think there are people over there who are not aware of all the implications. It is an irony that while you had proliferation taking place for so long at such a level—and I don't want to name

the countries—you had a make-believe Alice in Wonderland kind of world where you just ignored the realities.

As far as separation is concerned, separation is going to be done, as the agreement states, by us. We are going to determine it. As far as how and which civilian facilities will be covered, I would request you to look at the same principle which you say that some other P5 countries have accepted, have agreed to voluntarily place certain facilities under safeguards. I would urge you to look at that list, which is public knowledge before you...get into speculation about which we have yet to determine, how...these programs can be separated. There is one factor about India. ...Whenever we have undertaken an international commitment, we have an unbroken record of keeping to those commitments. Whether they are good, bad, or indifferent, we have stuck to them. And we have never used any excuse, whether political assassination of our leaders, economic crisis, or natural disasters of unprecedented magnitude. We have honored every single commitment. So we think very carefully before undertaking a commitment and when we make a commitment, we keep it.

About fissile nuclear cutoff, I think that is a very disingenuous argument. Because most of the states which have built up stockpiles have more than they know what to do with. So as a result of deciding that rather than destroying the world 80 times over, you can destroy it 30 times over or whatever, you have reduced fissile material stockpiles...in some countries. I don't want to go into details, but I can have a separate debate on that. But India will not, I can tell you categorically, India will not permit a situation that compromises its security - the security of one-sixth of humanity, of its people, and I stress the word one-sixth of humanity, in a cavalier fashion by freezing a huge asymmetry in the capabilities, nuclear weapon capabilities, of its immediate neighbors, including to the north of India. So I hope this answers your question. But of course we can debate this further separately. Thank you.

Q: My name is Dilip Das. Allow me, Mr. Ambassador, to ask you a question and I want to take the liberty of your initial invitation to expand the discussion...beyond your intriguing presentation on the complex world of international relations and nuclear proliferation. My subject is much more mundane and it is one that touches the Indian diaspora living in this country. The subject is dual citizenship. I checked the Indian embassy website this morning, and the most I could find was an insertion in June of this year that the Parliament had passed some legislation back in January or February of 2003, and since then many of us have been waiting anxiously as to the next step. When can we start applying? I made some personal inquiries with all my meager official resources, and I have exhausted that. The question to you, sir, if you could enlighten us, where is it in the process of approval by the Parliament until the time someone like me can fill up an application, just the process. It is not a complaint; I'm simply trying to understand the process.

I have a second question, which is much more mundane and probably touches many of us here. When we go to India, the hotels and airlines, they have got a two-part tariff, the dollar tariff and the rupee tariff. I am again not complaining. All I would like to know is if this is a regulation by the government or is it a decision by the private sector individually or collectively. So if you could kindly shed light on those two subjects, I would appreciate it.

RS: Thank you, I'll gladly do so. First, on this issue of dual citizenship, I would say that the decision has been taken by our Parliament. But following this decision, there are numerous regulations which have to be changed. This is actually in my view a misnomer, my personal view, because basically you don't have dual citizenship, because you will have all the rights of every other Indian citizen, except the right to vote and contest elections. But this will involve changes in numerous regulations. For instance, suppose you want to repatriate funds. You inherit some ancestral property and you want to repatriate the sale proceeds. Now whom do you go to? You go to a bank. The banks, if you tell them Parliament has passed a law on so and so date, they say look, that's way above us ...The Reserve Bank of India, that's our federal reserve, if we don't have a notification from them amending this particular law, this particular rule, not law, this particular regulation, you can't proceed. So that has to be amended. Now when I talk about inheritance, you'll have to go to that village or the local administration, and in India this is a state subject, and there are federal subjects and there's a difference there. So we'll have to issue notifications, and there are scores of these. Now we want to make sure that when we issue a document...it's going to be a document of registration. When that is issued, there should be no difficulty to the person who possesses that certificate...in facing any of these problems....So that is the reason for the delay and I am, in fact, among those who advocated this. I said, don't go prematurely and then give out these certificates and registration forms which amount to no more than visa-free travel, and where people encounter problems and there are several types of it. Now that is being sorted out, and I think to all the concerns which you have expressed and conveyed by others also have been taken on board and expect that within a month or two at the most to be fully in place. We have to augment our staff and we'll do that.

The second issue which you raised is on discriminatory rates for hotel tariffs. And actually I would say that it applies further....Like suppose I have to buy an airline ticket from here, from the United States, and I have to make a payment here. I'm talking about myself personally. I have to pay more than let's say if I have a relative or friend buying it in India. The question is why. I have raised this question, and I've said that it's not right and we should have a look at this. But let me tell you there's no differentiation any longer in payment in dollars and rupees because...that's a thing of the past. I also, like many of my fellow citizens, had felt that you can't in your own country devalue your own currency, I mean that's ridiculous. So there is no difference and anybody, whether it's a private or a public institution, has to accept payment in Indian currency for any service or goods which are available.

Q: My name is Aaradhana Jhunjhunwala. I just wanted to ask, do you think India has taken sufficient advantage of its relations with the US to bring up issues such as infiltration and other related issues? ...Do you think it has taken enough advantage to get a country like Pakistan, which is so close to the US, to stop issues like infiltration and camps on its land, which affects India so much today?

RS: I don't think we should take advantage of each other. It does not behoove, as I said, a country of our size to cling on to anyone's apron strings. But I think people are realizing more and more the realities. Initially, I'll tell you what happened, I'll give you practical incidents. When I was ambassador in Germany—and we have this practice of regular consultations with the European Union—and we were having those consultations, in that year it was in Brussels. There was a long list of EU priorities, but in that we found that there were two missing words.

International terrorism. And they felt that's a regional issue, it doesn't affect us. Remove the causes and it will go away. And we said you are making a very big mistake because globalization is not restricted to economic globalization alone, its other things that are also globalizing, and please don't underestimate this. We are telling you we have suffered for it....We have seen aircraft being blown out of the skies; the first aircraft happened to be an Air India flight. People did pay attention to it. I had gone, in fact I had suggested also that we start off with chemical signatures of these explosives, let's say DuPont, for each lot, you can have a chemical signature so you'd be able to locate that source.

But anyway that's history; after Lockerbie, things changed. Things which were not permissible as evidence were thereafter permissible as evidence. What happened was that on the day that we were having the discussions, I got a call from my wife, and I had my cell phone on, which I shouldn't have had, I forgot, and I picked it up and I was a little curt and I said, I'm in a meeting. She said, wherever you are, drop what you're doing, reach the nearest TV, and turn on CNN. And I saw, we all saw—they looked at me in a very strange manner because I saw a TV in the corner and I said, which is CNN. I put it on, and we saw the second plane hitting the World Trade towers. Of course, after that, the debate changed. Those two words which were missing in that long list of priorities came right on top, and in bold letters. But what I'm saying is that we don't want to take advantage of anyone. People are realizing that terrorism is a hydra-headed monster which is global, which is evolving. It's mutating, assuming new names and forms. It has no boundaries. There should be zero tolerance for terrorism. I alluded to the fact that poverty is not a cause. There are no root causes, as people say. Even those people who talked about root causes have themselves become the target of assassination attempts by those same groups which they called freedom fighters. What we say is that we can deal with any issue, and we can resolve it through democratic means, through elections or whatever means, but there should be zero tolerance for terrorism. And about decreasing this – it's not decreasing it and saying that look, thirty babies were being killed a month and now it's only ten babies killed every month, so that's a great improvement. I don't think one has to take that view. We would like to see a situation in which there should be no sanctuary anywhere on this planet Earth for any terrorist to hide, and I think that any state which harbors terrorists should be held equally accountable as a terrorist.

FF: We have time for probably two questions, maybe three if they're very, very quick. So who has an urgent, brief question? That winnows it down somewhat. This gentleman here?

Q: Ambassador Sen, thank you for coming. I actually had a two part question, but since it has to be urgent and brief, I'll just ask one part. I was wondering what role, if any, India was looking towards foreign firms to help build out its transportation and power infrastructure. There's a large need over there and I'm sure you guys have some very capable players in the market as well, but it seems like a very ambitious part of opening up the economy, and I was wondering what help or assistance you were looking to for firms and the role that they would play in helping to build it out?

RS: It is indeed a very topical subject because as I said just yesterday, we had meetings in Washington on the area of transportation infrastructure. We do need the involvement of foreign firms and we had this long day-long seminar which involved US Secretary of Transportation Mineta and our ministers of civil aviation, roads, transportation and shipping. Because this is the

single biggest constraint, and of course the most important constraint longer-term will be energy. But what I would like to stress is that the seminar was entitled “India’s Infrastructure Requirements - Challenges and Opportunities.” That about sums it up, because each area which is today seen as a challenge is a potential opportunity. Each area which is seen as a problem holds also a promise – not of assistance, but a promise of profitable investment. So I would like to point out we are not seeking any aid in that respect, what we are seeking is that people make profitable investments in those projects, and what we have pointed out is that we have good response from Japanese companies, a large number of European companies. What we pointed out—and this involved several businessmen sitting there—is that we have not had any competitive offer from any American company as yet. I hope we can correct that very soon, not with a view to telling them that there’s an opportunity on an unprecedented magnitude for, because if you’re looking at just when we’re talking about nuclear energy by itself, you are looking at, on a conservative estimate, business worth \$80 billion. You ask where are we going to get the money. We have to get the money, and we’ll have to do it in any case. So its going to be profitable investment, and so far we have had these bids from Europeans and Japanese because they have found and they have established that these ventures can and will be profitable, whereas public funding will go to areas where the private sector will not come in. That’s primary education, with particular stress on the education of the girl child, and village roads and other rural infrastructure. That’s where we’ll have to do more of the public spending and leave the other large infrastructure projects—ports, airports, national highways, other projects—to the private sector or to private-public partnerships.

FF: The last question. Okay, Ravi, go ahead.

Q: My name is Ravi Srinivasan, and I’m with CASI. What is your advice for Indian students who are in the US as well as for Indian entrepreneurs?

RS: My only advice is, don’t be the last to look at India. You know, I’ll tell you...the starting difference with China is that about seventy percent of their initial foreign investment came from overseas Chinese. With us it’s a fraction of one percent. The biggest steel maker in the world today, the third wealthiest man in the world, he is Indian and he’s looking at India now. So don’t ignore it. Look at it, and if you think it’s not profitable, ignore it. Move elsewhere. Because in our country, that is what is our biggest strength, entrepreneurship. What we are doing is we are trying to unshackle this kind of entrepreneurial spirit which has been so far, I would say, stifled by a lot of bureaucratic red tape and other constraints which are man-made and of our own making.

(Applause)

FF: Thank you, Ambassador Sen, on behalf of all of us here today for giving us a very comprehensive overview of the subjects that are in play between the United States and India, and how much we still have to learn and how long this dialogue is going to continue, hopefully with very fruitful results for both of our countries. Thank you again for coming.

(Applause)