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BRIEFERS:
MICHAEL J. GREEN, CSIS SENIOR ADVISER;
KURT M. CAMPBELL, CSIS SENIOR VICE PRESIDENT;
ROBERT J. EINHORN, CSIS SENIOR ADVISER;
AND TERESITA SCHAFFER, CSIS SOUTH ASIA PROGRAM DIRECTOR

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THIS IS A RUSH TRANSCRIPT.

ANDREW SCHWARTZ: Thank you for coming today, and we'll get right to it. I know how busy everybody is.

The briefing's going to be given today by Dr. Michael J. Green, former NSC director for Asian Affairs; CSIS Senior Vice President Kurt Campbell, former deputy assistant secretary of Defense for Asia and the Pacific and NSC director; CSIS Senior Adviser Robert Einhorn, former assistant secretary of State for nonproliferation; and CSIS South Asia Program Director Ambassador Teresita Schaffer, former deputy assistant secretary of State for South Asia and U.S. ambassador to Sri Lanka.

And with that, I'll give it to Dr. Green.

DR. GREEN: Thank you. Thank you all for coming. I just got back on the redeye from San Francisco. I got four hours of sleep, but I feel great because that's pretty much what I did when I was at the NSC, which gives me that old feeling.

The president's going to arrive in India on March 1st. This is a trip to India and Pakistan. It's his first trip as president to, what, South Asia. I think it's the fourth trip of a U.S. -- sitting U.S. president to the region. It builds on a commitment to strengthening relations with India that started in the late part of the second Clinton administration, but was very much a theme for Governor Bush when he was running. He gave speeches, you'll find, during the campaign which emphasized the importance of India in U.S. strategy. The National Security Strategy, which the administration put out, emphasized strengthening relations with great powers, but especially India.

It's a very logical alignment between the U.S. and India, but one that has had false starts before. I think this time, though, the trajectory is pretty clear and the commitment at the top on both sides is clear, and I think it's bipartisan.

The -- I think the administration would like to have sort of built this dramatic, new departure with India with a lot more fanfare from the beginning, but the first few years senior administration officials were traveling to South Asia spending most of their time trying to prevent a nuclear war between India and Pakistan, and presidential phone calls and summits and Secretary of State Powell or Deputy Secretary Armitage -- well over half of what they talked about with their Indian and Pakistani counterparts in 2001 and 2002 and even in 2003 was about the other side.

Increasingly, each relationship is moving on its own merits. The content of discussions at the highest levels is probably now only 20-25 percent about India-Pakistan issues, and that's a very healthy thing. There's a dialogue, a composite dialogue that is slowly moving forward. It's not solved the core issues. There are still pitfalls, but as people sometimes put it, the relationship and our strategy has become dehyphenated. There isn't a U.S. policy towards India/Pakistan; there's increasingly a policy towards each that stands on its own merits, and I think that's going to be a big theme on this trip.

For India, the focus will be on the civil nuclear agreement, which I'm sure Bob and others will talk about. And it would be, I think, a mistake to look at that agreement as a sort of pass-fail measure of how the trip goes. The breadth and depth of cooperation with India from cooperation in responding to the tsunami -- where the U.S., India together with Japan and Australia stepped out within 48 hours with naval and other help - - to democracy building and other things the president mentioned in his speech at the Asia Society.

It's pretty rich, and it's based on a strategic realization in Washington, certainly for the administration, that India's going to have an impact on a lot of things that matter to us, whether we like it or not -- demand for energy, the growth of Indian markets, a middle class that's as large as the U.S. population, increasingly playing a role not only in South Asian affairs but in global affairs. India's going to be a player, and there's a lot of logic to the U.S. and India working on these things together. We're both democracies. India is the world's largest democracy. The polling the president gets in India is better than the polling he gets here. It's usually around 70 percent support. I think the Indians see a lot of common purpose between the U.S. and India as multireligious, multiethnic democracies. Both are concerned about the war on terror, and that sets the basis for this trip and for this relationship, and is what really counts.

People talk about China; there's no doubt that the India bloom and focus on the administration has a lot to do with China -- it would be a mistake to think that it's about containing China, though, because the Indians are not about to contain China. The Indians want to grow rich off of China's growth, just like, frankly, the United States does.

But India is an important element in U.S.-China strategy because it is the other growing power with a large middle class, and India's choices about intellectual property rights, about democracy have an important demonstration effect that shapes China's choices.

I was just in Japan three weeks ago, and senior Japanese executives are talking about investing in China plus one. They want to start moving investment somewhere else. They don't all their eggs in one basket, and the "plus one" they're increasingly looking at is India, and that puts some healthy pressure on China to make the right choices about intellectual property rights and so forth.

The civil nuclear agreement people will talk about -- it is an open question whether it will be done by the time the president goes. I think most betting is that it won't. I think a psychological breakthrough has been made, however, and that this kind of thing is going to happen. The logic of this had as much to do with India's energy requirements as anything else. India's going to grow. It's going to grow a lot. If it turns to fossil fuels for that, it's going to have a detrimental impact on energy prices, on oil prices, on climate change. If India can move from about 5 percent to about 25 percent civil nuclear energy to help fuel its economic growth, that's a good thing for the U.S. and for the world, and that's really what's at the heart at this civil nuclear agreement.

The Indians, in preparation for the visit July 18th, wanted some sign from the U.S. -- we'd help them with nuclear fuel, especially for Tarapur, one of their reactors. They need fuel. They need help on their civil nuclear side. And that led to the discussions that led to this agreement. If you want India to have civil nuclear cooperation, you're going to have to separate your civilian nuclear and military facilities. The logic is about environment and energy, as I said, but also a realization India is not going to join the nonproliferation treaty. But it can be part of what some people call the nonproliferation team, part of the effort internationally to help combat the spread of weapons of mass destruction.

In Pakistan, the main signal, I think, that the U.S. is going to want to send is that we are in for the long haul with Pakistan. The 9/11 commission report said -- and so did subsequent bipartisan legislation -- we're going to have to make some tough choices on Pakistan, but we're going to have show we're committed for the long haul, and that's the main message.

When I was in the NSC and you wrote talking points for meetings with Musharraf or senior Pakistani leaders, it was really daunting how many tough issues there were -- dealing with proliferation and A.Q. Khan, pushing for progress on democracy, backing up and encouraging, you know, metal on target, going after the high-value al Qaeda and Taliban targets in Waziristan, making progress with Pakistan, economic reform -- a lot of balls in the air, and you got to move all of them. You can't sort of trade off one for the other. I think Musharraf himself, after two assassination attempts, has decided that his future lies with a fierce battle in the war on terror and some movement towards democracy, but that's always the tough balancing act, and one of the things that the president's going to have to decide is how much to push -- not for Musharraf to take the uniform off, but how much to push for greater civil society, greater empowerment of political parties.

But Pakistan's hard. A lot of tough balancing acts, but the main signal on what the Pakistani side is going to take away from this hopefully is that the U.S. is committed for the long haul for helping Pakistan move forward and on with that.

Thanks.

MS. SCHAFFER: I think I mentioned the batting order. I'm Tezi Schaffer, director of the South Asia Program here. I was in the Foreign Service for 30 years and spent most of that time working in or on South Asia.

So I'm going to give you a slightly different take on the regional perspective. I don't disagree with almost anything Mike Green said, but there's a couple of other things I'd like to emphasize.

I think the visit is a great opportunity to showcase the two relationships separately but next door to each other; in India, broad, bilateral cooperation, an emerging defense

and security relationship, which, I was really quite surprised not to see reflected in the president's speech, but which is bound to be an important dimension going forward; in Pakistan, the focus on anti-terrorism and on Musharraf.

I would like to suggest that a couple of other dimensions of the relationship need attention as well. I hope they will get attention during the trip, but certainly afterwards. This will be important.

In the case of India, what I want to highlight -- and I'm going to resist the temptation to talk about the nuclear agreement -- is our need to develop with India at least some elements of a common vision of the world. I think this is essential if you're talking about a serious, long-term partnership. And one could talk about a lot of things, but I've got five in particular.

First and easiest, our common interest in Indian Ocean security. And this is well established, but I think not as well understood in either country outside of government circles. The Indian Ocean contains some of the world's key energy routes.

These are absolutely vital for Indian security and important for the U.S., as well. In fact, one of the hallmarks of India's post-Cold War foreign policy is that Indian Ocean security and, by extension, the Indian navy that safeguards it, has become substantially more important as part of the overall picture than they used to be. The 2002 Indian decision to help escort sensitive U.S. cargoes through the Straits of Malacca was a landmark and was a move away from the traditional Indian wariness about any kind of extraregional presence in the Indian Ocean.

Second element of a common vision is the broader question of Asian security. And I would certainly endorse everything Mike said about how U.S. relations with India relate to the rise of China. I see, as Mike said, the vastly improved India-China relations of the past few years as a factor for peace and stability in Asia, but I also see the rise of China as a major reason that the United States needs to broaden its network beyond the traditional strong base in East Asia.

Third issue, and a more troublesome one, Iran. India's publicly expressed view on Iran's nuclear ambitions is that Iran needs to honor its international obligations. It has, with a great deal of wear and tear on the government's collective stomach lining, voted with the United States twice at the IAEA, but what Indian officials have shied away from saying in public is the judgment that I think underlies this, which is that they actually don't want to see any more nuclear powers in the region.

On the other hand, there are important positives in the India-Iran relationship that they are not willing to give up. One is Iran's willingness to give India land access to Central Asia, something that Pakistan is not willing to do, and the other, which is more likely to be salient for the United States, is India's massive purchases of energy from Iran and their continuing interest in a pipeline that would go from Iran and probably across

Pakistan to meet their energy demand, which is generally regarded as one of the two fastest growing in the world, the other being China.

This is not a comfortable issue for India and the United States. A serious U.S.-India partnership demands more regular and, I suspect, more candid discussion of these issues, and hopefully, they all won't be driven by an impending vote on which both sides are exceedingly uncomfortable.

Fourth issue, global governance. You've all heard about India's interest in becoming a permanent member of the U.N. Security Council. The U.S. -- I can say this, I'm out of government -- is tremendously not interested in moving that forward and I think is basically not interested in expanding the size of the Security Council. But this is not the only way of working India more fully into instruments of global governance, and I hope that some of the other options will also join the conversation, some kind of association with the G-8, a greater integration into Asia-wide organizations, which would, among other things, be a good opportunity for India to intensify its already growing relations with countries that have basically chosen market-oriented economics as the way to get ahead.

Final India issue, is this to be a unipolar or a multipolar world? This always is hovering in the background. In the view of, I think, most members of the Indian foreign policy establishment, the better answer would be multipolar, but of course, we're not there, and the U.S. is India's most important extraregional relationship. But I think we have to recognize that this is an area where India's dreams are a little different from ours. It needn't be a major problem, but we need to be aware of each other's sensitivities.

Coming to Pakistan, I would certainly agree with just about everything Mike said, but I would like to give you a perspective on how the words that the president has said about democracy, both in his second inaugural and more recently in the speech to the Asia Society, could wind up backfiring. I think that if President Bush is serious about wanting to support the move towards democracy, he needs to show this both during and after the trip. Our relationship with Pakistan has been highly personalized to Musharraf. What Mike said about there being a lot of different issues is absolutely right, but the issue of the relationship with Musharraf has been very much more equal than the others.

He's going to Pakistan. He has said that democracy is the only way to achieve legitimacy. If he is to avoid simply inspiring cynicism with these words, he needs to spend some significant part of his time in Pakistan building up the other people and the institutions on which democracy depends -- the Parliament, including some event in which opposition figures will participate in a meaningful way, NGOs, women's organizations. Otherwise, I think both Musharraf and his opponents will assume that the U.S. government shares his view that what he's doing is sufficient for democracy, and they will simply be on auto-pilot, which I don't think is leading anywhere good.

And with that, I will pass the baton to my colleague, Bob Einhorn.

MR. EINHORN: Thanks a lot, Tezi.

For over 30 years now, the nuclear issue has played a central role, and many would say an excessively central role, in bilateral relations between the U.S. and India. Now that we've begun to have a qualitatively new and expanded relationship with India, I think it's a bit ironic that on the eve of the president's visit to India, the nuclear issue once again has taken central stage.

I agree with Mike that the nuclear issue should not be the make-or-break issue for this summit meeting or for the U.S.-Indian relationship, but I think it's inevitable that attention will be focused on this issue. The agreement on civil nuclear cooperation was clearly the boldest element of the July 18th joint statement. In a reversal of U.S. policy for over 30 years, the U.S. committed in that statement to seek a change in U.S. law and in the guidelines of the nuclear suppliers group to permit nuclear cooperation with India, a non-party to the NPT. For its part, India agreed to strengthen its policies and practices in the area of nonproliferation and especially to separate civilian and military nuclear activities and place the former ones, the civil activities, under International Atomic Energy Agency verification.

The deal, I think, generated a lot more controversy than was anticipated by either of the two governments, controversy both in Washington and in Delhi. Supporters of the deal argued that India has been a responsible nuclear power and ought to be rewarded for it. Especially it's been responsible in the area of export control. The supporters have argued that India's commitment under the joint statement will bring India closer to the international nonproliferation mainstream, and that's a positive development. And the supporters have said that in any event, the strategic benefits of a better U.S.-Indian bilateral relationship will outweigh any risks that might be involved in the nonproliferation area.

The critics have said that by carving out a special exception for India to the nonproliferation rules, the deal will give a green light to other countries who might then feel they're able to pursue even riskier nuclear cooperation with special friends of their own. And here the critics are talking about Iran in the case of Russia, and Pakistan in the case of China.

The critics believe that the Bush administration should have asked more, should have demanded more of the Indians in the deal, and in particular should have asked India to stop producing fissile material for nuclear weapons. India has said that it's prepared to adopt the same policies and practices as the original five nuclear weapon states. Well, all of those five have stopped producing fissile material, and the critics believe India should have been encouraged to join with them. The critics believe that because of the failure to put a cap on fissile material, the deal could actually end up facilitating a rather large increase in Indian nuclear weapons capabilities.

The July 18th joint settlement on civil nuclear cooperation is not self-implementing. In order for it to be implemented, the U.S. Congress has to change U.S. law, and the 40-nation nuclear suppliers group has to change its own guidelines.

Congressional support for the U.S.-India deal, I think, will rest on two issues. The first is Iran. And as Tezzy mentioned, there has been concern, stemming back to a trip by then-Foreign Minister Natwar Singh to Tehran, that India was on the wrong side of the Iran nuclear issue. He made some remarks suggesting that India has chosen sides and it was with Iran on the issue. But since then, India's affirmative votes in the IAEA Board of Governors, one to find Iran in noncompliance, and the second to report Iran to the U.N. Security Council, have largely allayed concerns in the U.S. Congress. But I think the Congress and the American public will be watching India's position on the Iranian issue going forward.

Second issue, I think, that will be a focus of congressional attention is whether India agrees to what President Bush, in his speech just a couple of days ago at the Asia Society, called a credible, transparent and defensible plan to separate the military and civilian nuclear activities in India and to place the civilian activities under IAEA safeguards.

The U.S. would like India to put all of its power-generating nuclear reactors under IAEA safeguards, including the fast breeder reactor that's under construction will be finished around 2009-2010, as well as any future power-generating reactors, including breeder reactors. The Indian nuclear establishment is strongly against this and has publicly spoken out against putting, especially the breeder reactors under safeguards, and the establishment would also like to keep some power reactors outside of the safeguard system. The U.S. is concerned, though, that doing so -- keeping these reactors outside of safeguards could enable Iran -- at least give Iran the option to ramp up its nuclear weapons capability rather quickly and substantially.

It's not clear how this issue is going to come out. Undersecretary of State Nick Burns is in Delhi now. He's been negotiating on this issue for a few days. There have been some contradictory reports in the Indian press about Indian readiness to compromise on the issue. Again, it's not clear whether this will be resolved by Undersecretary Burns in the next few hours or day before the president goes to the region, and it's therefore not clear whether the president and Prime Minister Singh will be able to announce that the obstacles to implementing the nuclear have been overcome. But both sides know that if they don't overcome this obstacle by the time of the summit, this will take much of the momentum on the civil nuclear deal out. I mean, it will dissipate substantially and perhaps jeopardize it over the longer term, and so I think there are very strong incentives for the two sides to come to some compromise, you know, by the weekend or certainly by the time of the president's visit.

DR. CAMPBELL: Thanks, Bob, and welcome to everyone, in particular thanks to Andrew and Kay for setting this up. I'm going to talk primarily about the security side of the U.S.-India relationship -- the defense side. But if I could, I just want to start

playing off a little bit from our friends here on the panel a couple of points, at least from my perspective generally.

I think when we look back on this period in 10 or 15 years -- hard to know how we'll ultimately judge developments in Iraq and elsewhere -- but I think undeniably one of the most important dimensions of sort of the tail end of the Clinton administration and the entirety of the Bush administration is the significance of the U.S.-India project. This project to develop a relationship between two countries who should have gotten along a lot better, a lot earlier, but, ultimately, to bring Delhi and Washington and the peoples of the two countries together for obvious reasons, I think will be one of the most significant developments of the early part of the 21st century. So that would be my first point, just generally.

The second is, I think, although Bob and Tezi paint a picture of a relationship that's still at very early stages, and I concur with that. I actually think underneath the surface the relationship is stronger and headed more clearly in a positive direction than either side wants to acknowledge.

And so what's interesting, if you compare and contrast, let's say, with another relationship in the Asia and Pacific region, we often talk about the importance of the U.S.-Korea relationship, and you know, how that is -- the need to surface, this is a relationship that's in desperate trouble.

In contrast, we look at the relationship between the United States and India -- and we talked about some of the difficulties and challenges that we face -- but I would argue that underneath it there is a general agreement that U.S.-India relations are heading profoundly in the positive -- in a positive direction despite the historical issues, the occasional cultural sensitivities and the sometimes prickly nature of our -- both track two and track one diplomacy. So I would just make that overall point, at least from my perspective.

Now, you asked, all relationships when they're -- you know, if you think about sort of what are the dimensions of sustaining a strong, bilateral relationship with a country. There are obviously the economic dimensions. There are the political and cultural dimensions. There's a very large and very important -- growing important Indian political movement in the United States that cannot be underestimated, that both Republicans and Democrats well appreciate. But, ultimately, you've got to find what are the elements of the bilateral relationship that's going to sustain and take the relationship to the next level, and I think undeniably, at least for the time being, that dimension for the United States and India is the security and military dimension of the relationship.

One might recall that just a couple of years ago the really effective sort of driving ambassador to India, Bob Blackwill, pointed out that foreign direct investment, particularly and compared to China, in India was, as he termed it, "flat as a chapati". And in fact, if you look at various aspects of the economic relationship, there are still many things that have to be overcome, and it is much, much, much tougher to do business in

India than it is to do in China. And they have -- India still has significant advantages -- disadvantages across the board in comparison, in terms of economic interactions with the United States. So it really falls to the defense and security dimension of the relationship to really sustain it over the next several years.

And what's interesting, as Tezi mentioned, in many of the speeches that the president has given, he has not highlighted the defense and military developments between the United States and India, and I think there are obvious reasons for that. The fact of the matter is even though both countries are -- take great pains not to talk about this relationship within the context of a rising China, in military circles -- military people less careful about how they talk about developments -- there's a clear sense not only of securing lines of energy, but clearly thinking a little bit about the larging -- large growing military behemoth is China; enormous military expenditures over the last couple of years. And India and the United States are training, exercising, exchanging strategic discussions about a host of regional developments at CINCPAC and Washington much more prodigiously, and these discussions are proliferating much faster than is widely recognized outside of the Asia-Pacific region.

Indeed, not long ago the United States and India had a very important air exercise in which Indian air force, equipped largely with airplanes, fighter aircraft sold to India from the Soviet Union and Russia soundly defeated an American-equipped comparable squadron from U.S.-Pacific Command in a military exercise. And of course, you ask military guys in the United States, they'll give you all the excuses why that happened, but the reality is that we are working much more closely together. Unlike other military relationships in the region, there's a lot that India can teach us in a whole host of both deployment scenarios, and they have a very established, if you will, sense of military art and strategy.

It is also the sense that Indian operators are increasingly dissatisfied with the quality of equipment that they've procured over the last couple of decades from the Soviet -- Russia and France, and there is a beginning of a movement in India to consider the prospect of something that was thought of as unheard of just a few years ago -- buying something from the United States, because of a whole host of sanctions over the last many years. There had been problems in the past with the sense that the United States was not a reliable military partner and supplier, but now at a political level and in some sections of the military, there is a belief and understanding that the United States indeed can be more of a partner with India on security and defense fronts, not just in terms of operations and exercises, but as a military provider.

And I'd like you all to watch, India's about to put forward the most important fighter program of the 21st century in which they're going to propose to buy upwards of 50 fighter aircraft from probably the United States, India -- the United States, France or Russia, and the United States for the first time is going to be actively -- U.S. defense companies are going to be actively involved in trying to compete for that contract. And so the defense relationship is really the -- sort of the unstated foundation of the U.S.-India relationship, and I would expect that that relationship to grow rather substantially in the

years to come. And look for this dimension to probably not get as much public attention, but behind the scenes, I think it'll be quite important.

One last thing in closely before going to questions, what's interesting about the U.S.-India relationship, though, is that there is a degree of mirror imaging between the bureaucracies in Washington and Delhi. There is strong support at top levels, in both the India and U.S. governments, to take the relationship to the next level, and ironically, the biggest problem is not in these bilateral negotiations at the top.

The real problems are beneath that level in bureaucracies on both sides, in which you've got recalcitrant groups in the United States that are very suspicious about India because of its former association with Russia and questions about, you know, what it has in mind vis-a-vis Iran, et cetera, et cetera, and other groups in India that look at the United States for either sort of political or ideological reasons as either unreliable or the next great imperial power in the international realm, and India still has a sort of a sensitivity about that kind of activity in the global realm.

Overall, though, I think the picture is very promising. You also, I think, want to make sure to put this visit in a larger context. We're in a period right now vis-a-vis India that I would describe as competitive bilateralism, in which everyone -- a couple years ago, you could not go to China without seeing a visiting delegation from somewhere in the surrounding region, and that continues. But what's most interesting is of late -- you used to be able to go to Delhi, and it was like a sleepy city in the Midwest, and -- no one at the airport, no one at the hotels. Every single day, there is a visiting delegation from Japan, from Australia, from somewhere in Europe, from China and from the United States. Everyone acknowledges that their regional and global situation improves with a closer relationship with India.

What's interesting is I'm not sure India fully appreciates how many advantages come with that. If anything, I think they're struggling with the fact that they're the new -- it's something that they've always wanted, but actually now that it's happened, I'm not sure they're completely prepared for what a big player that they are, a big star that they are in the international scene, and they're a bit overwhelmed by it.

Thanks.

MR. SCHWARTZ: Great. Thank you, Kurt, and we'll take some questions.

Howard?

Q Yeah. I was wondering if you could address a little bit the economic question and -- (audio break).

MS. SCHAFFER: Two important observations about the economic relationship, which has grown markedly and quite steadily since the early 1990s, kind of by stairsteps rather than a nice, neat graph.

First of all, the part of it that works best is private -- private trade, private investment. India globally takes in a lot less foreign investment than other countries in its income group. Interestingly, it sends out more foreign investment than other countries in its income group.

The more problematic part of the economic relationship has always been the governmental part, and there we do reasonably well in trade negotiations that are bilateral. We eventually, after a great deal of pain, worked an agreement on intellectual property rights and a whole host of other things. Multilateral trade negotiations have been more difficult, although at the last meeting in Hong Kong featured reasonably good India-U.S. cooperation, and much better than it had been.

But I think it's this sort of split picture that has made the economic relationship a bit less of the building block than it was in the early '90s when India's period of accelerated economic growth was taking off. I still believe that the fact that India continues to have dynamic economic growth -- they're looking at somewhere in the 7 to 8 percent range this year; it's been in that range for a couple of years, and they've averaged 6 percent over the past two decades, which -- since their population growth is down well below 2 percent, gives them a lot to distribute -- I think that is absolutely essential to the bright future for U.S.-India relations that Kurt just sketched out, which, by the way, I agree with because that's part of what puts U.S. business on the map in India, and it's part of what puts India on the agenda of both the U.S. business and those parts of the U.S. government -- and there are many -- that are responsive to U.S. business concerns.

But it's, in a sense, less controllable by government.

DR. GREEN: I think the obstacles that Kurt referred to, to beneficial foreign direct investment in India bother the current prime minister, Manmohan Singh, and his chief economic adviser, Montek Ahluwalia, everybody as much as they bother U.S. business because first, they were the architects of India's economic reform over a decade ago and know the source of the problem.

Second, they've looked at the demographics and the politics of this. The average age in India, I think, is about 25 -- very young. A lot of people coming into the workforce. They need to really create some dynamism.

And they looked at the politics and saw that the previous government made a big deal out of what they called India shining this growth of the middle class, but one that left behind 700 million Indians who were at or below the poverty line. And they know that to have an effective political strategy based on economic growth, they've got to get foreign direct investment. They need infrastructure, especially.

So it's -- I think a large part of what motivates Manmohan Singh, an economist, to strengthen ties with the U.S. -- because we are a very helpful source of what the Japanese call *guyato* (sp), a pressure to help change the system. And one of you asked about how

this will play in the summit -- one of the major stops the president will make is in Hyderabad, where he'll talk to the economic community about these things, and one of the major events during the trip is a CEO forum that Al Hubbard, the president's economic adviser, and Montek Ahluwalia, Manmohan Singh's major adviser, will chair with business to talk about what changes are necessary.

So this relationship and this visit are, I think, being used as leverage by the leadership in India to keep pushing forward the kinds of reforms they sought over a decade ago because they know they need it for their own economic growth and their own political sustainability.

Q I'm Bob Hillman, Dallas Morning News.

I have two questions for Mike, kind of along Bush personality lines.

He's really only spending, I think, essentially two days in India. President Clinton, I think, spent five, five-plus. Why is that? Is that just his style? Are there reasons for an awfully short time?

And why doesn't the president take along business leaders with him as part of the official delegation, or for that matter, members of Congress? He's consistently not done that. I wonder what reason that might be.

DR. GREEN: You know, it's an interesting question.

I think it's the president's style. President Clinton also spent, what, Kurt, nine or 10 days in China? Traveled all over, did all sorts of events. The president, on the last trip to Beijing, spent a lot of time with Olympic athletes in Japan and Korea, spent time going to cultural sites. That was fairly new for him. He tends to just get there, get right down to business. And in India, I think, actually, by comparison to past presidential visits, there's a lot of stuff. There's the trip to Hyderabad. There's a meeting with business and so on and so forth.

In terms of the business community, there will be this CEO forum, so it's very much a centerpiece of the entire trip. I would argue it's more businesslike. This is a group of Indian and American business leaders and senior administration officials who've been working together in this forum for -- well, since basically the July visit, and it's not a lot of ribbon cutting and ceremony about it, but there's going to be an awful lot of, frankly, wonkish policy talks about what kind of economic reforms and new agreements are necessary. So there's less flash, bang, less show, but there's very much a business community and economic element to the trip.

Q Is there any reason that he's not taking members of Congress when he travels overseas a lot, almost --

DR. GREEN: I don't know. It's true. He doesn't do it that often, in this case or in the previous trip in November to Asia.

Q -- kind of slimmed down -- down to business -- work ethic --

MR. : Maybe -- maybe Kurt -- yeah --

DR. CAMPBELL: -- a couple of comments to add, if I could, please.

The first is I don't think it's a secret. I don't think the president is that comfortable traveling, at least -- (laughter) -- no, and I don't mean that in -- for long periods away. I think he likes to be, you know -- he has a routine, likes to work out, works hard. But even during the campaign, you know, a lot of trips, go in the morning, come back in the evening, where President Clinton really had no problem sort of traveling long periods of time. So the first thing -- that I do think he feels more comfortable on shorter trips. I think the time clock stuff -- it's hard on all leaders, but I think it's particularly harder on him. I really do think that there is the adjustment issue -- can be a challenge.

The second is what's -- that the president is really not alone in his administration. Until Secretary Rice, there was very little traveling in this administration. In the first administration, Secretary Powell traveled very little, a lot of telephone diplomacy. Obviously, Secretary Rumsfeld didn't travel very much. And the arguments for that were that, you know, maybe you could make an argument that a lot of the action was really infighting and stuff that needed to take place in Washington, should try to shape policy that was still evolving. So I think that's -- this -- the president is really part of a general pattern in his administration, not an exception in that respect. Secretary Rice is really the first person to really get out and spend a lot of time globally at the Cabinet level in the second administration.

And I think the third part is that I do think that, you know, one of the tensions that's under way in Washington at large is this issue between the executive and legislative authorities. And I think one of the larger, sort of dramas that is playing out is a powerful argument among the president and advisers about the president and the executive's role in -- dominant role in foreign policy and national security.

And I think that is underscored in almost all situations, including foreign trips. This really, in the view of the administration, is the dominate role of the executive branch. And if you think about it, all of these guys, Cheney -- Vice President Cheney, Secretary Rumsfeld, remember, they cut their teeth and they spent a very painful period in government in the 1970s under Gerry Ford when the legislative branch was making dramatic in-roads into executive privilege and authority. And I think one of their most important philosophies of government is to restore (unintelligible?) and make sure the executive branch is absolutely dominate in foreign policy and national security.

DR. GREEN: No, I mean, my impression is the part of international travel he likes the best and the part he's best at is meeting with other leaders. And he'll make a lot

of time for that and he'll spend a lot of time preparing for it. And that, for him, is the high value for travel. And the performance part of it perhaps doesn't come as quickly to mind for him. And it was -- you know, it was somewhat new on this last Asia trip to spend time touring temples in Japan and Korea. I think he really enjoyed it a lot. But that's not his instincts. His instinct generally is to go, get down to business and meet with the other leaders and spend a lot of time with them and not on other things.

DR GREEN: He has -- he does have personnel connections, actually. And I mean, I'll get this wrong, but I'll get it generally right. I mean, his kids were midwifed by Indian Americans. He has a sort of personal connection with the Indian-American community in Texas. You referred to that.

But I think for this president, who's put so much emphasis on this freedom agenda and democracy, India is such a compelling example -- 150 million Muslims, no al Qaeda. And the Indians will tell you -- and I think there's something to this -- that that's because they have a functioning democracy and even though -- you lived in Asia, I think you know -- I mean, even though many of the people are very poor, they feel some control of their destiny through civil society and through the ballot box. And so it's a very compelling example of what he, you know, thinks can happen elsewhere. It's, I think, the same reason he finds Japan so compelling. And he talked about this a lot on the campaign, you know, mortal enemies; his father fought the Japanese, and here, you know --

Q Forget the Kobe! (Laughter.)

DR. GREEN: But, you know, but here's an example. So the demonstration is very powerful.

The previous Indian prime minister was a man of very few words. When I was notetaker for meetings with him, I would rarely go beyond one page. The current prime minister is a very modest man, very humble man, very sincere, very charming. And there's a nice chemistry -- but very different in many ways, but there's a nice chemistry between them. And so on a personal level, too, I think he's connected well with Manmohan Singh.

Q Can I just ask you, who are the Indian business leaders who will be in that room, the CEO roundtable -- (off mike)? Right?

DR. GREEN: You know, I'm not sure. I'm not sure whether it's --

DR. CAMPBELL: I think there's been -- like in all administrations -- quite a bit of change about, you know, if you look at what Condi wrote in her Foreign Affairs piece in 2000 and some of the early statements, the foreign policy actually where we are now is dramatically different than what was anticipated. And one of the only constants,

beginning at the very outset, was this desire to engage and to work closely with India. And if you read James Mann's book, and if you look at what are the things that this group of "Vulcans," this small group of people, very senior, enormous amount of experience, and as they sort of listed the things that they wanted to accomplish, you know: modernize the military; end American military overextension, you know, because we were really overextended in Kosovo and Bosnia was the perspective, and a few other things. One of the things was strengthen bilateral relationships, and at the top of that list was India.

So I actually think it was not just the personal experience that might suggest it, but it was this strategic perspective of Condi Rice. And remember, Bob Blackwill was part of that group, who then went to India, and several others who also thought that this was important as well.

MS. SCHAFFER: And it's worth noting that the ramp-up in U.S.-India relations has survived changes in governing party in both countries.

DR. GREEN: There's your answer to the security part. I would expect he will meet with civil society, with parliamentary members from the other parties. You know, preparations for these meetings with Pakistan, with President Musharraf, usually go like this: We've got to press on continuing to roll up the A.Q. Khan network and fight on proliferation; we've got to back up and encourage going after the high-value targets in Waziristan and the Northwest Frontier; we've got to keep pushing for progress in the composite dialogue with India and dealing with the Kashmir thing; we've got to keep pushing for democracy -- and they're all the number one priority. And they'll all, I'm sure, come up.

But on the democracy one, the mark people tend to look at is when will Musharraf take off the uniform. And that is -- I think Tezi was suggesting, is not necessarily the only or the most important measure of progress in Pakistan, and pushing for more -- inclusion of opposition, more support for civil society and those sorts of things that are a critical part of it too. And I think you'll see some of that in the trip.

Q Who will he meet with, do you know?

DR. GREEN: I don't know. I don't know. I'm not involved in the planning at that point.

Q But what types of groups? Will it be women's groups?

DR. GREEN: Possibly NGOs, civil society, opposition members of parliament. Certainly that's an important part of pushing for, you know, progress towards more democracy in Pakistan. Musharraf himself talks about this concept of enlightened moderation. And that is -- you know, about Islam and about the nature of Islam in a modern state, and so on, and so forth. But there's an element of having a civil society and more democracy. And he himself, in joint statements with the president, for example, in

September last year, talked about this. So it's not completely alien to be pushing for these things, and I'm sure that will be part of the agenda. And I'm sure they'll find ways to demonstrate that to the people of Pakistan and internationally.

MS. SCHAFFER: If you're looking for an indicator of what are the important benchmarks for a democracy, look at building up institutions, building up the parliament, building up the judiciary. Taking off the uniform is certainly not the most important indicator, but it's not unimportant because of the huge role that the Pakistan army plays on the national scene, and because of the fact that he at one point promised he'd do it and didn't.

MR. : I think that's right. And it's sequential in some ways. Some of this building of institutions people recognize has to happen before the -- you know, turn to direct elections. And some of the discussion and the tensions will be how much and how fast.

Q (Off mike.)

MR. EINHORN: Well, the Bush administration proposed, before the July 18th agreement, that India stop producing fissile material for nuclear weapons. The Indians rejected that proposal and the Bush administration decided not to press it. So it's always been anticipated that India would go forward at certain reactors and continue producing plutonium for its nuclear weapons program. Now the issue is how much more capability will they have to produce fissile material for their nuclear weapons program.

I don't know precisely what the administration's negotiating position is, but my speculation is that it would like to see India put all power-generating nuclear reactors under IAEA verification, and that would include, you know, the range of existing generation power reactors, several of which are not under safeguards, as well as the future breeder reactors. A breeder reactor is a very efficient way of producing quickly large quantities of weapons grade plutonium. And there's a lot of speculation that one of the reasons India would like to keep breeders outside of safeguards is that it would like to have the option in the future to ramp up very quickly the amount of fissile material they have for nuclear weapons. You know, my own personal view is that insisting on all power reactors being, you know -- breeders are existing generation, insisting that all of them be under safeguards is a sensible approach. The Indians would still have a number of reactors, one at Cirus, one at Dhruva, that would produce plutonium for the weapons program. And, you know, I think that would be sufficient.

Q Can I just ask a sort of really basic question here? I mean, Ed Markey is harping on this point. He's not harping, but he says that it's nonsense to have half of the program under safeguards and the other half or a portion of it not. So can you explain to me what the advantage is in having some of the reactors still making weapons? How do you answer that argument?

MR. EINHORN: Well, you know, India's position is that it doesn't want an open-ended nuclear fissile material production capability, all it seeks is a credible minimum deterrent capability, which implies that some day it will decide enough is enough, we have sufficient fissile material on hand for deterrence requirements and we can stop. It apparently has not reached that conclusion yet, so it insists on having some capability. The question is how much.

And what I would say is that having these two plutonium production reactors, Cirus and Dhruva, should be enough. But those reactors together only would allow India to produce enough plutonium for, say, three or four bombs a year, whereas having a large breeder reactor of the type that they're constructing now would permit them to produce scores of nuclear weapons a year. The question is, you know, does India need that capability, does it insist on having that capability.

MS. SCHAFFER: But the premise here is that basically the U.S. has recognized that India is not going to give up its military program, something that Dan Markey -- that Ed Markey undoubtedly would like to change.

Q Right. I got it.

Q -- the moral authority issue about doing this deal, where it leaves the NPT and also where it leaves America's moral authority in sort of lecturing Iran and other countries about nuclear -- and indeed Pakistan, as well, because obviously it will have a knock-on effect to Pakistan, won't it, because Pakistan, I think as already said, they'd like help too on its nuclear program.

MR. EINHORN: I mean, you know, clearly North Korea and Iran, they made their decisions to have nuclear weapons long ago. Their programs won't be affected by this deal. I think the impact of this deal is to give, say, Iran a good talking point. It can say the U.S. is guilty of having double standards, U.S. is saying that we can't have this enrichment capability even though we're an NPT party, whereas here India is a non-party and it's being given the benefits of peaceful nuclear cooperation. I think that argument may gain some sympathy for Iran internationally and domestically, but I think it's essentially a bogus argument.

But I think the problem this deal has for the U.S. is that it's trying to tighten international rules on export control and so forth. It's trying to tighten the rules at the same time it's asking the nuclear suppliers group to bend the rules for its new special friendship with India. And I think it's going to be hard to get the international community to tighten the rules while we're asking them to weaken them at the same time.

MS. SCHAFFER: The argument really turns on how much value you see in bringing India inside the system as far as crafting policies and practices that will deter onward proliferation. Supporters of the agreement, which includes me, would argue that this is a significant benefit. How significant depends in part on how the separation agreement comes out, and other people have argued the contrary.

DR. GREEN (?): Just on Pakistan, it's not surprising that officials in Pakistan have felt they had to ask for the same deal. I think they recognize that it's not at all likely to happen, for obvious reasons having to do with Pakistan's own record and the A.Q. Khan network.

Q Ron Hutcheson, Knight Ridder. I'm just interested in Pakistan's reaction. Is there any risk that their fears of more bomb-building by India will spur them to build even more than they otherwise would?

MS. SCHAFFER: There are different views on this. I tend to think that doesn't make a whole lot of difference, that their nuclear program in any case has been driven by the desire to have a sufficient nuclear capability that India wouldn't dare mount an existential threat to them. That's also, by the way, the reason that Pakistan has never gone in for a no-first-use policy, because this is a country that could imagine an existential threat coming from non-nuclear means.

I also don't believe that the U.S.-India deal in any meaningful sense increases tensions between India and Pakistan. I mean, they are what they are. Both governments at this point are trying very hard to maintain the dialogue, even though they both have their frustrations with it.

Q Can I just say one other --

MR. EINHORN: Let me just take a somewhat different view on that. I think for a Pakistan which takes the nuclear equation very, very seriously, there's a big difference between India having the capability to produce scores of nuclear bombs a year versus India having the ability to produce three or four bombs a year. I think that's a big difference. The Pakistanis have "worst-cased" this equation for the last several decades, and if they thought this deal was opening up the possibility of a large increase in India's nuclear capability, I think they would make adjustments in their own program.

Q But doesn't that happen if you've got a fast-breeder reactor regardless? I mean, if the civilian program's not brought into this regime and they develop a fast-breeder reactor, they can still churn them out and meet their civilian needs, can't they?

MR. EINHORN: Well, if you put your fast breeder under safeguards, all of that is outside the weapon stream. They can't use it for weapons. And I think Pakistan would -

Q But I'm saying without a deal it's the same situation. As long as you've got a fast-breeder reactor, with a deal or without a deal, you make bombs -- (off mike).

MR. EINHORN: That's right, but what I'm saying is it's a difference in their strategic -- the Pakistanis would like to see more safeguards coverage to minimize that.

DR. CAMPBELL: Also just one thing in terms vis-a-vis the trip that you have to keep in mind. Clearly, the fear in Pakistan and the hope in India was that the president would make one stop. And Mike mentioned the earlier Clinton trip to Asia. One of the great successes of Chinese diplomacy was to get the United States -- was to get President Clinton to go only to China and not to go to Japan. I was in the administration. That was a mistake. We should have gone to Japan. But a great, great success on the part of China.

India tried a little bit the same thing, and Pakistan was very worried that the president would only go to India and then, you know, perhaps elsewhere. And the fact that the president is going to Pakistan, even though the Pakistanis would never reveal it publicly, is an enormous relief for the Pakistanis and for President Musharraf. And so that they will be asking for other things, but deep down they recognize that the biggest win for them is just the stop of the president of the United States, something that they until very recently had some anxiety about.

Q Toshia Anhara (ph) at the Asahi Shimbun. On Pakistan and democracy, do you think the administration has had any sorts of contingency plan for a situation that a Hamas type of phenomenon could occur after the democratization of Pakistan?

MS. SCHAFFER: I don't know if the administration has a contingency plan. At this point, that is a most unlikely outcome, for two reasons. First, the religious parties taken together have never gotten more than 11 percent of the vote. They parlayed 11 percent of the vote into 18 percent of the seats in the last election because of a lot of election technicalities that were kind of maneuvered to favor them. They could get a higher percentage, but only in circumstances where everybody else looks really awful.

The second reason is the very large role the army plays in the public square. The army has played kind of a double game vis-a-vis the religious parties, but I think the army has a strong enough instinct for self-preservation that they would not want that kind of unpredictable outcome.

The circumstances in which you could have a dramatic turn to the right in Pakistan would involve very reactionary elements in the army and the religious parties making common cause. This could come about in a variety of different ways which go beyond the scope of this meeting, but I'm -- what I'm trying to do is put a little texture beyond my -- behind my generalization that I don't think you're in imminent danger of seeing the radicals take over at the ballot box.

While I've got the mike let me say one thing not related to that question. In case any of you took down Mike's figure of 700 million Indians, I think that's more correctly described as 700 million that are below the middle class. The poverty figure is usually about 280 to 300 million, and it's hotly disputed, so just be careful how you use that one.

Space cooperation is definitely a new thing, and it's part of this effort to find ways of cooperating with India in fields that used to be off limits. The entry point for all of this, however, was the agreement with the somewhat ungraceful nickname of NSSP, Next Steps in Strategic Partnership, which is a fancy way of saying that the requirement for India to massively tighten up its export control laws and procedures. India has not in fact sold or otherwise transferred its missile technology. It does develop missiles, rockets and so forth and so on, but if by proliferation you mean onward spread beyond India, I don't think that the space cooperation is likely to contribute that. What it does represent is a policy whereby the U.S. does not demonize the capability that India now has, based in part on its changed export control practices.

Q Mike, I'm -- (name inaudible) -- NHK. Mike, I just heard -- we heard that Nick Burns is -- he said he is going to leave -- back to D.C. to talk to Congress. That means the (whole ?) decision on civil nuclear issue is going to be by our leaders. Do you see any possibility that they're going to come to a final agreement? And if -- in that case, will it impact to the whole visit?

DR. GREEN: I think it is possible. You've heard a lot of the reasons why it's going to be very hard and a lot of the things that members of Congress will look for, but I think it is possible. The original July 18th agreement was pushed through by the prime minister and senior people around him over a lot of objections from the nuclear energy -- atomic energy community in India. So -- and as Bob was suggesting, there's momentum to this now, even as tough as it is, and that could dissipate very quickly after the trip.

So I think it's quite possible, given the importance that both leaders and senior people in both governments place on this, and you could have a last minute agreement. It would have to be -- the civil nuclear separation would have to be credible enough to get this through the Congress, and you're all asking the questions they would ask. It's going to have to be credible enough to get through the nuclear suppliers group, and you're asking a lot of the questions that the British or French or Japanese governments are asking.

So I think the parameters of what's necessary are fairly clear. The consequences of getting this done are I think -- as I was saying at the beginning, if there isn't agreement on the civil nuclear piece of the U.S.-India relationship, the much broader elements -- the democracy building together, the military part Kurt talked about, space and the underlying logic that Kurt alluded to I think will sustain this continued forward movement in relations. But if you do get the civil nuclear agreement, I think the implications are very, very profound. I think you will open up all sorts of new possibilities.

Remember the -- and will -- the NSSP was basically clearing away obstacles to some cooperation on space and on energy. It opened up the discussion that led to this much more ambitious agreement. So you know each one of these agreements has opened up much broader possibilities, and I could imagine with successful conclusion of the civil nuclear separation agreement a situation where, for example, there's a much more

effective confidence-building process between India and Pakistan, because the Pakistani side would see potentially the limits of India's arsenal, and you could -- that would open up a lot of possibilities. There are nuclear confidence building talks between the two, but they're very superficial right now.

If you had some real prospects of making progress on arsenal size and so forth, that has implications for China, by the way, because the size of India's nuclear arsenal is also determined by the Chinese side and opens up possibilities there. It opens up possibilities -- I mean, India would strengthen export control laws and do other things, but it opens up the possibility -- it's not a quid pro quo -- but I think the real possibility India would be much more active in the Proliferation Security Initiative, in intelligence sharing and would really be part of the network that's necessary to stop the spread of WMD, WMD-related components that the NPT is not getting.

So, yes, there's the moral question, but you weigh that against all the benefits of getting India into this game of stopping proliferation, which is absolutely in their interests, and it's very profound and important as a shift -- not to mention all the benefits of helping India move towards, you know, economic growth based on cleaner nuclear energy that will help oil prices and climate change policy.

MR. SCHWARTZ: All right. I think we have time for one more.

DR. GREEN: There's not a quid pro quo, but based on the experience with the NSSP, each one of these -- each time the U.S. and India make a breakthrough like this, it opens up all these new possibilities.

Those on Indian side -- as Ambassador Schaffer knows well -- who are pushing this forward are pushing up will, are pushing against the Ministry of External Affairs with a long tradition of nonalignment with an atomic energy bureaucracy that's got its rice bowl, so to speak. But each time you make this breakthrough and, importantly, each time you demonstrate to the Indian people that this will help them with their economic growth and help them with their goals, it opens up new possibilities, and that's certainly where the administration would like to take it. And there are many on the Indian side who would as well, but there's not an explicit quid pro quo on things like PSI or other policies beyond those stated clearly in the July 18th agreement.

[END.]