

Center for Strategic and International Studies

**Press Briefing:
President Obama's Upcoming Trip to India**

**Briefer:
Rick Rossow,
Wadhvani Chair in U.S.-India Policy Studies,
CSIS**

**Moderator:
H. Andrew Schwartz,
Senior Vice President for External Relations,
CSIS**

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H. ANDREW SCHWARTZ: Good morning and welcome to CSIS. I'm Andrew Schwartz, senior vice president for external relations. I'm happy to have you all here this morning in advance of the president's trip to India next week.

And I'm very pleased to introduce my colleague Rick Rossow, who is our Wadhvani chair in Indian studies, and – or on U.S.-India policy studies. And Rick is one of the top experts in the world on India. He is one of the only people I know who travels there – Americans – who travels there as frequently as he does. And he's really plugged into what's been going on. And we've been talking about this trip for weeks in advance, and I know you'll benefit from his expertise.

So with that, I'll leave it to Rick. We'll do some opening remarks. Rick will talk for a bit and then we can go to your questions. And when we go to your questions, please identify yourselves with the microphone on – you can just press this button to talk and then press it again when you're – when you're done. It'll be helpful for the transcript. Thanks again.

RICHARD ROSSOW: Great. Thanks, Andrew.

Well, let me first touch on a little bit of background – not on background; you can – this is perfectly OK to be quoted – but for the – for the relationship leading up to the visit. You know, I think if we look at the relationship – you know, we started closely after India's independence with actually very strong relations, which people kind of forget.

Most people look only back to the time of the Cold War and say that relations had been strained. But actually, at the time of India's independence, President Franklin Roosevelt was one of the strongest supporters for India's independence and, at every turn, was pressing Winston Churchill to make the decision, partially to, of course, release the baggage that Great Britain was carrying as World War II was fully in play.

After independence, the United States was one of the strongest supporters – both finally and other ways – to try to help India make its way through, you know, some of the debilitating social issues they faced, mass famines, things like that. But it was during the Cold War that the United States made some strategic decisions, I think, that really kind of pulled the United States and India in different directions.

We saw the break between China and the Soviet Union as an opportunity to encourage our relationship with China. And for India, which in '62 had fought a border war with China, that was a – that was a difficult decision to swallow. And also, Pakistan's commitment to help the United States during the Cold War, both for intelligence purposes and other, you know, that again was one of India's strategic rivals that the United States, for other reasons, chose to cozy up with.

So you know, it started off with really a development force and relations became strained in the latter part of the Cold War. In the 1990s, as India began to liberalize the

economy, that's when you saw a second leg of American interest, beyond the development community. That's when the business community first began to take a serious look and think that indeed India could become a great and vibrant market.

The – I think the most recent transition, which took – started to take place just over a decade ago, was when America's strategic community woke up and thought, well, this is a big, rising country and aligned values. And we would certainly like to have stronger relations with India. There were specific signals that got sent between the U.S. and India that really, I think, helped create this line of thinking and showed what was possible.

I mean, first of all, we can't ignore the 1998 nuclear tests. That's when the strategic community woke up and said: India is now a much bigger player on the map when we think about the strategic players in Asia and beyond. So then we make the decision, do you ignore India, do you shun India, or do you try to develop relations with a nuclear-powered India? And of course, we chose to develop relations.

And again, specific signals that the two countries had sent to show that they were ready to think differently about the relationship. For the United States, it was supporting India during the 1999 war that they had with Kargil – or, with Pakistan in Kargil, which really was the first time the United States had come down clearly supporting India in one of these – one of these wars that they faced with Pakistan.

On the other side, you know, shortly after President Bush was elected he announced his first major foreign policy initiative. People sort of forget that there was a foreign policy before 9/11. But for President Bush, it was creation of this missile defense shield, talking up tearing up international treaties and trying to create this thing that we felt we had the technology to do. And India was one of the first countries to come out and support the United States in this endeavor.

So President Bush, of course, had an interest in encouraging relations with India at the get-go, but for India to come out and support the United States in this missile defense shield endeavor was a huge signal for this side and thus led to the 2004 signing of the next steps in strategic partnership, where we laid out our intention to share with India some of the technologies that we had thus far withheld, whether it was nuclear defense or otherwise and then, a year later, the announcement of our intention to share civilian nuclear technology.

So the strategic community was the more recent one, I think, to come onboard. You know, since then I think in the 2005 to 2008 period as we were negotiating the nuclear agreement, after that I think we've seen kind of a bit of a decline in our relationship. In 2010, India's parliament passed a nuclear liability law that, we believe, precludes American involvement in sharing nuclear technology, essentially leaving liability if there is a mishap uncapped.

So for companies to enter an arrangement in sharing nuclear technology when you don't know what the damages could be, it's a – it's a difficult decision to make. So the fact that we felt India could not conclude its end of the bargain on the nuclear deal really let down folks on this side when we think about the strategic upside for the relationship.

And in the latter years of the congress-led UPA government, there were a number of economic decisions made – short-sighted economic decisions to try to keep jobs, to try to slowdown imports because India has a large trade imbalance. And this also impacted the business community.

And so I think, especially here from Washington, we've seen a pretty sustained campaign in the last number of years on patent issues, on local manufacturing rules and on cross-border taxation, that have really been dominating the narrative. So the strategic community in 2010, with the liability law, lost a lot of interest. And the business community also became pretty incensed but some of these economic measures.

As we led toward the election last year, I think we also – everybody saw that the BJP was rising, becoming quite strong and likely to win the election. And, at least among the U.S. government, it caused some consternation. We weren't exactly sure, because in 2005 we revoked Mr. Modi's visa. We'd withheld senior level engagement with Mr. Modi as he was chief minister of the state of Gujarat. So the thought of a – of a Modi victory – we weren't quite sure what that would mean in terms of the relationship.

And I'll tell you from my personal interactions with senior members of the BJP and other groups that are aligned with the BJP, they would say the same thing. They would say, look, Prime Minister Modi wants a strong economy and a strong defense. And these are things that we know the United States can be a good partner on. But he's going to want to walk that very slowly because of the visa withdrawal, because of the ban on high-level engagement.

Well, he wins the election – the first party in 30 years to win a majority, the first time the BJP has ever won a majority in parliament. And he immediately is prepared to engage the United States in a bigger way than I think most of us had envisioned just days prior to the election. So let bygones be bygones, and let's start moving forward on the areas that we believe there's a shared interest and potential for cooperation.

So, you know, some people point to the president's visit to India as exciting because it's the first time a president has visited India twice while in office. But actually, I think the bigger narrative is the fact that we're having this much engagement so soon in the Modi administration.

Now, some say, you know, that President Obama himself – you know, that – I kind of point to the Asia pivot, you know. And I say that we actually pivoted to India before we announced the Asia pivot, right? The next steps on strategic partnership, the nuclear agreement, right? These are things that you would consider to be part of a dramatic pivot. And it was a pivot to India before it was a pivot to Asia.

And because of the inability to conclude the nuclear agreement, we sort of pivoted away from India at the time that we announced the pivot to Asia. So it's been a little bit out of cycle, I think, with the broader pivot. But now I think that India has raised its hand and said we're ready to talk about strategic interests again and shared interests. It feels that India's back in line, I think, with the – with the broader Asia pivot, and in fact may become one of the – one of the cornerstones now.

So since Modi's election, you know, you still see a lot of concerns and complaints from the business community that they're not moving fast enough on reforms. But you know, I always try to focus on the real numbers. And last year – and they only have the numbers through November, so we're still waiting for December – foreign direct investment into India last year was up 27 percent. And foreign institutional investment, passive portfolio investment, was \$43 billion last year, an all-time record. And that's up from just \$10 billion the year before.

So when you talk about the business community's interest in India, the numbers already show that there's a dramatic spike from what it was just the year before. So 2014 was a pretty good year for business relations. But still, some of the sentiments about we want to see reforms, we want to see things move faster, would kind of lead you to believe that the business community is not satisfied. But I always – I always follow the numbers rather than press releases. And the numbers are pretty good.

So we think that there's a lot of – a lot of upside. And so, you know, leading up to – I think a lot of us were pretty surprised at the fact that the president had agreed, via Twitter, to return to India and to be the chief guest for Republic Day on January 26th.

So now transitioning a bit to the – to the president's visit. You know, again, I think the real story is the fact that so much engagement with the Modi government has happened, rather than just the fact that our president has visited India twice in office. That's certainly a great story, but it is, I think, surprising to see how much India's been willing to engage us, is probably the bigger story than the opposite.

You know, the agenda for the visit – like, everybody keeps asking me, what's the agenda? The agenda is going to flow from the joint statement from September. All right, they spent a lot of time and energy – Secretary Kerry was in India just before that for the strategic dialogue, and the Modi's visit to the United States in September. So the joint statement that came out of the meeting in September, you know, that's the agenda. The question is, what kind of progress are you going to be able to show on that agenda?

And the joint statement – I mean, if you haven't studied it in detail, you know, a lot of it sounds broad and ambiguous. And everybody's always hungry for, like, what's that big deliverable and why didn't they announce a thing? But it sets the table for some new areas of cooperation that, frankly, for the strategic community, get people pretty interested and excited.

And the joint statement – I'll point to three things in particular that the United States and India agreed to in the joint statement. Cooperation on denuclearizing North Korea – never before in a head-of-state joint statement that I've seen did they talk about something like that. They talked about shared interest in the rise of instability in West Asia – ISIS, Iraq, Syria. They talked about cooperation in ensuring a stable and prosperous South China Sea region.

And that too – you know, when you talk about these areas – I mean, how many Indian citizens wake up in the morning and are concerned about a North Korean nuclear device falling on their heads? I'd say the number is zero. But the fact that they're willing to engage on issues like this show that the Modi government – and we don't yet know what form this is going to take, but the fact that they're talking about these issues and willing to engage us on them – that's when we start to think about India as a regional global provider – or as a global provider of security.

The fact that they're willing to engage on issues that are beyond their border and beyond their today interests is very exciting. And so for the strategic community, this gets people very much interested to see what the upside could be. So the agenda was part of the joint statement after the September meetings. And so now we're all looking forward to see what specifically progress can be announced and seen during these meetings.

And I will point out to you – because, again, everybody always wants to point to deliverables – we live in the shadow of the nuclear agreement announcement in July, 2005. It is difficult to foresee any kind of announcement being as important as what happened in 2005. And any other announcement that we make, no matter how great it sounds, is always going to pale in comparison to that one. I mean, to break open the global nonproliferation regime to let India in – that's a – that's a once-in-a-lifetime kind of thing.

So I think we're always going to be limited by the fact – people are going to walk away disappointed because it's difficult to imagine something quite that big. But still, you know, there's a few broad categories where we think there's opportunity for things to come out of these meetings. And I'll share a few of those right now.

Defense deals – we got a number of defense deals that are kind of teed up and pending. And some of these, you know, we may see specific announcements during the visit. Also related to defense, we're talking about co-production – co-development and co-production of defense systems. This is part of the Defense Trade and Technology Initiative, DTTI.

It's actually one of my, I'd say, proudest moments of my government too. You look back to those days when strategic interest here started to decline, one of the factors in that too was India had this massive medium multi-role combat aircraft, the MMRCA bid. And we had the F-16 and the F-18 put forward as a couple of platforms for India to

consider. And when India in 2011 moved to the final round of bidding on that, both the American platforms were not taken through to the final round.

And, you know, I'll be quite frank: Our support for India with the nuclear deal and other things we'd hoped would unlock some of these major defense deals, including MMRCA. And the fact that they didn't go with an American platform, you know, some people took as, you know, a slap in the face. But what did the Department of Defense do? Did they go back to the Pentagon and say: I'm not going to talk to India again for a thousand years?

No. The next year they launched the Defense Trade and Technology Initiative, which had two main thrusts. One was to figure out how our sales and India's procurement procedures could be better aligned. And then the second was to offer some defense equipment for potential co-production, co-development to upgrade. So great time, and Deputy Secretary Ash Carter led that initiative. And India's very excited to see his name put forward as the potential next defense secretary. So with the Defense Trade and Technology Initiative, we've offered India more than a dozen systems, potentially for co-production and co-development.

Now, this has been paralyzed ever since this process began because, you know, what the United States had offered was things that we felt we could actually get approved for export. So it's things that were a bit of a stretch, but nothing unreasonable. Now, for India, that meant that, well, what the United States is offering us under DTTI probably isn't better than something that I could already buy on the open market from other countries right now.

So both sides had a perfectly valid view on this. For us, we wanted something that we could actually get approved, that would set in process our ability to approve other stuff later on if it went well. And for India, they wanted better stuff immediately, which other countries were willing to offer. So the question is, can they – can they – can they break this logjam leading up to the president's visit and actually get a few of these projects unstuck and officially announced for – to move forward with co-development and co-production?

That would be a big deal. We've put a lot of time and energy into this process – DTTI. I understand that India's also come back with some thoughts on other programs they would like to work on. So hopefully we'll get some announcements under DTTI as well.

The third under defense – a lot of defense stuff – is renewal of our expiring 10-year defense framework agreement. You know, this doesn't expire until June, so to me it feels really early to look at a January renewal date for it. But you know, it's being talked about pretty actively. And if it's just going to be a straight-line renewal of the existing – because both heads of state have already agreed that they want to renew this agreement.

So I think they're looking for a straight-line renewal – and the agreement itself is quite broad. If you read the agreement, it just – it talks about broad principles of cooperation rather than specifics. So a simple renewal would actually, you know, keep open the opportunity to collaborate on a wide range of fronts. So that's another that may be up for January, though personally I wouldn't be surprised if that gets held off a little bit longer, since it doesn't actually expire till June.

Nuclear liability – as Ambassador Frank Wisner used to call keeping India out of the nuclear club, this was the cinder in the eye. A nuclear liability remains the cinder in the eye of the relationship right now. Nuclear cooperation really people talk about as the high-water mark for all of the things that we've talked about in our bilateral history. And the fact that India's nuclear liability law precludes American involvement, it stings.

And I think the announcement in September of establishing a formal contacts group, really a tiger team, to work on this issue only – there's a variety of proposals that have been, you know, kind of floated out there. I think the one that's talked about most actively now is whether India will formally offer an insurance product to foreign suppliers. Earlier, you know, there was some discussion too that India's nuclear power developer, NPCIL, could actually absolve suppliers of downstream liability. But I think most companies that looked at that weren't quite sure that would hold up in a court of law later on.

But if the contacts team is able to figure out a workaround solution, that's a step forward. If they're not able to find a workaround solution and they can say there is no workaround except going back to the liability law and making an amendment, then at least we'll know that that's the option, and there it's back on the Modi government's table.

Do you want to risk the slings and arrows of going back to parliament and amending the law, which – you know, they may have a majority in the lower house of parliament but the BJP only has about 19 percent of seats in the upper house. And you know, it's 30 years post the horrors of the Bhopal tragedy, so it's a difficult issue to pick up. So if the contacts – if the contact group is able to find a workaround on liability, great. If they're able to point and say that the only option is to amend the law, then at least we'll know that as well.

The last under possible deliverables – and this is one I think that's gotten the most attention lately – is on climate change, especially just post the China deal. And – I mean, I'm sure there's going to be questions about that. My personal feeling on that: We'll be able to do some nice small- and medium-sized things on climate change. But I think big, impactful things, where India agrees to, you know, cut straight line emissions or something along those lines, even at a point in the future, is difficult to foresee.

You know, India right now is attempting to go through a major industrial phase. They lag way behind most other countries of their size and scale in terms of industrialization. And so I think for India to commit to specific measures today when

they don't know what the upside of industrialization could look like is going to be very difficult. But you know, you look at some of the things I mentioned already, particularly nuclear collaboration, that's one of the areas that would be, you know, low emissions. And so if we get that done, I think that would qualify at least as a pretty good win in the climate change column. But we can touch on that a little bit more as well.

Just covering a couple of things lastly is apart from, you know, what those – what I mentioned there in terms of possible deliverables, you also hope that we'll get a little more definition on what some less-tangible areas of collaboration might look like. For instance, you know, I mentioned on West Asia – the rise of extremism in West Asia, South China Sea, North Korea nuclear.

Are we going to get a little more definition on what our collaboration on those things might look like? That would be terrific – especially West Asia. It's on everybody's minds right now. Would the U.S. – or, would India consider sending troops? It's difficult to imagine that. I'm sure, you know, it gets raised. But returning militants, questioning them, sharing intelligence, these are all things that are – that are pretty appropriate and feasible.

Are we going to restart our talks on the bilateral investment treaty? I'm a huge supporter of that. I think an investment treaty, especially as the United States looks at such a robust trade agenda with the rest of the world – TTP, TTIP, Trade and Services Agreement – India is not a party to any of these. So we're about to establish new lines of trade that are going to completely go around India. India's going to be like the rock sticking out of the water. So I hope at least an investment treaty will tie our economies together in a more formal sense.

Are we going to find some small pockets of funding for individual projects? You know, we've committed to helping India develop three smart cities. There's a variety of these other projects, you know, that if we find small but meaningful ways to contribute then I think that will go over extremely well.

The last thing I'll mention, then open it up for questions, is there is one other issue, of course. And I've talked about this mostly from the American perspective. But there's one other issue that I'm sure the president's going to be queried on pretty heavily. I'm finding that concern in India about America's continued support for Pakistan is growing to a level that I haven't seen in well-over a decade.

And I just – I spent most of December in India, running around to university groups, seven cities over three weeks. And it was surprising to me, specifically among India's youth and not just the policy elites – the policy elites, I think – you know, they sort of understand to some extent that we're probably not going to change what we do with Pakistan. We make tweak it a little bit.

But support for Pakistan, you know, probably doesn't get brought up as often in recent years among policy elites. But among the Indian public, because they've seen

increased provocations at the border, because they're concerned about America's drawdown in Afghanistan, will release militant groups in Afghanistan, and India's concern that that will result in more cross-border terrorism on themselves.

So I think – I think there's a lot of really tough concerns on our relationship with Pakistan that might get brought up for the president. Personally, I don't necessarily think that there's a dramatic change in our stance with Pakistan that the United States would and should embark on. You know, I think if you – if you look at how we view our relationship right now, we believe that, you know, support for the military and other projects in Pakistan gives us a level of access in Islamabad and Rawalpindi that, absent that, we've got no hold whatsoever.

And I think right now too the campaign that the Pakistan military is conducting in North Waziristan has been a really big deal, and doesn't get as much attention in India as I think it should. You know, the Pentagon's most recent Afghanistan status report actually notes specifically that the campaign in Waziristan has actually slowed down cross-border terrorism into Afghanistan, which, you know, is certainly of interest to American interests in Afghanistan, but India's as well, because India is one of the largest donor nations to Afghanistan.

So Pakistan is a tricky one. I'm sure it's going to be brought up pretty actively. You know, will we commit to actions against terror groups based in Pakistan? Will we press Pakistan even harder to give up terrorists that were implicated in the Mumbai attacks, things like that?

So certainly both sides have a lot of things that they're going to want to talk about during these set of meetings. And I've tried to lay out what I think are some of the – some of the big pictures. But happy to take on whatever questions you have, as much as I can. And, you know, bear in mind the White House still has not released the final minute-by-minute schedule of where the president's going to be, and things like that. So there's limitations, but happy to answer as much as I can. Thanks.

MR. SCHWARTZ: Thank you, Rick.

Christi.

Q: Hi. Thanks.

MR. SCHWARTZ: Christi, can you hit the microphone? Thanks.

Q: Oh, yes. Christi Parson from the LA Times and the Chicago Tribune.

To follow on your – what you were just saying about Pakistan. Is – what message does it send that the president is going to India without going to Pakistan? Does that send an intentional message? And do you have any idea if anyone in Pakistan even cares?

MR. ROSSOW: Yeah, they'll care. They'll care a lot. They did get just Secretary Kerry. Kerry went to India and then he went to Pakistan just afterwards. And I think it does send a very powerful message to Pakistan that the president is only going to India. You know, I remember we were talking a little bit about when President Clinton went to India in 2000. And he went to Pakistan afterwards. And what a(n) incredible exercise that was, just to get the president of the United States to visit Pakistan.

As I recall, you know, they wouldn't announce it. They only went to the airport. I think they had some fake Air Force One's flying into other airports. Yeah? I mean, it is also, you know, a security exercise of tremendous scope to get the president to Pakistan. So yeah, I think Pakistan will be disappointed by that, but at the same time they did just get a visit by the secretary of state. So I don't think we're going to have a lot of heartburn on our side, knowing that we just touched base with our U.S.-Pakistan Strategic Dialogue meetings in Pakistan.

Q: So do you think it's strictly a security decision on the part of the U.S. not to go to Pakistan?

MR. ROSSOW: Not strictly security. I think the scope for upside partnership with India is dramatic. So I think, you know, the level of conversations you can have with India about India-specific, about, you know, Indian investments coming back to the United States, about joint cooperation in the region – just the scope of things that you can talk about with India is so much broader that, you know, you think about where the president's going to spend time. And India clearly has got a lot of big things on the table that we care about. Climate change is certainly part of that as well for this president. Is Pakistan going to be able to have similar conversations on any of those topics? Likely not.

MR. SCHWARTZ: George.

Q: George Condon, National Journal.

Can you talk a little bit about the personal relationship between the two leaders and how they work together? And is there any concern in India about the president being weakened because of the election losses?

MR. ROSSOW: Yeah. Well, I'll touch on the second point first. You know, there's such a small legislative agenda in the United States that India cares about, when you think about what a weakened president may or may not mean in the United States, most of that is irrelevant to what India wants. They want investment, which the United States government is not going to bring. That's going to be the private sector.

They want security ties. And most of that would be approvals of defense technologies, things like that, where, you know, I don't think that you really see, you know, a weakened president necessarily, if that's the case. I don't follow American

politics nearly as close as I do Americans, so I'll not use that term as my own. But – so I just – I just don't think that makes a big deal right now.

There's one element that I think, when you – when you look at what happened with the election, that India's paying closer attention to, which is the potential for immigration reform. You know, the bill that the Senate had passed last year under Democratic leadership, while expanding the number of H-1B visas, which India uses very heavily, it also precludes their use by the heaviest users, which are also Indian companies.

So, you know, seeing how the immigration debates come about, and what version of the bills that the House and Senate come up with if they decide to approach immigration again – I think – I think heard Senator Hatch may have a new version that he may have released recently, but I haven't seen it yet. But immigration is probably the one area where they look at this and they would like to see – but, you know, that being said, under a Democratic Senate they passed a bill that was – you know, Indian companies consider very damaging. So Republicans taking over the Senate, I don't think you're looking at something worse than the bill that the Democrats had already passed.

So overall, I don't think they – I don't think it's such a big deal. I think most of what they look for is not related to the president's relative strength or weakness. And what was the first –

Q: The personal relationship between –

MR. ROSSOW: Yeah. I mean, you know, what was it like inside the limousine? Well, it was only the two of them, and nobody's really talking on how that went. But you know, leaders and personal relationships play a big role in who they choose to engage with, and I think there's no better indication of the fact that they seem to have gotten along fine than the fact that the president agreed to go back so soon.

I mean, they've met, you know, on the sidelines of here and there, but the fact that they agreed to an official bilat again so soon, you know, what does the president of the United States want? Does he want a best friend, or does he want somebody that's going to carry through on commitments? And it's clearly the latter. And if you look at what Prime Minister Modi has attempted to do ever since the September summit, you know, some things that even involve legislation in his country, that he wasn't able to get the bills through parliament, he issued as temporary bills ordinances. And it's not a perfect solution, but it does show, I think, a commitment to actually provide deliverables based on those talks that we hadn't seen in quite some time from the Indian side.

So, you know, are they buddy-buddy, that's for them to tell you about. But more importantly for the president of the United States, he sees a counterpart that will actually try to deliver on things that are promised in those meetings. And so I think that is probably the best – the best way that they can show friendship.

MR. SCHWARTZ: Geoff.

Q: Geoff Dyer from the Financial Times.

I wonder if you could talk a bit more about climate change. As you mentioned, this comes on the back of the big deal with China at the end of last year, when the president went to China. How much pressure is the U.S. putting on India over climate change? And more broadly, how much pressure does India feel it is under going into these big negotiations this year in the wake of this U.S.-China deal?

MR. ROSSOW: Yeah. Well, I'm sure the United States is going to make this as one of the top four or five things they're going to raise, and I think we'll find some small areas for collaboration on this. But you know, you talk about, what kind of pressure does Prime Minister Modi feel? From his voting base, from the people that he cares about far more than any foreign leader that comes in, very little. For that group, you know, India, again, they want to see this period of – manufacturing, which of course is, you know, a much heavier emitter than services or agriculture, as a percent of GDP is about 12 or 13 percent in India. You know, that's about a third of the level of a lot of other economies at India's scale of development. And the Modi government, they want to build infrastructure, they want to increase manufacturing, they want to do more natural resource development.

So, you know, they can sit at the table and say let's collaborate, let's look at some things on climate change, but if you see the actual policies being introduced in India – which, you know, I'll tell you, personally I think are perfectly reasonable, too – you know, he's got to play to the domestic – and they want jobs, and they're less concerned at this point, I think, about environmental degradation. You know, we can all say they should be more concerned about it, but when you're talking about a country where, you know, more than half the population lives on less than \$2 a day, you know, spurring economic development for them is far more important. It's a today thing rather than environmental issues, which is a tomorrow thing. And you know, we can say it's right or wrong, but voters, that's what they choose. So the pressures that Modi feels, there's far more pressure on economic development than there is on environmental issues from the people that he cares most about.

So the United States is certainly going to list – rank up there, and we'll find some areas for collaboration, you know, whether it's nuclear, whether it's – you know, I don't know if there's something that can be done, you know, related to gas, because we have limitations on what we can do with gas as a bridge fuel, but you know, what you see on industrialization, what you see on India and what they're doing on coal right now – right, the Supreme Court revoked coal licenses to the government-owned coal companies last year. And what has the Modi government done? Well, they're talking about

dramatically reshaping the coal industry in India, reallocating those mines, allowing private sector to come in, designating the mines that are closer to their users. So if it's an iron plant, instead of having it all the way across the country, why not have coal allocated closer to the iron plant? So, you know, the actual things you see on the ground are stepping towards becoming a bigger emitter.

With China, you know, China's moving towards a services economy, so it's the alternative. They're looking at building up a part of the economy that is less emissions-focused. India doesn't know what the upside to its emissions is going to be yet. It just cannot imagine and conceive what that's going to look like because they don't yet know if this attempt to move into an industrial economy is going to work. But it's worked for a lot of others in the past. So presuming that it will, they just have no idea what the upside looks like. So to commit to something I think is going to be a lot tougher in India than it will be for China today.

MR. SCHWARTZ: Dan.

MR. ROSSOW: That's certainly high on the American agenda.

MR. SCHWARTZ: Dan.

Q: Thanks. Dan Roberts from The Guardian. A couple of questions on nuclear and China.

On your point about nuclear liability, what is it exactly, do you think, that the U.S. is pushing for through the contact group? And can you describe the extent to which the memories of Bhopal also play a role in the U.S. approach to this? I mean, is this something Obama's going to want to kind of get behind?

And on China, I just wondered if you could talk – you spoke a bit about the comparisons on climate. Geopolitically and strategically, to what extent is this trip partly about building a bulwark or counterweight to China in U.S. minds?

MR. ROSSOW: Yeah. Well, OK, so on nuclear, so there's only two alternatives that I've heard publicly floated, but what the contacts group has been doing so far – because they just had another round of meetings – they're not talking, so internally I can't tell you if they've got alternatives. But the two that have been talked about publicly so far, you know, one is for India to develop an insurance product domestically, likely through General Insurance Corporation, which is their national reinsurer. Because right now, you know – and this is – you know, part of the conversations that you have with my friends in India, they say, you know, look, you know, the insurance thing, don't worry about it. But there's an infinity symbol attached to that, your liability if something goes wrong. And you know, companies actually do a calculation – what's the return on

investment – and if one element in that calculation is the infinity symbol, you can't do the calculation, so, you know, to talk about being supplier is very difficult.

So the two that I've heard, the domestically developed insurance product, and the other, you know, again, is if NPCIL – because foreign companies aren't allowed to own nuclear facilities. The facilities will all be owned by the government of India. But will America be a supplier to them? The developer in India is NPCIL, Nuclear Power Corporation of India, Limited. And there earlier had been a note prepared internal to the government of India that they believe NPCIL can absolve suppliers of downstream liability in the contracts. But, you know, my conversations with the companies, they don't think that that is strong enough.

Q: This is GE – (off mic)?

MR. ROSSOW: Yeah. So the American suppliers look at – I mean, there's a lot of suppliers out there. You know, GE and Westinghouse are the developers, but anybody that makes a piece that goes into it, you know, if it's the piece that goes wrong, then –

So they look at this internal memo that had been prepared and they're just not sure that that will hold up in a court, so it's not quite strong enough.

So these are the two alternatives that I've heard talked about publicly, but the contacts group may have a few other aces up their sleeve as well. So we'll know that in a week and a half, perhaps.

So on – and does Bhopal play into it? It does. I mean, I think we're very cognizant of the fact that India has suffered the worst industrial tragedy. But at the same time, you know, environmental degradation, for us – you know, and I think we've got a very long-term view on this – is another form of industrial tragedy if decisions aren't taken, and nuclear is a cleaner source. You know, is it a perfect source? You know, probably not. Is it a much better source than coal or kerosene, which is what most Indian homes use, or dung cakes? That's the alternative. And there's damages to each. You know, the family that's heating their home by using a dung cake and doesn't have piping, right, they're slowly killing themselves. So, you know, nuclear's not perfect, but you also look at the alternatives and there's damages to those as well, which – you know, that's, I think, the calculation that we try to make when we talk about nuclear as a component.

And again, we're not pushing nuclear on India. India wants to build nuclear, and they're – they want to have access to the technology. So it is, you know, as much of a pull as it is a push, too. India's own plans are talking about scaling up to 25 percent nuclear from like 4 percent today by 2050. So there's a strong pull as well.

On China, you know, we really talk about it more as not a counterweight to China, but you want a multipolar Asian future. You know, you want multiple sources of power in any jurisdiction, and we would love for India to be because, of course, we've got an alignment of values. I mean, I know a lot of Americans, when they – when they talk about China in this context, in the India context, they make it as the bait. You know, China's growing and they're dangerous and strong and all this. The growth of China has had some tremendous, you know, benefits worldwide – I mean, a source of stability during the financial crisis, pulling more people out of poverty than any other thing that's ever happened in human history. You know, the rise of China has – the work that they've done off and on on bringing North Korea to the table on, you know, the talks, I mean, there's great. And then, you know, they ram a fishing boat in the South China Sea or create an island or air defense identification zone. So, you know, it's not all one way or the other that China's a thing that we have to work against.

But we do want a multipolar Asia, and India would – you know, when you think about who could be the alternative source – other sources of power, it's a great bet. You know, is it going to be, you know, Japan? Well, that's going to be our friend for a long time. ASEAN. But you know, India is a large country that will be, you know, population-wise, in the next 20 years, probably surpassing China. Economy-wise, you know, it'll be – it'll be a rival and growing quite heavily. So that's what we're looking for out of this relationship, as another pole of power but not a counterweight or something like that.

MR. SCHWARTZ: Yeah.

Q: Yeah, hi. Angela Greiling Keane with Bloomberg.

Can you put Republic Day in perspective? I know it's a very important holiday in India, and having Obama as the key guest is a big deal. What does that mean for Modi, having Obama as a guest, for the people of India? And does it have any resonance here in the U.S.?

MR. ROSSOW: I don't know here in the United States that it necessarily does, but in India it's going to be a really big deal.

You know, I mean, any time that you see polling done in India about which countries do they feel a strong affinity towards, the United States always ranks very highly on that list, and it's for obvious reasons. You know, the fact that we've got – I mean, it's old hat, right, but shared values; both democracies, both common-law systems. But the people-to-people ties is tremendous. You know, everybody in India, probably, has got a relative or friend that has studied in the United States, that lives in the United States, that, you know – so at least among – I guess when you – when you talk about

Indian sentiments about this kind of thing, you know, they feel a strong affinity towards the United States. And you know, they're – that's with the American people.

With the U.S. government, you know, I guess it's warming up there, too. I mentioned Pakistan, and there still are concerns about America's continued support for Pakistan. But I think the concerns that have been there, especially when we first began to engage India pretty heavily 10, 15 years ago, there was a – there was a real fear in India that it was a – you know, it was a hard handshake; you know, you grab the hand and suddenly you're getting pulled into the American orbit. And I think, too, with Modi, who has exhibited such strength on domestic and foreign policy, you know, there's probably a little bit less concern that he's somebody that we can push and pull around; that if Modi agrees to a deal, because he's got such support in India, that if he agrees to a deal, that probably it's one that, you know, would be in India's interest.

So, you know, support for America generally has been excellent, and support for American presidents when they visited has been terrific. And I think, you know, the concerns about if there's actually deals negotiated and handled during such an important day, probably a bit less concern right now because of a variety of factors than there would be otherwise. But it's all about the packaging, you know. I mean, looking back at President Clinton's visit in 2000, and you see some of the announcement(s) in the joint statement there, and you know, included in the joint statement was, you know, we want India to give up its nuclear weapons. You know, there are some things that were very provocative in that joint statement at the time. So part of it, too, is, at the end of the day, how does it all get packaged? If we come to an agreement, can it be packaged in a way where clearly, you know, each side gives and takes a little bit? And if that's done, if the Indian people look at what transpires at the end of the visit and say that, you know, these pieces, I understand why this is good for me as well, then that goes a long way as well.

So I think relations people-to-people are great. I think the American public probably still doesn't have India quite as high in its mind as, you know, those of us that follow India every day think that it should. The Indian-American community, they look at this as pretty exciting, and that's not an – you know, an irrelevant group. You're talking, what, 2 (million) or 3 million people, but a lot of times in some, you know, positions of power and influence.

So yeah, I think overall the Indian public, though, is going to welcome it pretty warmly.

MR. SCHWARTZ: Any other questions? Roberta.

Q: Hi. I'm Roberta Rampton from Reuters.

I'm just wondering how concerned India is about the U.S. withdrawal from Afghanistan, and whether the government will be looking for any extra assurances from Obama.

MR. ROSSOW: Yeah, they're extremely concerned about that. You know, that certainly is at or close to the top of the list.

And here's where – you know, I talked about specific deliverables. Well, one thing that we'll probably never know as a deliverable but is intelligence sharing. You know, this is where both the United States and India have contacts all throughout Afghanistan, and the question is, when we pick up chatter that's relevant to the other's interests, are we sharing that effectively? And you know, the word that I get behind the scenes is it's pretty good. You know, always could be better, but certainly could be a lot worse.

So, yeah, they're very concerned. I think, from the U.S., we haven't done as good of a job as we could about kind of bringing India under the tent before we make decisions and at least letting them know before we announce it publicly. We've got a U.S.-India-Afghanistan trilateral that just has not been meeting as often as it should, and that's meant to be a consultative group looking at what's happening in Afghanistan and related to both of our shared interests.

So Afghanistan will be high on the radar. I think, you know, hopefully we'll give some inside indication and maybe even request some feedback on what our evolving role is going to be. Intelligence sharing will certainly be brought up, and it's something that we can both agree on. And restarting and making more active this trilateral I think would be pretty important.

MR. SCHWARTZ: Great, we'll go here and then – yes, thank you.

Q: Thank you. My name is Jinpei Shoku (ph) from Japanese public broadcaster NHK.

Can you elaborate a little bit on the current administration's kind of policy about trilateralism, which is seen in, like, U.S.-Japan-Australia and also U.S.-India-Japan? What is an administration trying to intend by involving a third country, not just like U.S.-India – especially in Japan, because I'm from Japan? Thank you.

MR. ROSSOW: Yeah, it's a great question. So I can only talk about the U.S.-Japan-India; I'm so India-focused that the other ones maybe Andrew can.

But you know, so I think it – with Japan in particular, right, both of our countries look at India as of such strategic importance and relevance, both – I shouldn't just say

strategic – strategic and economic, right? We've got the full package there. And some of the work, for instance, that the Japanese government is doing on funding industrial corridors and things like that, we've got such great relations with Japan that, you know, it would be – it would be a bad idea for us to ignore that work that your government is doing with the government of India. And so to actually have consultative conversations, so as you're developing these industrial corridors, as you're looking to, you know, share on a variety of other fronts – and including, you know, the great work that the government of Japan does in other markets as well that India is a player and relevant in – for us to ignore that would be at our own peril. And so if we can find ways, you know, for instance, if you're building a corridor and we're trying to bring American companies to invest in India, to get them to invest along the corridor, if it's, you know, sharing intelligence on, you know, interests that all three of us have.

So I would say, like, looking at it from the outside, before I began to dig in on the trilateral, I thought, trilateral seems kind of strange. Getting two to agree on anything; getting three is almost impossible. But you actually find that sometimes conversations are a little bit easier when you've got three in the room at the same time.

And to that point I'll say, you know, one thing that we find also with our trilateral Japan-India-United States is, you know, getting back to this question that came up earlier about the hard handshake that you get with the United States – partner with us, but you're supposed to follow us – India doesn't have that same kind of feeling about partnering with Japan on things. And so if the fact the three of us come to agreement makes it more palatable for a tough decision to be taken by New Delhi, then I think we all win in that as well.

The United States may have a lot to offer – as we look at, you know, whether it's going to be economic development or third-country regional kind of work, we may have a lot to offer, but sometimes it's difficult to get agreement by ourselves. And actually, you know, with Japan being at the table and seen so positively and not really seen as having that kind of hard handshake, that sometimes it makes things that we agree to a little more palatable.

So I'm a firm believer in the trilateral. I think there's great things that can come from it.

Yeah.

Q: One more follow-up on that. Isn't there any concern that China might feel as being contained by those three countries?

MR. ROSSOW: Contained, I mean, you'll hear that brought up, including by the Chinese, some concern that the trilateral is a containment measure. But at the same time,

you know, China is huge, big trading partner with all of our countries, so you've got a lot of, you know, again, very positive aspects to that relationship. So, you know, you may hear it brought up, but at the same time I think, you know, you look at the kind of relationship the United States has with China, the way that, you know, with our – with our dialogues, the kind of discussions that we have – I mean, coming to climate agreement – you've got – you've seen a lot of progress and a lot of real positives in that. So you may hear it brought up, but so far we've not seen it, you know, kind of like really impact, I think, the kind of bilateral relationship that we can have with China. So it's a – it's a press release from China, but substantively our engagement with China continues ahead.

MR. SCHWARTZ: We've got time for one more.

Q: Thank you. Lalit Jha from PTI, Press Trust of India.

What would be U.S. expectations from the trip? And secondly, when president lands in India, which are the countries that will be watching this relationship, and why?

MR. ROSSOW: So the first part, so what will happen during the trip that – that's what you're kind of – so specific deliverables, or something beyond that?

Q: (Setting ?) U.S. expectations –

MR. ROSSOW: Well, I mean, I think, you know, because we – having two summits in a row – again, I hate setting up and saying that there's got to be big deliverables for these kind of things, but when you got two of these in such short succession, you'd presume that at least the list that I just gave – on defense deals, on DTTI announcements, on renewing the defense framework, on nuclear cooperation, you know, some things on climate change – you'd presume that, if they're getting together so soon and it's going to be – they're talking about a three-day trip, something of substance I would presume would get announced during this visit, but probably not all five. So I can't really pick between the five of them.

But you know, most of the – most of the important work that happens actually happens in between. So, you know, the visit itself is important, but even if you don't have a bunch of these big deliverables, you know, the work that happens in between and the kind of high-level interest and attention I think that the U.S. government has in paying to this account right now is a way that we haven't seen in quite some time. So the intervening meetings that happen in between are also going to be extremely critical. The U.S. treasury secretary should be going out to India before too long. We'll have the strategic dialogue in Washington this summer. So there's a lot of other things that kind of teed up for major meetings not long after.

And again getting to the fact that, you know, we see the Modi government actually trying to carry out things that were promised during previous interactions. You know, merging the PIO and the OCI cards, the insurance bill passed as an ordinance – all these things happen in between. And all these things were things that were brought up during the bilats. So I think the in between stuff is pretty important too, but I would be surprised if at least in one of these five categories I've mentioned you don't see some kind of – something of substance get announced, because.

To the second point, though: Which other countries are going to be following this? Well, I think, you know, most closely Pakistan is going to look at this. You know, China will certainly pay attention to see what comes out of it. Russia, France – I mean, a lot of countries that would also like to share civilian nuclear technology with India are going to want to see whether we're able to make progress through the contacts group. Other countries that look to share military technology – the ones I mentioned and I'd include Israel in that. The main economic partners, which would also include Japan among the group that I mentioned.

So, yeah, that's, I think the group that probably pays closest attention. I mean, whether it's nuclear suppliers, defense or the main economic engagers – you know, those are the concentric circles that, you know, to varying degrees, pay pretty close attention to all this. Europe as well. I mean, you know, the climate change discussions but also – you know, I think we've got a lot of shared interests in engaging India as the European Union.

Talk about trilaterals, there is at least a track-two trilateral between U.S., EU and India. But I – but I think, you know, the kind of collaboration that we do with Europe on engaging India is a little bit behind what it is in Japan and could be an area for potential upgrade.

Q: Just one quick follow up. Very rarely the U.S. president travels overseas and goes to only one country. So far as I know, it's been happened only to India. And the five or six U.S. presidents that have traveled to India so far have also traveled the region, other Asian countries. This time, he's traveling only to India. What's the significant symbolism associated with this? What do you think?

MR. ROSSOW: It's a big deal. I mean – (laughs) – there's no better way to put it. It's a really big deal. You know, you really feel a sense that after the disappointment of the 2010 liability law and, again, the decline in interest among the strategic community that, you know, in the U.S. government people are back on the mentality, the page of looking at this as a 20, 30 year relationship, rather than just suffering from, you know, the ups and downs of following things – the daily events.

And you know, as we think about Asia in 20 and 30 years in the future, right, if we want a multipolar Asia, it's going to be India. India's got to be part of that small discussion. And if there's things that we can do to collaborate with India today to set that up for India to be a stronger friend and partner to the United States 20 and 30 years down

the road, you know, you feel very much that the administration is back on board with doing that, that if we can fix some of the problems from the past – including the liability law, including get some, you know, major defense initiatives going – that we're willing to spend the time and energy to do it.

So it is extremely significant for the president to go back to India a second time, to do it only as an India trip, to be the guest for Republic Day, right? The symbolism of all this is tremendous. So very exciting. I think that – again, I'd be surprised if you don't see some pretty big announcements, but we're all waiting to see, too, what the actual schedule looks like. And we'll all know in a week and a half now.

MR. SCHWARTZ: Thank you all very much for coming to CSIS today. We'll have this transcript out to you later this afternoon. You can follow us at @CSIS. Thanks so much.

MR. ROSSOW: Great. Thanks.

(END)