

## **WRITTEN STATEMENT**

### **TESTIMONY BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE SUBCOMMITTEE ON NEAR EASTERN & SOUTH & CENTRAL ASIAN AFFAIRS**

**NISHA D. BISWAL  
ASSISTANT SECRETARY OF STATE  
BUREAU OF SOUTH AND CENTRAL ASIAN AFFAIRS**

#### **“Indispensable Partners: Reenergizing U.S.-India Ties”**

**July 16, 2014**

Chairman Kaine, Ranking Member Risch, thank you for inviting me to testify before you today. It is an honor to appear before this Committee, and I’m pleased to speak alongside my colleague, Deputy Assistant Secretary of Defense for South and Southeast Asia, Amy Searight.

This is indeed an important time to re-examine U.S.-India relations. The historic elections this spring, which brought a record 530 million voters to the polls and conferred an unprecedented mandate on Prime Minister Narendra Modi and the Bharatiya Janata Party, also created a historic opportunity to re-energize our relationship.

Mr. Chairman, successive administrations have made the strategic bet that a rising India is in the U.S. interest. Our rebalance to the Asia-Pacific is premised on the consequential role the region’s 4.3 billion people will play in global politics, security, and economics in the 21st century. The continent’s success will depend on choices Asian nations and their partners make. A strong India will play a critical role in the coming decades in shaping this Asian landscape, and our partnership with India will play an increasingly important role in that context.

But if India is to achieve its economic and strategic potential, it must grapple with the myriad economic and governance challenges it is facing, including slow growth, energy shortages, and flagging foreign investment.

I had the opportunity to accompany Deputy Secretary Bill Burns to India last week to meet with Prime Minister Modi and key members of his cabinet to discuss their economic and security agenda, as well as the U.S.-India relationship. The Modi government has identified infrastructure, manufacturing, modernizing the military, energy security, attracting greater foreign investment, and expanding access to skills training and education as its key priorities. The Prime Minister, in inviting regional leaders to his inauguration, also signaled that India will play a greater strategic role in its immediate neighborhood and across the Indo-Pacific region. For India to achieve its potential, Prime Minister Modi has said that one of his top priorities will be efficient, effective, and accountable governance.

In all the areas that the Modi government has identified as priorities, we think the United States, including our businesses and universities, can play an important role in helping address the challenges India faces and creating opportunities that benefit both countries. But the true potential of the relationship is best captured in what Prime Minister Modi said to Deputy

Secretary Burns last week. He noted that he does not see our relations in terms of the benefits it brings to the Indian people or the American people – that goes without saying. The true power and potential of this relationship, he said, is that when the world’s oldest democracy and the world’s largest democracy come together, the world will benefit.

Mr. Chairman, we are confident we can work in a strong and collaborative partnership with the Modi government to grow our economic and strategic relations with India in a way that benefits both countries and both economies. But we also believe the true measure of this partnership, which President Obama said will be one of the defining partnerships of the 21st century, is its potential to address global challenges and, as the Prime Minister noted, to benefit the world.

## ECONOMIC AND TRADE PARTNERSHIP

Our two countries have never been more invested in each other’s economic future. India’s goal of building a strong and integrated economy that is led by private-sector growth and boasts a global reach, will offer sustainable, long-term market opportunities for U.S. firms.

With annual two-way trade in goods and services of almost \$100 billion in 2013 – up 61 percent from 2009 and over 400 percent since 2000 – we already enjoy an important commercial relationship with India. We’re focused on growing that five-fold again, a goal Vice President Biden set last year on his visit to India. To achieve that ambitious figure, American companies need to believe that the benefits of trade with India outweigh the costs and the challenges – and that India remains committed to growth over the long term.

One way to strengthen two-way investment and ensure increased opportunities for U.S. businesses in India is through a Bilateral Investment Treaty (BIT). A BIT with India would help support key economic objectives for both countries, from protection of investment interests overseas to the promotion of market-oriented policies and exports.

A BIT would also greatly improve two-way investment flows. That’s good for the U.S. economy. Increasing Indian foreign direct investment in the United States would expand U.S. jobs in a variety of professional, scientific, and technical sectors that have traditionally attracted Indian investment. Trade expansion also benefits families and businesses by supporting productive, high-paying jobs in exports and increasing the variety of products available for purchase.

American companies recognize the tremendous potential of India’s economy and are eager to make long-term investments in India. U.S. companies – boasting the highest standards and highest-quality products and services – can play an invaluable role in transforming the Indian economy through partnerships for joint innovation and development. Cross-pollination of U.S. and Indian businesses is a win-win for our economies and will create thousands of jobs in both our countries.

Higher education is a vital part of our economic agenda. Indian students comprise the second-largest group of foreign students in the United States, with 100,000 students studying in the United States in 2012-13. Not only do they contribute over \$3 billion to the U.S. economy every

year, they also advance innovation and research in our universities.

Our education partnership is not focused only on universities. Mr. Chairman, in your home state of Virginia and throughout the United States, community colleges are working with Indian counterparts to strengthen the connection between industry and education. Working with the Indian government, we are keen to help India adapt our community-college model to meet its skills needs and goal of building 10,000 community colleges by 2030, so that India's future workforce can benefit from one of our nation's greatest exports, knowledge and skill development.

As trade has grown by a factor of five in 15 years, inevitably we have also had some disagreements over trade. We're committed to addressing trade frictions through dialogue and engagement. We appreciate the huge strides India has made over the past two decades, benefiting from trade liberalization and reappraising decades-old orthodoxies. While India is still ranked 134 out of 189 countries in the World Bank's Ease of Doing Business ranking, the new government is already taking decisive steps to make India more open to the foreign businesses and investment that can help stimulate greater growth.

On July 10, the Indian government unveiled its Union Budget for consideration by parliament. There is much for us to take note of, including efforts by the government to stimulate growth; curb borrowing; and reduce barriers to investment in defense, insurance, e-commerce, transportation infrastructure, and real estate. We are studying the budget proposal closely, and we will continue to follow the parliamentary debates as the budget bill moves forward. In fact, a senior delegation led by Assistant Secretary of Commerce Arun Kumar, along with officials from USTR and the State Department, is in India right now, engaging with the new government on a broad range of economic issues.

To fully realize its economic potential, India also needs to foster inclusive and sustainable growth. While women continue to rise to the highest positions in civil society, business, and government, in many ways the potential of women and girls in India remains untapped and underutilized as a force for growth and development. Fundamental issues of women's security and opportunity need to be addressed, so that Indian women can achieve their full potential and make their contribution to India's growth story. As President Obama has said, "When women succeed, nations are more safe, more secure, and more prosperous." We know that securing equal rights and opportunity for women and girls is not only the right thing to do, but the smart thing to do.

Climate change is another issue that all emerging economies, including India, are grappling with. For growth to be enduring, it must be environmentally sustainable. We enjoy a broad range of bilateral cooperation with India on clean energy and climate issues, including Secretary Kerry's Climate Change Working Group. Our cooperation on mitigating the causes and effects of climate change, including investment and development of clean and renewable energy sources, is increasingly a whole-of-government effort. It is our hope this bilateral cooperation can lead to greater collaboration in multilateral fora.

## ENERGY AND INNOVATION

We have seen tremendous progress in our energy cooperation since the launch of the U.S.-India Energy Dialogue in 2005. This forum has brought our governments and private sectors together to expand cooperation on nuclear energy, electrical grid and power generation, energy efficiency, and oil and gas exploration. It has also expanded markets for renewable energy technologies and lowered barriers to clean energy deployment. The Energy Dialogue – along with the Energy Security Roundtable – has leveraged each country’s strengths in research, opened opportunities for American businesses and technologies, and strengthened India’s energy security and economic growth.

Under the Partnership to Advance Clean Energy, we have mobilized over \$2 billion of public and private investment in solar, biofuels, building efficiency, and other areas. Our energy relationship is also expanding through contracts for the export of American liquefied natural gas, by together identifying unconventional energy resources, and by fulfilling the promise of delivering cutting-edge U.S. nuclear energy technology to meet Indian energy needs. These are top priorities for the United States and India.

One fast-growing area of partnership is our robust science and technology cooperation. Our collaboration sustains economic growth and job creation, while helping our citizens to live longer, healthier lives. We will showcase this partnership later this year in New Delhi at the U.S.-India Technology Summit, which will enable new partnerships in innovation and technology development, stemming from breakthroughs our scientists and engineers have already achieved together.

The intersection of innovation and health will provide the next frontier of partnership for the United States and India, with global implications. Already, our two countries are deploying a rotavirus vaccine, ROTAVAC, the product of a public-private partnership that has the potential to save hundreds of thousands of young lives in India as well as around the world.

We are also expanding our efforts in space exploration and science. NASA has collaborated with the Indian Space Research Organization to share navigation expertise for India’s Mars Orbiter Mission, and we are exploring even more opportunities for collaboration through our Civil Space Joint Working Group.

## SECURITY

While my colleague will discuss the future of defense trade and cooperation, I would like to underline the centrality of our security engagement to the U.S.-India partnership. We are committed to a strong and influential India in the security realm.

Take, for instance, the impressive growth in our counterterrorism (CT) and security cooperation over the last several years. This includes the December 2013 conference in New Delhi on mega-city policing, which focused on domestic terrorism, emergency disaster response, corruption, and other challenges faced by major cities in both countries.

India remains an active and strong CT partner of the United States. Our cooperation has already brought to justice several Mumbai terrorists, including David Headley and Ajmal Kasab. Five years after the terrorist assault on Mumbai, the United States stands with the people of India in mourning the loss of innocent lives, including six Americans, and seeking justice. As President Obama has stated, the Mumbai perpetrators, financiers, and sponsors must be held accountable for their crimes, and we have called on all governments to do just that. We will also continue to work together to track and disrupt terrorism, including those responsible for the Indian consulate attack in Herat.

## REGIONAL COOPERATION

As I noted at the outset, the locus of our convergent strategic interests is in Asia. We are confident that a strong U.S.-India partnership will help us address shared challenges and seize shared opportunities.

When Prime Minister Modi invited the Prime Minister of Pakistan, Nawaz Sharif, and the leaders of South Asia Association for Regional Cooperation (SAARC) countries to his inauguration ceremony, he demonstrated his firm commitment to strengthening India's ties with its immediate region. That's good news for India and the region, and greatly beneficial to global stability.

In South Asia, where intra-regional commerce comprises only five percent of total trade, and intra-regional investment a paltry one percent of investment flows, India has a chance to bring its entire neighborhood along with it, enhancing prosperity and peace by boosting trade and building connectivity throughout South Asia and the Bay of Bengal region. That India trades much more with Europe, the United States, and the Middle East than with its immediate South Asian neighbors is a global economic anomaly, one that India can help address by shaping a connectivity network between India, South Asia, and the rest of the continent. The United States welcomes the new government's efforts to strengthen SAARC, and we were pleased to see Indian Minister of External Affairs Sushma Swaraj make her first official visit abroad to Bangladesh in late June.

We are also confident that the United States can play a helpful role in facilitating trade and connectivity in South Asia, through our New Silk Road and Indo-Pacific Economic Corridor strategies. American firms have voiced strong support for our leadership in the region, noting that U.S. technology should be instrumental in developing cross-border ties in the region.

Where do our comparative advantages lie? The United States has a tremendous opportunity to encourage physical connectivity by expanding port and "last mile" connectivity across the Bay of Bengal region, and linking key Indian, Bangladeshi, and Burmese transit hubs; to help shape regional regulatory architecture through regional trade and transit agreements, improving the investment climate for greater foreign direct investment, and reducing non-tariff trade barriers throughout South Asia; and to foster human connectivity by linking government officials, business leaders, think tanks, and civil society.

We support increasing trade and investment between India and Pakistan, and reducing trade

barriers. Increased economic cooperation will improve the long-term prosperity of both nations and the entire region. Trade between India and Pakistan in 2013 was a relatively meager \$2.5 billion. There's no reason that figure can't quadruple to \$10 billion, with steps to ease trade barriers and open up new market and investment opportunities.

Further west, India shares our goal of a successful transformation in Afghanistan. We both want to ensure the peace and stability of a democratic Afghanistan, and help it economically integrate further into the South and Central Asia region. Our bilateral and trilateral discussions on Afghanistan help advance our economic, political, and security objectives.

Both our nations watch developments in the Middle East with a close eye. We share concerns about the situation in Iraq. India has been supportive of the P5+1 process and a partner in our efforts to limit Iranian oil exports as we seek a negotiated solution to the Iranian nuclear issue. And our efforts to address trafficking in persons and labor concerns in the Gulf benefit millions of expatriate Indian workers there.

We have expanded our regional consultations with India to include South, Central, West, and East Asia. We will hold new rounds of several of these dialogues in the months to come, and are exploring how to elevate these discussions further. These consultations are not just a talk shop: The U.S.-India-Japan trilateral dialogue has deepened our partnership on our Indo-Pacific Economic Corridor agenda, maritime security, humanitarian assistance and disaster planning, as well as coordination in multilateral fora. Last year, with the support of India, we participated in the Indian Ocean Regional Association as a dialogue partner for the first time.

While some believe our renewed strategic commitment to India comes at the expense of other regional powers, we see it differently. We welcome the rise of any power in Asia that upholds global norms and contributes to the stability and prosperity of the continent. We also welcome, with India, the opportunity to showcase the commonalities that bind the largest democracies in the Indo-Pacific region, including India, Indonesia, Australia, Japan, and the United States.

## LOOKING AHEAD

With a solid foundation to work from, our bilateral engagements over the course of the next several months will reinforce our strategic, economic, and people-to-people ties. Already, India's newly appointed Minister for Health and Family Welfare, Dr. Harsh Vardhan, visited Washington and several other cities in the United States to explore how to enhance our U.S.-India Health Initiative, and make more progress together in improving child health in India. I was particularly pleased that earlier this month Senator McCain led a congressional delegation to New Delhi, where he met with Prime Minister Modi.

Let me briefly touch on our U.S.-India Strategic Dialogue. Secretary Kerry is planning to travel to New Delhi later this month to co-chair the U.S.-India Strategic Dialogue with his new counterpart, Minister of External Affairs Sushma Swaraj. This year, the Strategic Dialogue will highlight how U.S.-India ties promote shared prosperity in both countries.

We expect that the Strategic Dialogue will kick off a series of cabinet- and sub-cabinet-level

visits throughout the late summer and fall, culminating in the visit of Prime Minister Modi to Washington at the invitation of the President.

Looking further out, we're particularly excited about the private sector-led U.S.-India Technology Summit, scheduled for November 2014 in the New Delhi area. The Tech Summit – as we have dubbed it – will spur the formation of new partnerships between our countries in science-, technology-, and innovation-related sectors. We expect that our most successful American firms will participate, and we're confident large-scale events like this will help create jobs and build new partnerships in both countries.

Today, we see the U.S.-India relationship on increasingly sure footing. But with countries as large as ours and with democratic systems that foster debate and dissent, we're likely to have some disagreements. It is only natural. However, I can assure you that our systems are mature enough to address impediments with honesty and sincerity, and ensure that no one, isolated incident can jeopardize what we have built over three successive presidencies and between our 1.6 billion citizens.

For India and the Indo-Pacific region to live up to their potential, they must create societies that encourage strong and inclusive economic growth; one where the private sector and not government leads economic development. They must quell terrorism and counter violent extremism while at the same time advancing human dignity and protecting religious freedom. They must address barriers preventing women and minority groups from full political, economic, and social participation.

Mr. Chairman, simply put, the Obama Administration firmly believes that if the United States and India can continue to grow our trade and investment relationship and further enhance our already strong strategic partnership, we and the world will be better off. By re-energizing the U.S.-India relationship now, we are making future generations of Americans and Indians safer and more prosperous, and we are helping strengthen stability in Asia and around the world.

Finally, I would be remiss not to acknowledge the strong support of the U.S. Congress and this committee in particular for the U.S.-India partnership. Many of the greatest accomplishments over the last decade were made possible by the advocacy and support of members of both houses, and from both parties. I look forward to working closely with you as we embark on a new chapter of U.S.-India relations in the months and years to come.

Thank you, Mr. Chairman. I look forward to answering any questions that you and others from the Committee may have.