

## **WRITTEN STATEMENT**

### **TESTIMONY BEFORE THE HOUSE FOREIGN AFFAIRS COMMITTEE SUBCOMMITTEE ON ASIA AND THE PACIFIC**

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#### **“U.S.-India Relations Under the Modi Government”**

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Chairman Chabot, Ranking Member Faleomavaega, thank you for inviting me to testify before you today. It is an honor to appear before this Committee, and I am pleased to speak alongside my colleague, Assistant Secretary for Global Markets at the Commerce Department Arun Kumar.

There is no better time than now to re-examine U.S.-India relations. The historic elections this spring, which brought a record 530 million Indians to the ballot box, conferred an unprecedented mandate on Prime Minister Narendra Modi and the Bharatiya Janata Party. Those elections also created a historic opportunity for the United States and India to re-energize our relationship.

Mr. Chairman, the Obama administration’s rebalance to Asia is a strategic bet on the consequential role of Asia’s 4.3 billion people in the 21st century. This region already accounts for a quarter of global GDP – and this could grow to one-half by 2050. But that will only be possible if the citizens and governments of Asia make the right choices – to foster sustainable and inclusive growth, to promote open and free trade, and to combat terrorism and extremism.

In all of these areas, India has a vital role to play, in South Asia, in the Asia-Pacific, and, increasingly, on the global stage. India’s rise as a regional and global leader, and its economic and strategic growth, are deeply in the U.S. interest. Through its “Look East” policy, India is increasingly engaged with Southeast Asia and East Asia. With the opening in Burma, those connections, whether economic, political, or people-to-people, will only grow. That is why we are making the strategic bet on India’s rise. Like the United States, India increasingly sees its future in a secure, connected, and prosperous Asia-Pacific. We share not only democratic values but also a deep interest in a peaceful, rules-based order in the Asia-Pacific. Our partnership is already strong, whether in strengthening maritime security and disaster response (including through our trilateral cooperation with Japan), combating terrorism in South Asia, or developing innovative development and health solutions. As we look to the opportunities and challenges of the future, we think this partnership will become even more vital, as we work together to grow our economic relationship for the shared prosperity of both our peoples, advance connectivity across the Indo-Pacific, and address shared challenges such as climate change. Put simply, the United States and India are more invested than ever in each other.

I accompanied Deputy Secretary Bill Burns to India two weeks ago 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 key priorities. For India to achieve its potential, the Prime Minister 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 during our visit. 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, it is in that vein that Secretary Kerry and Commerce Secretary Pritzker will travel to India next week, to hold the first U.S.-India Strategic Dialogue with the new government. We will focus on shared prosperity and strategic convergence – more specifically, how partnership between the United States and India can make our countries and the entire global order more prosperous and more secure.

## ECONOMIC AND TRADE PARTNERSHIP

While my colleague will discuss our economic and trade partnership with India in greater depth, I would like to briefly touch upon a few aspects of this important relationship.

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. 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.

A vital part of our economic agenda is higher education. 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 and contribute to the diversity and vibrancy of campuses. Working with the Indian government, we are also helping 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.

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.

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 in 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. We are working together to further deepen our energy relationship, through the expansion of contracts for the export of American liquefied natural gas, identification of unconventional energy resources; and fulfilling the promise of delivering cutting-edge U.S. nuclear energy technology to meet Indian energy needs.

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

NASA has also 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

Our security engagement is central to the U.S.-India partnership. We are committed to a strong and influential India in the security realm. India is a regional and emerging global power, as

well as a provider of security and a strategic partner with shared interests from the Indian Ocean to Afghanistan and beyond.

India remains an active and strong CT partner. Our cooperation has already brought to justice several Mumbai terrorists. As President Obama has stated, the Mumbai perpetrators, financers, and sponsors must be held accountable for their crimes. We will also continue to work together to track and disrupt terrorism, including those responsible for the Indian consulate attack in Herat.

Our military-to-military ties are strong and growing. India is participating in the Rim-of-the-Pacific (RIMPAC) 2014 exercise in Hawaii, where for the first time an Indian frigate has joined this large multilateral activity. Japan will participate in MALABAR, our largest bilateral naval exercise with India, which in fact began today and runs through July 30.

Defense cooperation continues to play a significant role in advancing the strategic partnership. One of the pillars of our effort to build a strategic partnership with India on defense issues is the U.S.-India Defense Trade and Technology Initiative, which has helped us overcome bureaucratic hurdles and paved the way for increased private-sector ties, science and technology cooperation, defense trade, and potential for co-production and co-development. We hope to see more partnerships take root, like the one between Lockheed Martin and Tata building C-130 components in Hyderabad. We will continue to look for opportunities to foster closer ties between the U.S. and Indian defense sectors, and to advocate on behalf of U.S. industry for needed changes in the Indian system, such as continued reforms to their offset system. We are encouraged by the Modi government's proposal in the budget introduced earlier this month to raise FDI caps in the defense sector to 49 per cent.

## REGIONAL COOPERATION

As I noted at the outset, a strong Indian leadership role is deeply in the U.S. interest. In inviting regional leaders to his inauguration, Prime Minister Modi signaled that India will play a greater strategic role in its immediate neighborhood and across the Indo-Pacific region, which we strongly support. We see great potential for expanding connectivity and trade across an Indo-Pacific Economic Corridor. The fact that India trades 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.

We support increasing trade and investment between India and Pakistan, and reducing trade barriers. That will advance both nations' prosperity and strengthen peace and stability. 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 through our New Silk Road strategy. We have further expanded our regional consultations with India to include South, Central, West, and East Asia. These consultations are not just a talk shop: The U.S.-India-Japan trilateral dialogue, for example, 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.

#### LOOKING AHEAD

Our bilateral engagements over the next several months will reinforce our strategic, economic, and people-to-people ties. The Strategic Dialogue will kick off a series of high-level visits throughout the late summer and fall, culminating in the visit of Prime Minister Modi to Washington at the invitation of the President. We think this is a time of tremendous potential for the U.S.-India partnership. By reinvigorating this partnership and setting ambitious new goals for the future, we are making future generations of Americans and Indians safer and more prosperous and helping strengthen stability in Asia and around the world.

Mr. Chairman, let me take this opportunity to thank you for the strong support of the U.S. Congress and this committee in particular for the U.S.-India partnership. The advocacy and support for this relationship, by members of both houses and from both parties, has been one of its sources of strength. 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.