

## **India-U.S. Relations**

### Introduction

The end of the Cold War freed India-U.S. relations from the constraints of global bipolarity, but interactions continued for a decade to be affected by the burden of history, most notably the longstanding India-Pakistan rivalry and nuclear weapons proliferation in the region. Recent years, however, have witnessed a sea change in bilateral relations, with more positive interactions becoming the norm. India's swift offer of full support for U.S.-led counterterrorism operations after September 2001 was widely viewed as reflective of such change. Today, President Bush calls India a "natural partner" of the United States and his Administration seeks to assist India's rise as a major power in the new century. In July 2005, President Bush and Indian Prime Minister Singh issued a Joint Statement resolving to establish a U.S.-India "global partnership" on a wide range of issues. In recent years, the United States and India have engaged in numerous and unprecedented joint military exercises. Discussions of possible sales to India of major U.S.-built weapons systems are ongoing. Plans to expand high technology trade have become key bilateral issues in recent years. In the July Joint Statement, the Bush Administration dubbed India "a responsible state with advanced nuclear technology" and seeks to achieve "full civilian nuclear energy cooperation with India." Such proposed cooperation is controversial and would require changes in both U.S. law and international guidelines. The United States seeks to curtail the proliferation of nuclear weapons and ballistic missiles in South Asia. Both India and Pakistan have resisted external pressure to sign the major nonproliferation treaties. In May 1998, the two countries conducted nuclear tests that evoked international condemnation. Proliferation-related restrictions on U.S. aid were triggered, then later lifted through congressional-executive cooperation from 1998 to 2000. Remaining sanctions on India (and Pakistan) were removed in October 2001. Continuing U.S. interest in South Asia focuses on ongoing tensions between India and Pakistan, a problem rooted in unfinished business from the 1947 Partition and competing claims to the Kashmir region. The United States strongly encourages maintenance of a cease-fire in Kashmir and continued, substantive dialogue between India and Pakistan. U.S. concerns about human rights issues related to regional dissidence and separatism in several Indian states continue. Strife in these areas has killed tens of thousands of civilians, militants, and security forces over the past two decades. Communal tensions and religious freedom have been another matter of concern. Many in Congress, along with the State Department and international human rights groups, have criticized India for perceived abuses in these and other areas. India is in the midst of major and rapid economic expansion. Many U.S. business interests view India as a lucrative market and candidate for foreign investment. The United States supports India's efforts to transform its once quasi-socialist economy through fiscal reform and market opening. Since 1991, India has taken steps in this direction, with coalition governments keeping the country on a general path of reform. However, there is U.S. concern that movement remains slow and inconsistent. See also CRS Report RL33072, U.S. India Bilateral Agreements; CRS Report RL32259, Terrorism in South Asia; and CRS Report

### **RECENT DEVELOPMENTS**

President Bush visited India in early March, the first such trip by a U.S. President in six years. The President was given a grand welcome in India, even as tens of thousands of protestors opposed to U.S. policies and to New Delhi's partnership with Washington marched in several Indian cities. On March 2, President Bush and Prime Minister Singh issued a statement expressing mutual satisfaction with "great progress" made in advancing the U.S.-India "strategic partnership." The statement, which reviewed bilateral efforts to expand ties in a number of key areas, notably announced "successful completion of India's [nuclear facility] separation plan," a reference to ongoing and complex

negotiations related to President Bush's July 2005 vow to achieve "full civilian nuclear energy cooperation with India." The separation plan requires India to move 14 of its 22 reactors into permanent international oversight by the year 2014 and place all future civilian reactors under permanent safeguards. The plan also would assure an uninterrupted supply of nuclear fuel for India's civilian facilities. On March 16, H.R. 4974 and S. 2429, to waive the application of certain requirements under the Atomic Energy Act of 1954 with respect to India, were, at the President's request, introduced in the House and Senate. Pending legislation also includes H.Con.Res. 318, which expresses concern regarding nuclear proliferation with respect to proposed full civilian nuclear cooperation with India. Also, on March 15, the Energy Diplomacy and Security Act of 2006 (S. 2435), which includes India-related initiatives, was introduced in the Senate. India's Foreign Secretary visited Washington in late March to defend the nuclear initiative and, on April 5, Secretary of State Rice appeared before key House and Senate committees to press the Administration's case. (See CRS Report RL33072, U.S.-India Bilateral Agreements; CRS Report RL33016, U.S. Nuclear Cooperation With India; and CRS Report RL33292, India's Nuclear Separation Plan.) The India-Pakistan peace initiative continues, with officials from both countries (and the United States) offering a positive assessment of the ongoing dialogue. In a March 24 speech marking the launch of a new bus service linking Indian and Pakistani cities, Prime Minister Singh said "India sincerely believes that a strong, stable, prosperous, and moderate Pakistan is in the interest of India," and he envisioned someday entering into a Treaty of Peace, Security, and Friendship with Islamabad. Pakistan cautiously welcomed the comments while insisting that Kashmir remained the "heart of conflict, mistrust, and hostility" between the two countries (lethal separatist-related violence in Kashmir continues). For more information, see CRS Report RS21589, India: Chronology of Recent Events.

### **Context of the U.S.-India Relationship**

In the wake of the September 2001 terrorist attacks on the United States, India took the immediate and unprecedented step of offering to the United States full cooperation and the use of India's bases for counterterrorism operations. The offer reflected the sea change that has occurred in recent years in the U.S.-India relationship, which for decades was mired in the politics of the Cold War and India's friendly relations with the Soviet Union. A marked improvement of relations began in the latter months of the Clinton Administration — President Clinton spent six days in India in March 2000 — and was accelerated after a CRS-1 IB93097 04-06-06 November 2001 meeting between President Bush and Indian Prime Minister Atal Bihari Vajpayee, when the two leaders agreed to greatly expand U.S.-India cooperation on a wide range of issues, including counterterrorism, regional security, space and scientific collaboration, civilian nuclear safety, and broadened economic ties. Notable progress has come in the area of security cooperation, with an increasing focus on counterterrorism, joint military exercises, and arms sales. In December 2001, the U.S.-India Defense Policy Group met in New Delhi for the first time since India's 1998 nuclear tests and outlined a defense partnership based on regular and high-level policy dialogue. A U.S.-India Joint Working Group on Counterterrorism was established in January 2000 and meets regularly. U.S. and congressional interests in India cover a wide spectrum of issues, ranging from the militarized dispute with Pakistan and weapons proliferation to concerns about human rights, health, and trade and investment opportunities. In the 1990s, India-U.S. relations were particularly affected by the demise of the Soviet Union — India's main trading partner and most reliable source of economic and military assistance for most of the Cold War — and New Delhi's resulting need to diversify its international relationships. Also significant were India's adoption of sweeping economic policy reforms beginning in 1991, a deepening bitterness between India and Pakistan over Kashmir, and signs of a growing Indian preoccupation with China as a potential long-term strategic rival. With the fading of Cold War constraints, the United States and India began exploring the possibilities for a more normalized relationship between the world's two largest democracies. A 1994 visit to the United States by Indian Prime Minister Narasimha Rao marked the onset of improved U.S.-India relations. Although

discussions were held on nuclear nonproliferation, human rights, and other issues, the main focus of the visit was rapidly expanding U.S.-India economic relations. Throughout the 1990s, however, regional rivalries, separatist tendencies, and sectarian tensions continued to divert India's attention and resources from economic and social development. Fallout from these unresolved problems — particularly nuclear proliferation and human rights issues — presented serious irritants in bilateral relations. President Clinton's 2000 visit to South Asia seemed a major U.S. initiative to improve cooperation with India. During his subsequent visit to the United States later in 2000, Prime Minister Vajpayee addressed a joint session of Congress and issued a joint statement with President Clinton agreeing to cooperate on arms control, terrorism, and HIV/AIDS. Vajpayee returned to Washington in November 2001 and during the Bush Administration high-level visits have continued at a greatly accelerated pace. Prime Minister Singh paid a July 2005 visit to Washington where a significant joint U.S.-India statement was issued, and President Bush visited India in March 2006. Today, the Bush Administration vows to "help India become a major world power in the 21st century," and U.S.-India relations are conducted under the rubric of three major "dialogue" areas: strategic (including global issues and defense), economic (including trade, finance, commerce, and environment), and energy (see also CRS Report RL33072, U.S.-India Bilateral Agreements).

To be continued....