

PM's address at the Council on Foreign Relations

23/11/2009

I am truly honoured by the invitation to address such a distinguished gathering and to be among many old friends and well wishers of India in this season of Thanks Giving. I am very grateful to each one of you for being present to listen to me this evening.

Many of you have spent long years in the study of India. You have provided intellectual sustenance to the idea of a strong India-US partnership and what it means for our two democracies and the world at large.

I see the future of the India-US partnership with confidence and optimism. There is a growing convergence in our national interests, both within the bilateral framework and on regional and global issues. The changes in the global economic and political structures and the growing interdependence among nations today offer us a unique opportunity to look beyond our bilateral engagement to establish a strategic partnership of global dimensions. If we are to effectively tackle the multiple challenges that confront the world, India and the United States, as two leading democracies, must work together.

The immediate challenge before us is to bring the world to full recovery from the global economic and financial crisis.

I have no doubt that the creative and entrepreneurial genius of the American people will ensure that the US economy emerges from this crisis stronger and well placed to contribute to global economic growth.

India is playing its own part in the process of global recovery. Despite the slowdown, our economy grew by 6.7% last year and is expected to grow by 6.5% in the current fiscal year.

India and the United States have strong compulsions to work towards an open and liberal regime for transfers of goods, services, investments and technology. This will stimulate recovery in the global economy, create jobs and spur growth in our own economies.

Our generation has an opportunity given to few, to remake a new global equilibrium after the irreversible changes brought about by the rapid geopolitical and economic shifts of the recent past.

Nowhere are the changes more visible than in Asia. India and the United States can work together with other countries in the region to create an open and inclusive regional architecture in the Asia-Pacific region.

The India-US partnership can contribute to an orderly transition to the new order and be an important factor for global peace and stability. Both India and the United States draw strength from our common values of respect for cultural diversity, democracy, freedom of expression and the rule of law. Our two nations have been shaped by the thoughts and ideals of two apostles of peace of the 20th century, Mahatma Gandhi and the Reverend Martin Luther King Jr. We should advance these ideals as fundamental rights of all human beings.

We have made some progress in moving towards a more representative mechanism to manage global economic and financial issues. The same cannot be said about governance of the political and security order. There is a need to reform the United Nations and its Security Council.

In my interactions with President Obama, I have found shared thinking on the moral imperative of putting the poor at the forefront of the global agenda. In Africa, Asia and elsewhere, they must have access to education and give them bankable skills, to nutrition and to health-care.

The India-US partnership can promote global cooperation in dealing with issues that the world has to face together, whether it is hunger, global security and terrorism, nuclear disarmament, climate change or the spread of pandemics.

History has taught us that peace, security and prosperity are indivisible. That is why the evolution of Afghanistan as a stable and moderate nation state is so vital for the region and the world.

The road to peace in Afghanistan will be long and hard. But, given the high stakes involved, the commitment of the international community must be sustained by firm resolve and unity of purpose.

India has enduring civilizational links with Afghanistan. We do not see Afghanistan as a theatre of influence. Our interest is in building a region of peace and stability. India will continue to assist Afghanistan in building its institutions and its human resources.

Democracy in an ancient land like Afghanistan will take time to take root and to come to terms with the country's history and tribal traditions. It is vitally important that all major regional and international players put their weight behind the government of Afghanistan. This is the only way Afghanistan can meet the daunting challenges it faces.

My government has invested heavily over the past few years in normalizing relations with our neighbour Pakistan. We made considerable progress on the road to a durable and permanent settlement of all outstanding issues. I have said that we are ready to pick up the threads of the dialogue, including on issues related to Jammu & Kashmir.

We seek a South Asia of peace, friendship and prosperity, where its borders will be energized by the flow of people, goods and ideas. For this to happen, Pakistan must make a break with the past, abjure terrorism and come to the table with good faith and sincerity. It is my solemn hope that India and Pakistan can together move forward to write a new chapter in the history of our sub-continent.

We are three days away from the first anniversary of the heinous and barbaric terrorist attacks on Mumbai. The trauma of that attack continues to haunt us. Terrorism poses an existential threat to the civilized world and must be defeated. We should not harbour any illusions that a selective approach to terrorism, tackling it in one place while ignoring it in others, will work or pay dividends.

We welcome the fact that President Obama has committed the United States to the goal of a world free of nuclear weapons. India has been committed to this goal since our independence. We believe that India's security will be enhanced, not diminished, by the complete elimination of nuclear weapons the world over.

There is much that India and the United States can do together to reduce the global risks of nuclear proliferation, including by building a new global consensus on the way ahead. The negotiation of a verifiable Fissile Material Cut-off Treaty in the Conference on Disarmament will be a significant contribution.

We welcome President Obama's initiative to host a Summit on Nuclear Security in April next year. Our countries can play a vital role in strengthening global resolve to prevent terrorists from gaining access to materials and technologies related to weapons of mass destruction.

The negotiations heading toward Copenhagen are proving more difficult than we would have liked. There is disagreement among industrialized countries and between industrialized and developing countries. It is important for all countries to make every effort to contribute to a successful outcome at Copenhagen.

India was a latecomer to industrialization and as such we have contributed very little to the accumulation of greenhouse gas emissions that cause global warming. But, we are determined to be part of the solution to the problem. We are willing to work towards any solution that does not compromise the right of developing countries to develop and lift their populations out of poverty.

We recognize that we have to act on climate change in our own interest, since we are among the countries most impacted by climate change. It is for this reason that we have adopted an ambitious National Action Plan on Climate Change. We are committed to ambitious and time-bound outcomes that will increase the energy efficiency of our economy, the share of clean energy including nuclear power in our energy mix, and our forest cover. All this will require considerable resources. We have undertaken to do what we can with our own resources. We will do more if there is global support in terms of financial resources and technology transfer.

India's economic transition is gathering pace. It will be faster in the years ahead as we harness the expanding economic productivity of our young population. The unshackling of our markets; the latent demand, particularly of our rural economy; and the fact that our domestic savings rate now is as high as 35% of our GDP all suggest that we can achieve a sustained growth of 9% per annum over the next couple of decades. This will create the resources to make our development process more inclusive as well as sustainable.

The social agenda has come to dominate the domestic political discourse in our two countries. This was the verdict of our general elections held in May 2009, and I believe it was also of yours. The time is opportune for us to substantially enhance our cooperation in the critical areas of education, health, energy, science and technology and agriculture.

Collaboration between our software industries has powered the global knowledge economy. We can build and we must on this experience and look at new frontiers of cooperation.

American agricultural science and technology can help India usher in a second Green Revolution.

India's competitive advantages in the pharmaceutical and medical services industries can support healthcare reform in the United States.

India has embarked on its largest education expansion program since independence. There are plans to set up more than 40 new universities and institutions. We would like to benefit from the great American university system, which attracts a large number of Indian students every year.

We can cooperate in the development, production and deployment of green technologies. In this context, we should fully harness our bilateral civil nuclear cooperation agreement to shape the nuclear renaissance in the energy industry.

We deeply appreciate the cooperation that we have received from the United States in the area of counter-terrorism in the recent past. I am convinced that we can do much more together on a sustained basis to combat increasingly sophisticated terror networks, transnational criminal groups and cyber terrorism.

Our defence and strategic dialogues have added important dimensions to our relationship. Maritime security, including countering piracy and protecting sea-lanes of communication in the Indian Ocean and beyond, is another important area where we should expand cooperation.

The edifice of the India-US partnership is founded on many pillars. It is a relationship based on pragmatism and principle; and strengthened by shared values and common interests.

Our ties draw heavily on the strength and vitality of the Indian and American people. The 2.7 million strong Indian American community has made good the enormous opportunities provided to them in their adopted home. They are a powerful factor in drawing our two countries together.

President Obama's advocacy of an inclusive approach to problem solving and primacy to dialogue as an instrument of policy create many more opportunities for our two democracies to work together in realizing the vision of a shared destiny for all humankind.

Collaboration and cooperation between our two countries will be indispensable for shaping a global society that is responsive to the needs and aspirations of the 21st century and where countries can pursue their legitimate interests in a secure and just environment.

I thank you for listening to me.

Thank You.

(Question and Answer Session)

Question: Several times you talked about the United States and India and used the phrase strategic partnership, which is a phrase that resonates very well here. But the question I would ask is whether there is sufficient overlap of viewpoints in order to allow one to go forward? And two of the most pressing questions or issues that are sure to come before us are Iran and Afghanistan. Let me begin with Iran. The United States believes that it would be unacceptable for Iran to develop or otherwise acquire nuclear weapons. Is that a view shared by India and would India be prepared to support robust sanctions against Iran in order to discourage it from going down that path?

Prime Minister: As far as Iran's nuclear weapon ambitions are concerned, I have stated it unambiguously on several occasions that we do not support the nuclear weapon ambitions of Iran. Iran is a signatory to the NPT. As such it has all the rights that go with its membership of the NPT, i.e., use of nuclear energy for peaceful purposes. At the same time, it has an obligation that goes with its membership and this rules out the nuclear weapon path. There is no ambiguity in our position. We are quite clear in our thinking that Iran should not go the nuclear weapon path. That is inconsistent with its obligation as a member of the NPT.

As regards the sanctions question, let me say that if the Security Council in its wisdom passed any Resolution we have in the past abided by the decisions of the Security Council. However, as I see, President Obama's approach has opened up a new pathway of engagement without precondition. Our hope is that it will yield results. A few days before I left New Delhi, I had the privilege of meeting

the Iranian Foreign Minister who is an old student who studied in our country for many years. He was there and while talking he mentioned explicitly to me that Iran is encouraged by the messages it is receiving from the new Obama Administration, and that he was hopeful that they would lead to constructive, productive results. I hope that that path, if it does yield productive results, would be for the good of humanity at large.

Question: On the question of Afghanistan I think the phrase you used is that the world should put its weight behind the country and Government of Afghanistan. You have obviously arrived in Washington in the midst of a public debate as well as the internal deliberations of the Obama Administration which in some ways is trying to define what putting our weight into Afghanistan might mean. Do you believe that a large increase or significant increase in American troop levels, or more broadly internationally troop levels, should be an element of the policy?

Prime Minister: I am not an expert on military affairs. It would be much too presumptuous on my part to claim that I know what the right size of troops that ought to be deployed at Afghanistan is. But I am quite clear in my mind that Afghanistan requires the sustained support of the global community, if it is to return to a path of peace, freedom and an environment in which fundamentalist terrorist elements do not have the sway of the type that they had some years ago before 9/11.

Question: Just a thought. Do you believe that what happens in Afghanistan would be decisive for Pakistan's future?

Prime Minister: There is no doubt in my mind that if the Taliban and the Al Qaeda groups of people succeed in Afghanistan, that would have catastrophic results for the security and stability not only of Pakistan but for the security and stability of the whole of South Asia. Please do not forget that we are talking of nearly 1.8 billion people living in South Asia. Also, I believe it will also affect the course of evolution in the Middle-East as well as in Central Asia and maybe beyond these regions as well.

Question: To build on what you just said, when you look at your neighbour Pakistan, when you look at its difficulties with maintaining order, with governance, economically, do you harbour concerns that Pakistan could fail and if that were to happen, if Pakistan were to fail in certain ways, could India succeed?

Prime Minister: We do not want Pakistan to fail. The emergence of democracy in Pakistan is something we welcome. But at the same time we have to recognise that there are forces at work in Pakistan. The terrorist groups that are active there until now were active only in the federally administered areas along the borders of Afghanistan. Now I think they have a grip over several parts of mainland Pakistan. If that process is not controlled, I think it has phenomenal consequences for the security and stability of Pakistan as well as our own security.

Question: Speaking of which, you mentioned the anniversary of the terrible events in Mumbai a year ago. India exercised, what I believe most observers would say was, rather remarkable restraint. As you look back on that decision not to respond or retaliate militarily, do you believe it was the right decision? And God forbid, if it were to happen that there were future terrorist acts against India, do you think that that restraint may have come at a cost?

Prime Minister: Let me say there was enormous pressure on me at that time. I resisted that pressure and I think the decision that I and our Government took was on balance the right decision. As regards

the future, I hate to speculate. I sincerely hope that that sort of eventuality does not arise. That is why I believe the world community has an obligation to impress upon Pakistan that it must use all its influence to curb the power of the terrorist groups. Pakistan has done something to control the activities of the Taliban terrorist groups in federally administered areas. But it is our sincere belief that it has not acted as it should have acted in dealing with terrorist elements who are using their energies to target our country, nor has Pakistan used all its machinery to bring to book all those murderers' gangs who perpetrated the horrible crime in Mumbai in which 2000 innocent citizens of our country lost their lives, several nationals of foreign countries, including six from the United States, two from Canada, lost their lives. Pakistan in our view should be pressurised by the world community to do much more to bring to book all those people who are responsible for this horrible crime. After all there is now impeccable evidence that the conspiracy was planned in Pakistan. It was executed with the active connivance of people who are still roaming around freely in Pakistan. Therefore, I respectfully request the world community to use all its influence on the powers that be in Pakistan to desist from that sort of behaviour.

Question: Two last questions and then I will open up. First, ...(Unclear)... with China. At the recent meeting between President Obama and President Hu, there was obviously, as everyone in this room knows, a reference to China's role in your part of the world. Is that something that India would welcome?

Prime Minister: Let me say that what happens between President Obama and President Hu is not our direct concern. We want the world to prepare for the peaceful rise of China as a major power. So, engagement is the right strategy both for India as well as for the United States. We ourselves have tried very hard to engage China in the last five years. Today China is one of our major trading partners. We have also to recognise that we have a longstanding border problem with China. We are trying to resolve it through dialogue. In the meanwhile, both our countries have agreed that pending the resolution of the border problem, peace and tranquillity should be maintained on the border line. Having said that, I would like to say that I have received these assurances from the Chinese leadership at the highest level. But there is a certain amount of assertiveness on the part of the Chinese, I do not fully understand the reasons for it, that has to be taken note of.

Question: Last question about China. There has been a lot of talk in the literature about the comparison of the Indian and the Chinese approaches to development. Why do you believe that India's is preferable, assuming that you do, given that China has grown at a higher rate for more years?

Prime Minister: There is no doubt that the Chinese growth performance is superior to Indian performance. But I have always believed that there are other values which are important than the growth of the Gross Domestic Product. I think the respect for fundamental human rights, respect for the rule of law, respect for multicultural, multi-ethnic, multi-religious rights I think those have values. Also there are several dimensions of human freedom which are not always caught by the ...(Unclear)... with regard to the Gross Domestic Product. So, I do believe that even though the Indian performance with regard to GDP might not be as good as the Chinese, certainly I would not like to choose the Chinese path. I would prefer to stick to the Indian path. Also, I believe India may appear as indecisive democracy at times and it does because many democracies are short-term maximisers, they are not able to take a long-term view. But I have also believed that once a democracy decides on the basis of a wide-ranging consensus, any reforms that are undertaken will be far more durable, will be far more effective than the reforms introduced by the writ of a ruling group in a non-democratic set up.

Question: Ladies and gentlemen, you have just been treated to an economist saying there is more to life than GDP. This is an important moment. That was a wonderful answer. Let me open it up to questions.

Question (Penn. State University): My question is in terms of your being a former Professor as well as Prime Minister. You mentioned the idea of partnerships particularly in higher education. Are there new areas that we should be considering and do they include areas like public engagement? And because you have such diverse populations like the United States, can we both learn from each other?

Prime Minister: Because of our diversity I believe there are enormous opportunities for us to enter into dialogue how to manage diversity. We have great regional disparities, and we certainly can learn a great deal from each other's experience of the type of exchanges that you have mentioned.

Question: Mr. Prime Minister, ...

Prime Minister: That is an unfair advantage. I do not claim to be able to answer your question.

Question: He is afraid I am going to revert to the economist mode.

An easy question, Mr. Prime Minister. In your earlier speech today, at the outset of it you talked economics being at the foundation of relations between countries and I wanted to ask you a question in that vein. Your government has negotiated free trade agreements with a number of your trading partners - ASEAN, Korea - and you are now talking with the European Union, Japan, Canada and others. My question is, what about the United States? Would you be interested in a free trade negotiation with the United States, particularly since in the absence thereof if you do complete trade agreements with all your other major partners you will be discriminating against the United States and it might make it more difficult to carry out the kind of relationship we all want.

Prime Minister: Well, there is no easy answer to your question. I do recognise the trade diversion affects of regional trading agreements. To your question whether we would like to have a free trade agreement with the United States, let me say that my first preference is that a multilateral trading system itself should evolve in a direction where there is a reduced role for trade distortion represented by tariff and non-tariff barriers. So, I sincerely hope that the Doha Round can succeed. We belong to a region where we cannot have tight regional arrangements like the European Union have. In our region, for various historical reasons we are not able to have a regional tariff union of the type that exists in some other parts of the world. So, our first preference would be that the multilateral trading system should evolve in a direction in which there is reduced amount of tariff distortion which distorts the flow of trade in goods and services. But I do have to recognise that today roughly more than 50 per cent of world trade takes place behind regional tariff walls and tariff agreements. If so, I have not studied this question but the Ambassador was telling me this morning that the United States has some hesitancy in talking about a free trade area agreement. I do not mind exploring the possibility of a free trade area with the United States.

Question (Michael ..., ... University Law School): Prime Minister Singh, it is great to see you again. My question is, in almost 20 years since you introduced some very significant reforms, we have seen a very dramatic change in the relationship between the Indian Government and the Indian economy.

As you look down the road, do you think in the next 20 years we will see as dramatic a set of changes in that relationship?

Prime Minister: I have no doubt about that. I said in my speech that our ambition is to ensure that the Indian economy grows at the average annual rate of about nine per cent which was the growth rate preceding the current year and the last five years. If our economy grows at a rate of nine per cent - 72 divided by 9 - in eight years we will double the national income of our country. Therefore, by 2020 India should join the ranks of middle income economies, if we do succeed in growing at the rate of nine per cent per annum. I am confident our growth is, unlike China's, not dependent on external stimulants. Our growth is largely fuelled by our domestic demand. Our savings rate is as high as 35 per cent per annum. Our investment rate in recent years has been as high as 37 per cent per annum. As an economist I know as a rough rule of sort, I think with a capital output ratio of 4:1, if you save 35 per cent of your GDP you should be able to reach a growth rate of nine per cent per annum. That is our ambition. And I am confident the Indian economy will move in that direction in the next two-three decades.

Question: What is the biggest impediment or what concerns you most that could get in the way of it?

Prime Minister: The concern that I have is the quality of our physical infrastructure. We need a lot more investment in infrastructure. We need lot more investment in human resource development, in education, in skill formation. These are the three critical constraints which we are trying to address. I am confident that over a period of time we will be able to address them. And I invite the United States' investors and the members of the academic communities and the university system to work with us so that we overcome these disabilities.

Question (David Gartner, Brooklyn Institution): Thank you Mr. Prime Minister for your remarks especially around the partnership between the United States and India around responding to global poverty and enhancing education for all children. My question is, given India's leadership now within the G20 as well as the bilateral relationship, do you see the G20 as a forum that could take on these issues of development? Given the Indian experience, my ...(Unclear)... is around something like education-for-all will be something that could be a first development initiative of the G20.

Prime Minister: The G20 is a very helpful evolution, and I complement President Obama for having taken the initiative at Pittsburgh to bring it about. But it is in its state of infancy. It is still grappling with the macroeconomic problems and ensuring that the idea of a peer review of the macroeconomic performance of the 20 countries take roots. But it could evolve. I have no doubt that it will evolve, but in which direction I think it is too early to predict at this stage.

Question: Since it may be a while before India can get a seat on the UN Security Council, would you favour, at least as an interim measure, the idea of the G20 taking on a political as well as an economic role?

Prime Minister: I am sorry I have not thought it through. As of now the G20 forum is a purely economic forum. From whatever I have heard, I do not think the other members are prepared to give it political muscle. I was with the Canadian Prime Minister a few days ago. He was our guest in Delhi. I raised this issue with him. He said, "No, no, no, as far as the G8 is concerned we want to maintain it because we want to discuss political issues. As far as G20 is concerned, we will discuss economic issues."

Question (John McCormack, Energy Policy Centre): Mr. Prime Minister, it is an honour to be addressing this question to you. When I think about the tensions in Pakistan, India, Afghanistan and

Bangladesh, I look 20 years out and I see that the common enemy for all these countries would be water. I have a feeling that the South Asian Association for Regional Cooperation could be a focal point for bringing all the Himalayan nations together to talk about their common enemy that is melting glaciers. I am wondering if the SAARC might find a way to expand its portfolio to include very aggressive adaptation because South Asian nations are victims, they are not perpetrators of climate change.

Prime Minister: I entirely agree with you that water is going to be probably the most critical determinant of our growth profiles in the 21st century and, therefore, the common Himalayan river system which meets the water requirements both of India, Bangladesh, Nepal and Afghanistan, I think we have to take a holistic view. But politics is the art of the possible. The way the SAARC region has evolved, it has not I think grown to the extent to which one can say that we are ready to take on this additional burden of water management. But I sincerely hope that in due course of time I think water will be one area where our relations of South Asia will have to think together, think collectively to find effective, practical, pragmatic solution to the problems of water management in our region.

Question (Sabira Qureshi, Independent Consultant on Gender Equality): It was encouraging indeed to hear your emphasis on factors other than hardcore economy and finance. In this regard you talked about democratic values and human rights. One sees India playing a leadership role in that region on so many fronts. I just wondered if you could tell us a little bit on the kind of role that you envision for India in terms of promotion of human rights, in particular women's rights, minority rights; and some bold steps for poverty alleviation.

Prime Minister: Human rights are enshrined in the Constitution of India and we are very proud of the fact that our courts are very zealous of protecting the human rights of our citizens. With regard to women's rights, our Constitution gives men and women equal rights. At the age of 18, all men and women can vote in all elections in our country. It is our ambition as a Party to bring about Constitutional changes where at least 33 per cent of all seats in our Parliament would be reserved for women. We have not been able to evolve a broad-based consensus. But that is a commitment that we made in our election manifesto of the Congress Party. We will make every effort to fulfil that. Today we have a situation where the President of our ruling coalition is a woman of extraordinary qualities, Mrs. Sonia Gandhi. The President of India is a woman. The Speaker of the Lower House of our Parliament is a woman. So, women are playing an important role. But I do agree with you that much more needs to be done, could be done, should be done. That is our commitment to our people. We owe it to them. We owe it to our women to improve their lot a lot more than we have done in the past.

Question: A wise comment for many gentlemen. Mr. Prime Minister, on behalf of both the Council on Foreign Relations as well as the Woodrow Wilson International Centre for Scholars, we really want to both thank you for honouring us with your presence. We appreciate both your insights and your candour. I know I speak for everyone in wishing you every success both in this state visit to the United States and perhaps even more important in the work that still lies ahead of you when you return to the wonderful country of India. Thank you very much again and all the best.

Prime Minister: Thank you very much.

(Concluded)

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