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Natural allies

Strengthening ties between the US and India

The two largest democracies are drawing closer together. People-to-people contact has always been strong, but at the political level India's proximity to the former Soviet Union, and the US to Pakistan and hence an apparent anti-India stance put distance between the two. But events of the last decade - including terrorism and territorial disputes - have resulted in India and the US shedding their cold-war-era baggage and attempting to write a new chapter in bilateral cooperation.

Indo-US nuclear deal should pull through

- An initiative that defines the growing relationship is the Indo-US nuclear deal, which reached a significant milestone with the 123 Agreement earlier this year.
- The deal was always likely to run up against stiff domestic opposition in the US and India, but owing to the effort of top leadership it should see the light of day.

123 Agreement delayed under opposition

- The 123 Agreement has faced strong resistance from the leftwing alliance of parties that oppose the growing strategic relationship.
- The Left Front believes the stronger relationship between the US and India is aimed at countering China's growing economic and political power in the world.
- With the UPA government under threat of losing power, the Prime Minister and the Congress Party leadership blinked and the deal has been delayed.

Xenia Dormandy: Director of the Belfer Center's Project on India

- Against this backdrop, we spoke with Xenia Dormandy on a host of issues surrounding the 123 Agreement and the growing India-US bilateral relationship.
- We also used the opportunity to discuss some of the political developments in South Asia and concerns regarding Islamic terrorist elements within Pakistan.
- Dormandy addresses the concerns of different constituencies on the nuclear deal and gives her views on the driving forces behind the growing relationship.

US-India strategic relations go far beyond the nuclear deal

- Dormandy believes that while the nuclear deal has been the centrepiece of the achievements, the relationship goes far beyond a single deal or issue.
- She also believes that if India were to take this deal to a new US government in 2009, it would still be approved by the US Congress.
- She points out that within the Indian and US administrations there is no desire to "contain" China and both countries are following a "hedge and engage" policy.

US President George W Bush and Prime Minister Dr Manmohan Singh in March 2006

Source: Government of India Press Information Bureau

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Xenia Dormandy

Director of the Belfer Center's Project on India and the Subcontinent

Xenia Dormandy is the Director of the Belfer Center's Project on India and the Subcontinent and a member of the Board. Prior to this she was the Executive Director for Research at the Belfer Center. Until August 2005, Dormandy served as Director for South Asia at the National Security Council (NSC) where she played a key role in coordinating the July 2005 visit of Indian Prime Minister Manmohan Singh that led to the new US-India Strategic Relationship.

Prior to her NSC post, Dormandy served as a Foreign Affairs Specialist in the Bureau of South Asia at the Department of State. Her major portfolios included counterterrorism, nonproliferation, Kashmir, and other law enforcement topics. During her tenure at the Department of State, Dormandy was also a Special Advisor at the Homeland Security Group, and an officer in the Bureau of Nonproliferation. Shortly after 11 September, 2001, Dormandy was detailed from the Department of State to the Office of the Vice President (OVP) to help launch the Office of Homeland Security Affairs.

Dormandy's articles and opeds on international security and intrastate conflict issues have been published in a number of publications including *The Washington Quarterly*, *The Washington Post*, *Boston Globe* and *International Herald Tribune*, and she has been interviewed on radio and television including *BBC World*, *NPR*, *Fox News* and *Al Jazeera*.

Prior to government service, Dormandy worked in the non-profit and private sectors in California, Israel and the West Bank, and the UK, and for UNICEF in New York. She is a graduate of the Kennedy School of Government where she completed her Masters in Public Policy. She earned her Bachelor of Arts degree from Oxford University.

Xenia Dormandy speaks to Anirudha Dutta

Anirudha Dutta Thank you for speaking to CLSA. I have divided my questions into three broad areas - Indo-US relations, the Indo-US Nuclear Agreement, and India and its neighbours. To start off, in what ways are India and the subcontinent critical to US interests?

Xenia Dormandy The greatest challenges that policy makers in the US and those of the broader world face today are in the areas of energy, environment, terrorism, extremism, water, non-proliferation, weapons of mass destruction, globalisation, economic growth and democracy. India and Pakistan influence almost all of these top foreign policy challenges. Even when you look at some of the countries we are particularly concerned about – Iran, China, Afghanistan – India and Pakistan have a role to play. South Asian countries are four of the top five contributors to UN peacekeeping forces today. So these two countries – India and Pakistan – and some of their neighbours are principle opportunities for the US but also principal challenges to US foreign policy. There is no way of achieving forward progress in any of those issues I mentioned without working with India, Pakistan, Afghanistan and some of the other countries in the region.

Anirudha Dutta Over the last three years, there has been considerable warming in relations between the US and India. What do you think were the key drivers towards this improvement?

Xenia Dormandy I will say that the change of stance began a lot earlier than the last three years. The real change in US and Indian attitudes was seen back in 2000, when President Clinton visited India on a five-day trip. Leaders do not normally do five-day trips. And this really transformed not just Indian feelings towards the US, but also the attitudes towards India of some of the elites in America. So I really think the transformation started to take place in around 2000.

After that visit, when the Clinton administration left, the Bush administration really picked up the baton. Our then-ambassador to India, Robert Blackwill, really drove that relationship forward. In the run-up to his presidency in 2000, President Bush queried why we were not working more with this huge democratic country, India. And then our ambassador really drove that thought forward. I often say to people that if you were to put a group of senior Indians and a group of senior Americans in different rooms and asked them to write up their global vision, they would come up with very, very similar papers.

What happened three years ago, and that is the date that you refer to, is that there was the summit in the summer of 2005 between Prime Minister Singh and President Bush. Summits are action-forcing events, and so what was really work-in-progress since 2000 was given a more concrete shape with specific goals. The summit of 2005 made a great leap forward in the bilateral relationship between the two countries in dealing with issues of great concern to both countries.

Anirudha Dutta When President Bush spoke about why the two countries are not doing more together, do you think it was a greater part of his vision of democracy in the world? Is that what was a key driver?

Xenia Dormandy If you think about the US-India relationship, this close strategic relationship that we are now forming should have happened decades ago. You have two large democratic countries with very, very similar visions for the world and

very similar intentions. We have like interests - whether it is on energy or the environment or on economic growth. In meeting some of the challenges of today on non-proliferation and weapons of mass destruction or what approach to take with countries such as China, and the growth of China, India and USA have a common shared perspective.

The awareness of our commonalities in these areas and more certainly started to hit the US government back in 2000, and it has really been a growth period since then. I think that the end of the Cold War in the early 1990s freed up a lot of opportunities for both the US and for India to rethink where their interests lay and who they should be working with. A number of other events in the late 1990s and the early 2000s – not least 9/11 in the US and the Kargil incursion in India in 1999 also had an impact on freeing up both countries to see each other in a different light.

Anirudha Dutta Were there any other triggers in 2000 that fostered the development of strong bilateral relations between the two countries?

Xenia Dormandy There were two key drivers that brought the two countries closer than ever before. The first was the Kargil incursion, when the US government came out for the first time against Pakistan and spoke up for India's position following that event. It really opened the eyes of many Indians that the US was not automatically pro-Pakistan. I think our position at that time surprised a lot of people. And then 9/11 in 2001 opened America's eyes to different dynamics going on in the world today, it also brought the realisation in India that both of our countries share many of interests, threats and concerns.

Anirudha Dutta You mentioned that individuals have been very, very important in driving this relationship forward. But President Bush and Prime Minister Singh on the face of it are two very different personalities. What do you think were the key factors that drew President Bush and Dr. Singh together? Their personal chemistry has worked very well and they put a lot of their own personal [reputation] at stake when they pushed through the 123 Agreement. What brought them close?

Xenia Dormandy I hark back to what I said earlier – it is the realisation on the part of both of the countries and their leadership of the importance of the other and the mutual concerns. In the case of President Bush, he cares very, very deeply about democracy, about freedom. And India is a fantastic representation of everything that President Bush stands for in this respect. India is a very loud and messy democracy and is enormously diverse, ethnically, linguistically, and religiously.

As America became less automatically supportive of Pakistan, or at least was perceived to be so after 9/11 and the Kargil incursion, it really opened the doors for India and its leaders like Dr Manmohan Singh to see America in a different light. And Prime Minister Singh, who is widely regarded as a very quiet but a very effective technocrat, saw the benefits of having a stronger bilateral relationship. I would also say that the relationship is not just between the two leaders, but is also very strong at the top echelons of both of the two governments. So it is people like Robert Blackwill, Condoleezza Rice, Nick Burns and Steve Hadley in the US administration and people like Shyam Saran, Menon and MK Narayanan on the Indian side, who truly see the benefits of this relationship and value the progress moving forward in the bilateral relationship.

The problem is that the belief, the understanding, is taking time to seep through our bureaucracies and so one of the greatest obstacles to this stronger relationship is the bureaucracy on both sides.

Anirudha Dutta That is an interesting observation. You mentioned that India-perceived US policy is not necessarily pro-Pakistan. It has been perceived that the US tends to club India and Pakistan together when it comes to South Asia and views the two countries through one prism. We have seen some strategic papers from different think tanks advocating that the US should stop doing this because India is a much larger, secular and democratic country. Do you think the old view within the US administration has changed forever?

Xenia Dormandy You can never say that any change is forever. The US announced about five years ago that it was "de-hyphenating" the India and Pakistan relationship. When the US said it was removing the hyphen, it meant that every time it (the US administration) talked about India, it no longer thought about Pakistan and vice-versa. It was very much the right policy, but what allowed us to do it was that both India and Pakistan wanted it to happen. So both nations effectively gave us the freedom to treat them both independently and to pursue separate interests with both.

We now have a strong relationship with India and with Pakistan, but they are both based on very, very different needs, interests and desires. What is interesting to see is it is not just the US that has been able to do this. China, which historically has had a very strong relationship with Pakistan, has also increased and improved its relationship with India in a significant manner. And of course we now see Sonia Gandhi in China and some wonderful press coming out of that. So it is not just the US that has done this, a number of other countries have done it as well.

What is most interesting to me is that in the last three to four years you can sit through a conference with a group of Indians, and Pakistan never comes up. So India itself and Indians have started to see Pakistan very differently than they did in the past. So that does open things up enormously for everybody.

Anirudha Dutta Moving onto the Indo-US nuclear deal, supporters of the deal in India believe that the US government gave considerable concessions to India in the 123 Agreement. What were the key factors that drove the US administration to urgently sign the 123 Agreement? Were there any regional geopolitical considerations driving the deal?

Xenia Dormandy I think the main factor in, as you put it, the "urgent" efforts to sign this deal concerns its timing with respect to the American political calendar. We have an election here in the US at the end of 2008 – November 2008 to be precise. The Indo-US nuclear deal, while supported by both Democrats and Republicans, is a sensitive enough issue that if you are going to have to vote on it close to the US elections, it is going to be harder to push it through. The Democrats would not want to give President Bush a win, and the Republicans would not want to stake their political reputations on this. And so in the US, if this deal is really going to go through before our elections, this really needs to go through the US Congress, its final hurdle, before spring - say May of next year. Some say earlier, but I believe April or May of next year is doable. Given this timeline, the IAEA (International Atomic Energy Agency) agreement between India and the IAEA and then with the NSG (Nuclear Suppliers Group) has to be completed before that. So the urgency was really based on a number of steps that need to take place before spring of 2008.

The other consideration was that it has been known from the beginning that this agreement was not going to get any easier for anybody to sign off on, both on the Indian and US side. This agreement is always going to be problematic for many in the US who believe that it is in some way weakening the non-proliferation regime and in India for those who believe that this is somehow tying India too tightly to the US. It was always going to be difficult as we reached the final stages of the agreement. So in many ways, it is better to get the hard work over and done with as quickly as possible. And then there are many, particularly on the Indian side, who believe that this deal should have been done a long time ago and that we waited too long.

I do not really think that there were any significant geopolitical considerations in that decision, although you will often hear about China and Pakistan's role in the India-US relationship. I do not think that has any role to play in this agreement.

Anirudha Dutta Do you think that this deal from the US side is anything about setting an example to countries like North Korea or Iran that if there is a responsible nuclear state that was not part of the NPT regime, it could have successful relations and exchange of technology with the NSG?

Xenia Dormandy I do not think that anyone should place India in any sense in the same sentence or even paragraph with Iran or North Korea. Clearly, it has been a criticism from many in the US that this deal weakens the non-proliferation regime and how do we on one hand do this deal with India and on the other hand sanction North Korea or Iran. But as you know, and as India knows better than even the US, India has always conformed to international systems even when it has not been part of the international system. Iran and North Korea have not.

So I do feel there was a strong sense by those who support this agreement in the US that India "inside the tent" is a very powerful player, a better place for it to be than "outside the tent." But again, that is one of the reasons to move the deal forward. The environmental and energy issues in India are also very strong reasons to move quickly. But I do not think any of those factors were really central in the drive to get this done this year.

Anirudha Dutta There is considerable debate in India – we have seen some quotes in the local press as well as from US experts - how the Hyde Act will override the 123 Agreement. President Bush meanwhile has gone on record saying that the Hyde Act provisions are advisory in nature and not binding on the President of the US. What is your interpretation of that?

Xenia Dormandy Most of the concerns that the Indian government has raised about the Hyde Act are non-binding elements of the bill. We have a section in our acts that normally starts off the act and says "It is the sense of Congress that…" and then there are a number of paragraphs. So the comments in the Hyde Act that refer to Iran, for example, are in "the sense of Congress…," and that is not binding on anybody. That is just an opportunity for Congressional leaders to really say what is going through their minds.

So many of India's biggest concerns regarding the Hyde Act are absolutely non-binding ones. That being said, there are some, one or two that are not non-binding. For example, there is a statement in the Act that says that if India were to test nuclear weapons again, the US would stop all assistance including all civilian nuclear assistance. But in those cases, the 123 Agreement finds ways of getting around the particularly tricky clauses. So in

this particular case, the 123 Agreement details a way to allow the US to work with India to ensure that it manages to get all the resources it needs from other sources if we need to stop cooperation.

In terms of which will take supremacy – the 123 or the Hyde Act – the 123 has to go back to our Congress and that is the last stage in this process. The 123 Agreement will be sent to Congress and Congress has an opportunity to either vote it up or down. Congress does not have the opportunity to change the language, but just to vote yea or nay. As the last document to go through, the 123 Agreement will have at a minimum an equal strength to the Hyde Act, if not regarded as the most recent document in this issue.

The other thing to note is that President Bush, when he signed the Act, also added to it a signing statement that much of the Act was advisory in nature. A future President – be they Republican or Democrat – will have to choose how to interpret that. But it does certainly give wiggle room to a President to choose which elements of the Act to take literally and which to take in the sense of what they are intending, rather than the specific language.

Anirudha Dutta Even the BJP, which started the process of a stronger relationship with USA, has opposed the India-US nuclear deal. What are your comments on their criticisms and objections? For example, one of the things they mention is that transfer of items of dual use will be submitted to the respective laws of the two countries. The Indian side believes that the Hyde Act will have supremacy over the 123 Agreement in such a situation.

Xenia Dormandy Absolutely not. When the 123 Agreement goes through our Congress and is voted upon, that is the last Act in this series. So we will be able to conform to the 123. Equally, the 123 does reflect the Hyde Act. But anything that is written in the 123 we will be able to do. It was written in such a way that it would reflect the Hyde Act, but also allow space for manoeuvrability.

The principal argument, as I understand it from the BJP, is that if India signs this agreement, it will limit India's strategic initiatives, ie the nuclear weapons programme. I think it is fairly clear if you read the 123 Agreement that this is not the case. It explicitly says in that document that both India and the US have the freedom to pursue their nuclear weapons programmes independently. The 123 Agreement is exclusively focused on nuclear technology for civilian use. And so the BJP's argument, that one in particular but others like the concern of cut off of fuel supplies as India tests a nuclear weapon, are really made clear in the 123 Agreement and to some degree in the Hyde Act. If you talk privately with the leadership of the BJP, which I have done, they will tell you quite frankly that if they had been in the administration and they had gotten this deal, they would have signed it like a shot. So there is a very strong sense that this is a political posturing from the BJP. But nevertheless, frankly the BJP has said it would support this deal if it was in power and the fact remains that this is not the case at the moment."

Anirudha Dutta Undoubtedly so. In a recent interview, the erstwhile national security advisor in the BJP government said there is no way you can say no to this deal.

Xenia Dormandy It was very interesting to watch in September many of the comments that were coming out from the Left Front and the Communist parties. They were clearly against the deal because it is with America. Their opposition is not on the content of the deal but much more to the fact that this deal is the harbinger of a closer India-US relationship. And the BJP leaders then came out and said,

"We do not stand with the Left on this. This is not about opposing a strategic relationship with USA." And they are really trying to find their way through this. While not wanting to support the deal for political reasons, but nevertheless having a lot of trouble fighting it because it is something clearly they would have signed if they had the opportunity to do so.

Anirudha Dutta Apparently a paragraph in the 123 Agreement with China specifically states that domestic laws will not be invoked to justify the failure to perform a treaty. Do you think a clause like this would have allayed Indian concerns, and do you think it is something that can be changed at this stage?

Xenia Dormandy I do not believe that the 123 Agreement can be changed at this stage. I do not think that it can be changed in the US for political reasons and I do not believe it can be changed politically on the Indian side. The fact that it took as long as it did to negotiate, and is as sensitive as it is, tells you that what they have managed to do is find a very small area of middle ground that both sides can live with. So I do not think anything can be changed now.

Having said that, if you look at the Hyde Act and you look at the 123 Agreement, everything that India wanted, it has got. The things that we cannot give India, in the 123 Agreement we have found ways to address India's concerns. For example if the supplies of technology and fuel is cut off when India tests nuclear weapons and if India suddenly finds that it has no resources, then the agreement provides for ways around it to ensure that India gets the supplies. So I think the 123 Agreement takes a very careful line between meeting India's concerns – constant supply of materials - and also meeting US laws that we cannot change.

Anirudha Dutta The 123 Agreement says that the US will work to ensure uninterrupted supplies through other members of the NSG if the US stops supplies. At the same time, there is a provision in the Hyde Act (Sec 102(13)) that says the US should not seek to facilitate or encourage the continuation of nuclear exports to India by any other party. Which agreement/act will prevail if such an eventuality arises?

Xenia Dormandy As I mentioned, the 123 Agreement will have to go through US Congress and if the Congress signs off on the 123 Agreement, then everything in the 123 Agreement is law. And therefore US government is allowed to act as per the provisions of the 123 Agreement. You can consider it as an amendment to the Hyde Act, as the next round of the Hyde Act as it were. If it is written in the 123 Agreement, we will be able to do it. That is the bottom line.

The Hyde Act has, as I mentioned, sections that are the sense of Congress, sections that are mandated, and the President added to it a signing statement that explained very, very clearly how the Hyde Act should be treated. The 123 Agreement comes subsequent to the Hyde Act. The 123 Agreement makes it very, very clear what is possible. It will be signed by Congress, hopefully and when it is signed by Congress, it becomes law and it is as powerful, if not more powerful than the Hyde Act, which is an earlier stage of the entire civil nuclear agreement.

Anirudha Dutta Is it because it (the 123 Agreement) comes after the Hyde Act that it is more powerful? Is the Hyde Act not a law in the sense that the 123 Agreement will be once the US Congress votes it up?

Xenia Dormandy They are both laws. The 123 Agreement is the interpretation of the Hyde Act. So the 123 Agreement gets into the nitty-gritty, gets into the exactitudes of how to implement the Hyde Act. In that sense, you can see it as the next stage in the negotiations.

Anirudha Dutta You mentioned earlier that the next president will have some room in interpreting some provisions of the Act/agreement. Do you believe in the language there is some amount of ambiguity in the 123 Agreement which leaves it open to interpretation on both sides and the interpretation of these and subsequent acts in the future will actually depend on the political equations between India and the US?

Xenia Dormandy I think it has always been the case that laws - domestic and international – will be interpreted differently by different parties. I think the value of the 123 Agreement and the reason that we always do 123 Agreements like this in such circumstances is it makes everything very specific. It brings the specificity down to what is otherwise a general concept. So in July 2005, President Bush and Prime Minister Singh announced in their joint-statement a general concept that the two countries were going to work together towards full civilian nuclear cooperation. The next stage was the Hyde Act and the subsequent step was the 123 Agreement. At every level, we have gotten more specific and hence there is a lot less ambiguity in the 123 Agreement. And that is what it is designed for – to have exactitude so that both sides have comfort about what is going to take place and that is also why it is so hard to do and why it took so long to finalise.

Anirudha Dutta Right. Critics within the country also refer to what happened to the 123 Agreement of 1963. The US unilaterally terminated all fuel supplies to India and maintained that "India had violated the intent of the US domestic laws" and, therefore, refused to take back the spent fuel or allow India to reprocess it. Is there some way you can allay concerns of the critics now?

Xenia Dormandy The 123 Agreement now makes it very, very clear what is possible in terms of reprocessing and enrichment. So some of those concerns you just mentioned are specifically addressed in today's 123 Agreement. The 123 Agreement also lays out what happens if for some reason or another the deal breaks down, and again it lays out very, very clearly the repercussions of that. So I think both sides have thought very clearly about what would happen if something were to break down, what would happen if India were to test and under what circumstances one or both countries would pull out of this agreement.

Anirudha Dutta On the timetable which you spoke about earlier, within India we were hoping that by October we would have opened negotiations with the IAEA for country-specific safeguards. Now that that has not happened, do you think April is the latest we can go to the US Congress in 2008? What is the timetable then to approach the IAEA if we are to have a hope of reaching the US Congress in time in 2008?

Xenia Dormandy Yes, I think that is the date that one should work towards. If you want to get the deal signed next year, it has to be done by April - May, which means then you have to work backwards – how long does one need to have NSG discussions? The US can call a special meeting of the NSG. I would say that it has to happen by the beginning of next year, which means that by the end of this year, the IAEA agreement must be signed between India and the IAEA. That is really pushing the timetable as much as one could and leaving it as late as one could. Having said that, when Dr. Mohamed ElBaradei was in India

recently, he said the agreement between the IAEA and the India government would not take more than a week or ten days to put together. So there is still time, but certainly the longer you leave it, the tougher it will be to get through our Congress, although I do believe it will get through our Congress. Otherwise you have to wait until 2009 when we have a new leadership here and possibly a new leadership in India.

Anirudha Dutta Do you think there have been any implications of such a delay for President Bush in the US domestic environment? What has been the reaction in the US administration when it first heard the deal may be delayed, or shelved for some time? Is there a public awareness and opinion in the US on this deal?

Xenia Dormandy Yes, the deal is very hotly debated in the media and it is hotly debated in Washington DC. But it is not very different from the way it is debated in India. When you get down on the streets, people do not know much about it and they do not care much about it. So it is only people who are in the political environment, or the policy environment that really get very concerned and are very tuned in into what is going on.

In terms of what are the implications of such a delay for President Bush, and what has been the reaction - clearly the US and US government officials are very disappointed that the deal is on hold. They have put in a lot of work to make this deal happen, they have put a lot of work into moving it forward. And there is a lot of disappointment and frustration that we have achieved this much and now there seems to be a problem.

The implications of any delays are that it will strengthen the hand of those who are opponents of this growing bilateral relationship – these are primarily the bureaucrats on both sides, not the people at the top echelons in the government, but lower down. This will strengthen those people who still have not realized that there is a new India, or realized that there is a new America. And it will strengthen the position of those people on the US side who do not really trust India.

Having said that, I think the cost can be minimal in real terms if both sides take advantage of this break to focus on other bilateral issues. When this was announced in July 2005, there were eight initiatives that were put forward at the same time. None of them got the same attention, but nevertheless, it was really an indicator of the strength and the depth of the bilateral relationship. If you talk about a strategic relationship, it means that there is more than one issue tying these two countries together. And so if the two governments put the same political will and energy into the some of the other things that are on the table – be it space, or agriculture or environment or energy or economics - then there is absolutely no reason why this should not be a temporary halt in this particular aspect of the relationship that will finally be resolved in 2009.

Anirudha Dutta But you do not think the two governments, or the key architects, will be disappointed and not take the other parts of the strategic relationship forward?

Xenia Dormandy Absolutely not. If you look at it from the US perspective, the US-India relationship is truly strategic. It is a word that is often used by the US administration. Your Prime Ministers have called this relationship between the two countries as between "natural allies." The relationship thus goes far beyond one issue. In the US, President Bush – regardless of what happens with the civilian nuclear deal – will clearly be able to show that during his

tenure he has transformed the US-India relationship. That is the case regardless of what is the outcome of this deal in the short term. The same is true in India, and so this clearly does not need to be treated as a problem, as something to sulk about. I think it will be an opportunity for everybody to start working on some of the other issues more intensively then they have had the time for in the past.

Anirudha Dutta While the governments were probably not warm to each other in the past, clearly on the people side, between India and USA there has always been a very strong interaction and a lot of respect for opportunities in the US.

Xenia Dormandy I would mention one statistic. When the Hyde Act went through the Senate, it went through a vote of I think of 85 to 13. It is utterly non-partisan. This transformed relationship was started during President Clinton's era and it moved on to President Bush. On the Indian side, it was started by Prime Minister Vajpayee, and moved on to Prime Minister Singh. This is non-partisan on both sides. This is a real recognition, a ground swell if you will, by the elite and business particularly on both sides and even students. We have more Indian students in the US – I think it is something like 80,000 now - than any other nation, including China. There has been a huge transformation in this relationship.

Somebody told me a statistic that something like half of the new entrepreneurs, the new businesses being started up in Silicon Valley are being started by Indian Americans or Indians, people of Indian heritage. That is an enormous statistic.

Anirudha Dutta Apart from the highly educated Indians who have gone to the US and contributed significantly, there are others from the people who run the motels to taxi drivers who have integrated to the American way of life. Look at the motels. I am told that about 75-80% of the motels in the US are owned by one community from Gujarat.

Xenia Dormandy Yes, these are indeed very impressive statistics that really do show that this is more than just a government relationship. This is more than just an elite relationship.

Anirudha Dutta What do you think will be the implication for India in the global arena if the deal falls through because of India's domestic political scenario?

Xenia Dormandy Much the same I mentioned vis-à-vis the US. It depends on how both governments play it. Clearly there is going to be a possible lowering of trust, as other nations would not want to go to the mat for India, as it were – some will say they do not trust India to pull through to the end, so they are not willing to put the political will on the table – that is quite possible. But again, most democratic governments understand political constraints. We understand that there are some things that can and some things that cannot be done and that timing is very important.

From the Indian perspective, it has a strong incentive to really push some of the other elements of the relationship forward so that this relationship is clearly not built on just this one issue of the civil nuclear deal. It will make it slightly harder for Prime Minister Singh. But again I believe that if the government takes that approach, which is to focus on some of the other issues, it should not have too many negative consequences.

Anirudha Dutta If the Indian government wants to sign the deal in 2009, what do you think will be reaction of the US government assuming (1) there is a Democratic president or (2) there is a Republican president? We have been reading in India that the current two leading democratic presidential candidates – Senator Clinton and Senator Obama – are both fairly cool to cold to this deal.

Xenia Dormandy I think it is politics that you are seeing. Regardless of whether you have a Democratic or a Republican president, if India wants to push it through, the deal will be completed. If you look at both Senators Clinton and Obama, they both supported the Hyde Act. They both voted for it. Senator Clinton is co-founder and co-chair of the Senate India Caucus. They are both very pro-India. You just need to look at Senator Clinton's piece in the latest Foreign Affairs to realise how highly she regards India.

The Indian lobby in the United States is now regarded as second only to the Israel lobby - incredibly powerful and it really has become so over the last two years. So regardless of whether we have a Democratic or Republican president, if this same deal comes to the table in the two years, it will be a fight, it will be hard to push through and we will have as much political debate here as you do in India, but this deal will go through.

Anirudha Dutta How does the US administration view the present crisis engulfing the other South Asian countries - Pakistan, Nepal, Bangladesh, Sri Lanka. They all seem to be in turmoil.

Xenia Dormandy Except Pakistan, there are no particularly new crises. Bangladesh has been going through crisis for quite a while now. You have had two leaders who have both held leadership positions but neither of whom have expended much effort in governing the country. In the case of Bangladesh, the US considers democracy the most important priority. The current government needs to keep to the road map that it has announced for elections. The present government's efforts to run a legitimate election process and reduce corruption are widely supported by the US government, although there are some concerns about some of the numbers of people that have been arrested. The media has mentioned that as many as 150,000 have been arrested in Bangladesh. But again the lack of governance is something that we are used to in Bangladesh

I would say the same about Sri Lanka. You have the LTTE and the government fighting one another. Again, they have been doing this for decades with periodically the violence increasing and diminishing. Traditionally when one is winning militarily, they refuse to negotiate until there is a breakdown point, then they will both negotiate briefly and then the other will start winning militarily. For the last year or so, the Sri Lankan government has been winning militarily, so it is not willing to negotiate. But there is a strong sense that we will be back towards some level of stability in Sri Lanka eventually. There is no military solution to the conflict – that is very clear to us. We still have the four parties – the EU, Japan, the US and I think it's Norway - working together to bring both parties towards peace.

The same is the case in Nepal – it has been quite positive over the last year in terms of moving forward on an election process and in a political manner. The Maoists appeared to be moving away from their desire to achieve objectives through violent means. But that appears to be breaking down and it is greatly disappointing. The US still maintains that the Maoists are a terrorist group and will do so until they say that they no longer support

terrorist means to achieve their ends. But if they pledge to work through the political process, I think the US would probably support that. Meanwhile, we want to see elections held in that country, which have been long in coming.

In terms of Pakistan, it is clearly a bigger problem made significantly worse by the recent State of Emergency called by President Musharraf. In addition to the current political instability, every indication both on the ground and through intelligence reports, such as the one recently released by the US government, is that over the summer militancy increased in Pakistan, and it is again becoming the epicentre and the safe haven for Al-Qaeda and the Taliban. Again, I think the biggest US priorities there are stability and democracy. Both of these have been very, very high on our agenda for quite a while and that means working against the militants, it means fighting against them in the North-West Frontier Province (NWFP) and Federally Administered Tribal Areas (FATA), it means fighting against them in Kashmir, where they are believed to still reside. While these issues are very high on our list, we also have other priorities with Pakistan and that complicates matters, not least now a return to democracy and national elections that were due by January 15.

We also care very deeply about the A.Q. Khan situation of a number of years ago and there are some who still wonder whether we have really shut down his network. But first and foremost the US wants to see stability and a democratic process take place in Pakistan over the next few months.

Anirudha Dutta Do you think the US has been soft in the sense of not asking for A.Q. Khan to be submitted for questioning? Is the US really certain that the entire network has been eliminated?

Xenia Dormandy The US has had an opportunity, as has the IAEA, to ask questions of A.Q. Khan through the Pakistani military. So we have had opportunities to have all of our questions asked repeatedly. There is a level of comfort in being able to ask them yourself and I think the US and the IAEA would have liked to do that, and would still like the opportunity to do that. On the other hand, we do have to recognize a country's sovereignty and that this is an individual that was arrested and subsequently pardoned by the Pakistani government. If the Pakistani government prefers not to give the international community access, then we have to recognise their sovereignty in this.

However, there is a high confidence that we have shut down, Pakistan has shut down, the A.Q. Khan network. But again I think everyone would like to have more confidence in this result – a level of surety that is really necessary on such a threatening issue.

Anirudha Dutta Does the US administration really believe that A. Q. Khan was acting on his own without any support from the government or the military or ISI?

Xenia Dormandy I think there is little question as to whether A.Q. Khan had to have assistance in setting up and running his nuclear network. The important question is whether what support he had came from individual military officers working independently for their own aims or merely turning a blind eye, or whether there was more institutional support from the military. I believe that any military support was in the form of individuals either actively or passively allowing the network to function. There are real costs associated with such a network from a government perspective that makes it extremely unlikely that this was something endorsed by the military as an institution. Clearly, given that we do not appear to have evidence to support the military's involvement, we must dismiss this option.

Anirudha Dutta In India it is believed that the US really looks at terrorism through two prisms – one is global terrorism – Al-Qaeda, etc. – and separately from what is happening in Kashmir, and the rest of India where we have seen a spate of terrorist attacks. Your comments?

Xenia Dormandy I think there are two parts to the answer. I think America condemns terrorism in all of its forms wherever it takes place. I think that the US terrorist list includes Kashmiri groups like Lashkar-e-Taiba, Jaish-e-Mohammed, etc. and is evidence of the importance the US gives in its fight against terrorism anywhere in the globe. In many respects, I think the US believes terrorism in all of its forms to be equally dangerous and something that should be countered.

On the other hand, different terrorist groups have different objectives. There are some that want local independence, there are some that are fighting for a Palestinian state, there are some that are fighting based on ideology and there are some that are fighting for a caliphate – to create Islamic nations across the globe. Each of those requires a different strategy to break it down.

I do not think anybody would suggest that the way forward is to have a cookie-cutter approach to fighting terrorism. I think that you have to recognize that on the one hand, the US takes terrorism in any form very, very seriously and does everything in its power to stop it. But on the other, there are different strategies that you should be using against different groups. The strategy that you should use against the LTTE is very different from the strategy that you might want to use against Al-Qaeda, which has very different aims. So the US does try to take what it believes to be the best strategy working with other countries to break down these groups, including Kashmiri ones.

Anirudha Dutta You mentioned Lashkar-e-Taiba and Jaish-e-Mohammed. They get banned periodically, then just pop up with another name and just carry on the same activity. We believe it is a problem that continues unabated.

Xenia Dormandy And then the US adds the new identity to its list of terrorist groups. And that is the problem. It is often discussed in security issues that offence moves faster than defence - every time the offence finds a new strategy like changing names, defence finds a new strategy to counter it, but then offence finds another one. This is the game we have to play. We do not have an alternative.

Anirudha Dutta There have also been some reports in the media that the US sees India as a potential counterweight to China's growing influence in the region and that is one of the principal reasons for the objection of the Left Front to the 123 Agreement. Do you believe this view is true, and this is one of the key drivers of the better relationship between the two countries? There have also been recent reports about the US, Australia, Japan and India alliance.

Xenia Dormandy India has made it very, very clear that it has no interest in being a counterweight to China. America, I believe, has also made it very clear that we have no interest in India being a counterweight to China. Both India and the US have a very similar policy to China, which is termed here as 'hedge and engage'. India and China have announced military exercises together. There are multiple bilateral initiatives, politically and economically, that are being taken and now Sonia Gandhi is visiting China with a high level delegation of the Congress Party including her son. The US is taking a not dissimilar approach. We talk about strategic issues. We talk about military issues. We are trying to build closer relationships – between the US and China but also India with China.

At the same time, there is a lot of uncertainty about the direction that China is taking and will take. Its military buildup is of concern to all parties. And so it is only sensible to hedge against the possibility that China takes a path that is not constructive. I think both the US and India have the same attitude towards China and that does not mean building a counterweight against it. That is not a helpful strategy to take. Having said that, it would be naïve not to acknowledge that if China takes an aggressive stance, then actually the threat to India is probably greater than it is to the US. And as such, the India-US relationship would be a strong bulwark against an aggressive China. I do not think that is a *raison d'être* of the relationship between India and USA and in fact, I can guarantee that when I was in the US government it wasn't. In the same way that Pakistan does not come up when you talk about India, China did not come up when we talked about India. However, it would be naïve not to say that there isn't a potential added benefit if China were to take an aggressive stance.

In terms of the quadrilateral – my personal opinion is that it is a waste of time. We already do and can do everything we want to with one another. We all have close relationships with one another. The only impact of the quadrilateral is to antagonise China. I do not think that is helpful, so I am not a supporter of the quadrilateral at all.

Anirudha Dutta Right, but do you think there is a move towards that?

Xenia Dormandy I think there is a lot of hesitation on the part of all the members of the quadrilateral. It was a suggestion, I understand, originally by Japan, by Prime Minister Abe that we do this. The US was very reticent in joining a quadrilateral alliance, as was India. And I think that the structure that it has taken – it is an ad-hoc group, not a formal organization – reflects this. They meet when they all happen to be together for other meetings in a very informal manner and it indicates exactly how nervous all the governments are about doing this. I do not think that is going to change.

Anirudha Dutta It is widely believed that Pakistan is the most dangerous place on earth and there is not much to go against Iran. Your views?

Xenia Dormandy It is clearly not the case today that Pakistan is the most dangerous place on earth. Despite having nuclear weapons, there is every indication that these weapons are properly secured. In addition, while one may be concerned about the stability of the current government, given the enormous control and strength that the Pakistani military has in the country, even if President Musharraf were to fall, the military would retain control. Finally, despite the oft made argument that extremism is rising in Pakistan, it should also be recognised that the religious parties only gather about 5% of the popular vote (11% in the last election when the other secular parties were clamped down on by the Musharraf government). I do not think we are in a danger today of extremists gaining control of Pakistan.

However, I believe that this equation could change in five or 10 years unless something is done to encourage Pakistan's democracy. Unless the moderate majority in Pakistan feels they have a legitimate way to express their views, they could pursue in time more violent means.

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