

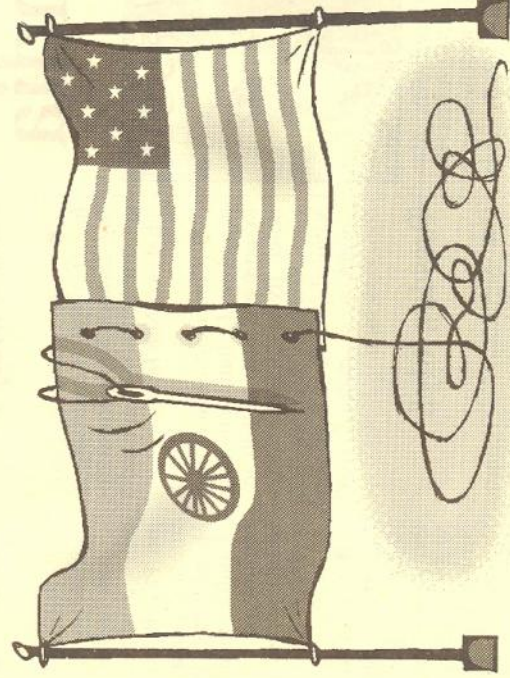
Will it be another lost opportunity?

There is a huge burden of responsibility on President Bush and Prime Minister Singh to reach out to each other but keep expectations modest and to translate the relationship into something far more substantive, says **Tarun Das**

IN LESS than three weeks, Prime Minister Manmohan Singh is to drive into the White House in an unusual environment of bonhomie between the US and India. From 1947 to 1999, the US-India relations have witnessed many ups and downs, mostly downs. In early 2000, President Clinton landed in Delhi on the eve of Holi on a 5-day, 5-city visit which began the process of a turnaround in Indo-US relations. This process was not only continued by President Bush but he also widened and deepened it despite his preoccupations, post 9/11 and Iraq. In the current year, with President Bush in his second term, the sounds of a new substantive bilateral relationship have grown beyond all precedent.

At a time when the principal focus of domestic policy is on eradicating poverty and generating hundreds of millions of new jobs and self-employment opportunities, what can India seek from the US? Clearly, resources. The days of aid are gone. The days of trade and investment are here. If one Posco from South Korea can commit \$12 billion investment, can't 15 or 20 US companies invest a total of \$100 billion over the next 10 years? India's economy provides the opportunity. The US engagement on this scale is achievable. A \$100 billion investment will work for both the US and India. This is target No 1. This is 66% of the \$150 billion required for Infrastructure development.

On the trade front, whilst both want to increasingly access each other's markets, India has a reasonable trade balance in its favour which the Boeing orders will gradually redefine. However, India can connect trade with local manufacture through negotiation and facilitation (both of which are often inadequate). On a fresh import order of \$10 billion India can certainly ensure \$2 billion worth of domestic manufacturing and connected employment. Some of this will be government-led, much of it in the private sector. The bilateral trade target needs to be \$50 billion per year.



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This would be target No.2, so that the current trade of less than \$25 billion becomes history.

The mistrust and mutual suspicion between the US and India has resulted in one key issue: denial of high technology from the US to India and it is high technology which the US excels in. Sanctions, entity lists, concerns about dual use, etc., have all deferred mutuality and cooperation in this area. The sounds emanating from the US, now, are very different. There seems to be a window opening on space, nuclear and defence technology transfer. If this happens, in spite of the reservations of many of the "old-timers", this will be a breakthrough not only in trust building but, more important, in India's national security development in a regional environment which has its concerns. This will also lead to employment, self-employment and spin-offs in terms of business opportunities for industry both in manufacturing and services.

When technology cooperation is put on the agenda, the focus must be on energy. Not just nuclear power, which is

Knowledge Commission can play a major role as facilitator. Specifically, in the services sector, India and the US should start talking about a future FTA. The services sector can provide an annual business of \$10 billion a year and rising.

On the "soft" side of development, are education and health so critical to India. The US universities are global leaders. US institutions in health, in disease research and control, are legendary. And, India needs to enhance civil society's contribution to development. This is one broad, but essential, area for partnership which will bring long-term benefits to both and ensure people-to-people and institution-level contacts on an unprecedented scale. And, irrespective of US problems on corporate governance, their experience is certainly worth learning from, even if it is to avoid their course of action.

These issues could form a mutually useful agenda for discussions in the White House on July 18, but the key will be to focus on follow through and implementation. Finally, it is always necessary to remember that there is a history of mutual mistrust which will not disappear on the July 18.

But, what July 18 can do is to start a new, sustained process of building trust. And, this is a long haul. Losing trust is a moment's work. A US preoccupied with security threats and concerns struggling to maintain growth and competitiveness, striving to arrest the decline in employment is both a super power and fragile. India has its own numerous complexities of a multi-cultural society with 600 million people living in the rural areas.

There is a huge burden of responsibility on President Bush and Prime Minister Singh to reach out to each other but keep expectations modest: to translate the relationship into something far more substantive and to do so recognising national interests. July 18, 2005 will make history — it can set the framework for a new roadmap or it can be another lost opportunity.

hitting the headlines, but non-conventional energy, wind, solar, etc., which can help transform rural development. Thermal power generation, transmission and distribution, on a massive scale so that power shortages in India are a thing of the past, too must be addressed.

ANOTHER dimension of energy cooperation must necessarily be oil and gas and the development of these resources in India with US engagement. Not necessarily just to get into exploration but also into the full range of equipment manufacture and services. This could generate competition and benefits for the Indian consumer. The entire energy area provides scope for more than \$50 billion worth of partnership in the next several years.

The knowledge economy and industries pharma, biotech, IT, etc, of course, offer enormous scope for partnership. Some of this is happening but it's only the tip of the iceberg. By 2010, the cooperation in these areas could multiply tenfold because of the scale of opportunity and capability on both sides. The