

## OPPORTUNITIES UNBOUND: SUSTAINING THE TRANSFORMATION IN U.S.-INDIAN RELATIONS

ASHLEY J. TELLIS

The evolving U.S.-Indian strategic partnership holds great potential for both countries. India's economic growth and its ties to the United States can assist its global rise, which contributes to keeping the peace in Asia, provided New Delhi and Washington sustain concerted cooperation. And India's emerging markets promise to be the key instrument for enlarging India's power while remaining a rich opportunity for U.S. businesses. The 2008 U.S.-India Civil Nuclear Agreement did away with the biggest obstacle in the relationship—India's murky status in the global nonproliferation regime. Both sides must now take steps to make the partnership fruitful.

### Key Themes

- Expand the basis for collaboration. Indian policymakers should appreciate that the best way to deepen the U.S. commitment to the partnership is to work concertedly with Washington.
- Undertake planned second-generation economic reforms. India should do away with archaic protectionist policies and openly embrace economic reforms.
- Encourage foreign direct investment (FDI). New Delhi should open those sectors where FDI is currently not permitted and increase the caps on FDI in those areas where it is currently allowed.
- Improve defense cooperation with key states. India ought to take advantage of the wealth of technologies available only to Washington's closest partners and establish greater operational ties with the United States to boost its military effectiveness without forfeiting strategic autonomy.
- Influence Iranian calculations. As one of Iran's biggest trading partners, New Delhi should quietly urge Tehran to abandon its nuclear-weapons program in order to avert a conflict that threatens important Indian interests.

### Recommendations for U.S. Policymakers

**Explore a free-trade agreement with India.** Washington should pursue such an accord on a specified deadline while negotiating various arrangements to lower bilateral trade barriers in the interim.

**Sustain leadership attention.** Even if New Delhi does not reciprocate every U.S. initiative and retains its traditionally independent foreign policy, the United States should devote senior leadership attention and create effective bureaucratic arrangements to expand the relationship with India.

**Seek a deeper partnership on Afghanistan.** Washington should encourage the Indian government to increase its political and material contributions to the effort in Afghanistan.

**Build up India's defense capabilities.** Adding to a strong foundation of military-to-military cooperation, Washington should make it easier for India to purchase advanced American defense technology and cement defense-industrial cooperation.

### ABOUT THE AUTHOR

*Ashley J. Tellis is a senior associate in the South Asia Program, specializing in international security, defense, and Asian strategic issues. Tellis was formerly senior advisor to the U.S. Undersecretary of State for Political Affairs.*

### CONTACT

Scott Toussaint  
Government Affairs Manager  
(202) 939-2307  
stoussaint@ceip.org

Charita Law  
Media Manager  
(202) 939-2241  
claw@ceip.org

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