
Third EU-India-US Trialogue 2008

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The international activities of the Konrad-Adenauer-Stiftung aim at implementing the principle of non-violent conflict resolution, supporting democracy and the rule of law, respecting human rights, furthering mutual understanding, respect, appreciation and cooperation between different nations, cultures, ethnicities and religions. KAS also promotes the unique German social market economy concept: a holistic concept of a sustainable market economy encompassing well-balanced economic, social, ecological and ethical development, providing help towards self-help in development, fighting the causes of poverty and encouraging environmental protection (*Soziale Marktwirtschaft*).

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The Konrad-Adenauer-Stiftung is named after the first Chancellor of the Federal Republic of Germany and is guided by the principles of Konrad Adenauer (1876-1967) who was one of the founding fathers of a modern, peaceful and truly democratic Germany and of a united Europe.

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In Germany, KAS – in addition to its Berlin headquarters – operates one academy, two centres and 21 institutes of political education. Dialogue, education and development programmes are run by 68 overseas representative offices, in partnership with more than 200 foreign organisations in more than 120 countries.

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Abbreviations

ASEAN	Association of South East Asian Nations
CDM	Clean Development Mechanism
CEO	Chief Executive Officer
EU	European Union
EUR	Euro (currency)
GCC	Gulf Cooperation Council
GDP	Gross domestic product
IAEA	International Atomic Energy Agency
IEA	International Energy Agency
ISAF	International Security Assistance Force
ISI	Inter-Services Intelligence (Pakistan)
IT	Information technology
KAS	Konrad-Adenauer-Stiftung
NATO	North Atlantic Treaty Organisation
NGO	Non-governmental organisation
NSC	National Security Council
OPEC	Organisation of the Petroleum Exporting Countries
PLO	Palestine Liberation Organisation
PNA	Palestine National Authority
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNSCOP	United Nations Special Committee on Palestine
USD	United States dollar
WMD	Weapons of mass destruction

Contributors

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James Elles is Conservative Member of European Parliament for South-East England since 1984. He is a member of the Committees on Budget and Budgetary Control as well as a substitute member of the Committee on Foreign Affairs. He served as Parliament's general rapporteur for the 1996 and 2007 EU budgets. In 1992 he founded the Transatlantic Policy Network (TPN), a non-profit organisation which brought together European and American parliamentarians, businessmen and academics to discuss ways to strengthen the transatlantic partnership. In 2002 he launched the European Ideas Network (EIN), a group formed to allow the creation and transmission across Europe of new ideas and thinking on a range of subjects.

Ambassador V.K. Grover is a Member of the National Security Advisory Board. Also he is the Hon. Adviser at the Indo-German Chamber of Commerce, New Delhi. Since 2002 he is a Member of the Kashmir Committee talking with some success to all political groups in Jammu and Kashmir. He was with the Indian Foreign Service from 1961 to 1996. Some of his important postings were to the US, Paris, Turkey and the Netherlands. He was Secretary (West), Ministry of External Affairs from 1993 to 1996.

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Jean-Christian Remond, a lawyer by education, he has worked for the European Commission since 1978. Until 1989, he belonged to the Directorate General for Industrial Affairs, more precisely in the directorate in charge of conducting the restructuring of the European steel industry, where he was responsible for the negotiation of international steel agreements with the main producers of steel outside the EC. In 1989, he changed to the External Affairs department, first on Japan until 1993, then on Australia and New-Zealand from 1993 to 1995, followed by China and Korea between 1995 and 2006 as the Deputy-Head of Department during this period. Since December 2006, he has been Head of Unit for India, Nepal and Bhutan.

Manvendra Singh is a Member of the Indian Parliament in the 14th Lok Sabha (Lower House) and belongs to Bhartiya Janta Party. He is a Member of the Committee

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EU-India-US trilogue: introductory session

Input statement: the EU-India-US triologue

Tomasz Kozlowski

The context of the discussion: a world of overlapping webs

It is good to see a resumption of the EU-India-USA triologue after success in 2004 and 2005.

When the first meeting in this series was held in 2004, the emphasis was on how the EU and the US could ‘engage’ with a newly emergent India. It says a lot about the pace of developments over the past three years that such an approach now seems incomplete. India has resumed its rightful place in the mainstream of world affairs, and is busily ‘engaging’ itself in all directions.

So, the process of engagement is a two-way channel. And the number of such channels is much greater than it used to be.

The EU took stock of its strategic partnerships in 2003 with the European Security Strategy. That was when the EU announced its intention to pursue key relationships with the US, Canada, India, China, Japan and Russia.

It is a full time job to develop any one of those relationships. It is even more of a challenge to conjugate them in a meaningful way.

India faces similar challenges in reconciling older strategic partnerships, such as that with Russia, and newer ones with the EU, the US, ASEAN, China, Japan, South Africa and Brazil.

Bilateral relationships

Bilateral relationships are a good place to start.

(a) EU-US relations

The USA is the longest standing partner of the EU. A comprehensive dialogue has developed over many years, since before the first Summit with the then European Community, was held in 1990. Relations are still inspired by the four part 1995 New Transatlantic Agenda (NTA).

(b) India-US relations

From the outside we can simply observe how shared interests have brought these two important actors together, resulting in the 2004 NSSP (Next Steps in Strategic Partnership). This process seems set to continue, not least thanks to the efforts of a strong and successful Indian diaspora (about two million). But the potential of the relationship is still far from being fulfilled, with particular issues to address in trade and migration.

(c) EU-India relations

The EU-India Strategic Partnership was announced at the first Summit in 2000: ‘On this historic occasion, we resolve that in the twenty-first century the EU and India shall build a new strategic partnership founded on shared values and aspirations characterised by enhanced and multi-faceted cooperation.’ A keystone of relations is the 2005 Joint Action Plan (JAP).

So far, this relationship has largely been driven from the top down. The interests driving cooperation are real: the EU is India’s biggest trading partner, and biggest source of FDI (Foreign Direct Investment). But there is sometime uncertainty in India, even in official circles, about how to engage with the EU, or if it is really worth the effort.

Beyond bilateral relationships

This half of the picture is well known. But beyond this is another level of complexity, when we consider how these relationships fit together.

As the effects of globalisation filter through into all aspects of our lives, we see new constellations forming. BRIC (Brazil, Russia, India and China) may just be shorthand for a group of emerging economies, but IBSA (India, Brazil and South Africa) is a formal group with biennial Summits.

An increasing number of major issues lie between the bilateral and the multilateral. For example, the US-India deals on civil nuclear matters require the cooperation of EU member states to become effective.

This kind of three way relationship is important at different levels. First of all it is important for the multilateral order. Effective multilateralism requires cooperation from key actors. The EU, India and the US have particular things to say about a broad range of key international and regional issues. Individually they may be dismissed; together they command attention.

Given the complexity of a multipolar world, the potential for misunderstanding is increased, and knock-on effects may make the consequences of that misunderstanding more serious. This just underlines the importance of active dialogue between major partners.

Not only is it important to maintain good communications between Brussels, New Delhi and Washington: interagency differences can make the picture even more complex. We need more experts, particularly on India, who really understand the dynamics and can explain them clearly.

India's rise to prominence on the international stage has been welcomed by the EU and the US.

About India and EU-India partnership

India is increasingly engaging with other players on the world stage and has made great progress in foreign and domestic policy issues. The EU and India already enjoy a close relationship mainly based on economic interaction. But in recent years, the relationship with the European Union has developed in terms of shared vision, goals and challenges. Now, since the EU and India are increasingly seen as forces for global security, the focus of relations has shifted from trade to wider political issues. A series of concrete steps has been taken to enhance political dialogue and close cooperation. The regular political dialogue includes all major international and regional issues.

Both parties are supporters of the multilateral system. Therefore the EU is proposing to India an alliance for the promotion of an effective multilateral approach through coordination and harmonisation of positions in the preparation, negotiation and implementation of major multilateral conventions and conferences.

India is an important partner in conflict prevention and post conflict reconstruction.

The EU is exploring means of formalising regular cooperation and further engagement of India in this area. The Middle East, Afghanistan, Iraq, Iran, Burma – substantial possibilities for close dialogue and cooperation.

The EU is seeking to increase cooperation on the non-proliferation of weapons of mass destruction through the reinforcement of the international system of non-proliferation, in particular by cooperating with India in order to reinforce the consistency and effectiveness of export controls and by intensifying dialogue on the universalisation of international instruments.

The EU should cooperate more concretely with India in the fight against terrorism and organised crime (inclusion of India into a list of priority countries for a strategic cooperation agreement with Europol, technical cooperation, exchange of information in such fields as money laundering, drug trafficking, civil aviation, maritime security).

We are looking for possibilities to extend our dialogue on human rights in a mutually respectful and constructive manner (International Criminal Code, abolition of the death penalty, Convention against torture, gender discrimination, child labour).

The EU is strongly committed to peace and stability in South Asia. A dialogue on hot spots in the region has been enhanced recently.

Energy security and climate change – other issues which have recently become subjects of the EU – India dialogue.

Conclusion

My view is that the EU, India and the US are brought together both by shared challenges and common values:

- All are long-established democracies;
- all are distinguished by their harmony in diversity; and
- all are long-standing exponents of the rule of law.

That is not to say that we agree on everything; on the contrary. The whole logic of a multipolar world demands flexibility on all sides. We must remain responsive enough to adopt ‘variable geometry’ (to use an EU term) in facing the new challenges that come up every day.

But shared traditions make comparisons between the EU, India and the US particularly

interesting. There is a long term compatibility between the three partners that is an asset for the international community, and can help to overcome 'little local difficulties'.

Final comments

The USA is developing its strategic partnership with India which covers a series of utmost important issues, including strategic and security matters. The EU maintains very close relations with the USA and is developing strategic partnership with India with more and more comprehensive agenda. We cooperate in international organisations, in the framework of regional forums. The question is in what way we can conduct our cooperation in more effective and efficient way.

The EU-India Strategic Partnership

Jean-Christian Remond

A healthy basis

The EU-India relationship is dynamic and healthy. It has been developing rapidly, in particular since the establishment of a Strategic Partnership in 2004, followed by the adoption of a Joint Action Plan in 2005. India is now seen as a global player and, as such, has not only rights but also obligations.

EU-India Strategic Partnership cooperation strengthened throughout 2007. During the Summit, on November 30, 2007, in Delhi, the two sides renewed a Science and Technology Cooperation Agreement, signing a Memorandum of Understanding covering EU assistance to India for the period 2007-2010 with a budget of EUR 260 million. In addition, the principle of working out a work programme in the field of energy and climate change was agreed. Last but not least, the establishment of a European Business and Technology Centre in Delhi was announced. This will act as an effective interface between public policy and private actors and provide services on a continuous basis to European companies and research institutions.

A great opportunity exists in 2008 to build on this progress and to deepen the EU-India strategic partnership still further.

Strong trade ties

The relationship is particularly strong and robust in the economic and trade field. Work still needs to be done to make it as solid in the political field. But the situation should significantly change for the better once the Lisbon Treaty is ratified. This should give more efficiency and visibility to EU external action on the world scene.

From a bilateral perspective, the EU continues to be India's most important trade

partner, investor and donor. During the first eight months of 2007, total bilateral trade reached a figure of EUR 36.3 billion, broken down in a balanced manner between EU exports totaling EUR 18.6 billion and EU imports EUR 17.7 billion. This represents a substantial increase compared to the figure of about EUR 46 billion for the whole year 2006. In yearly average, total bilateral trade has increased by 13.2 percent over the last five years. This is indeed an encouraging trend but the performance is still well below its potential.

This is precisely why the EU has decided to initiate the negotiation of a Free Trade Agreement (FTA), which should be World Trade Organisation (WTO) compatible and would complement the EU's multilateral agenda by bringing about progress in areas not currently addressed in WTO negotiations. Needless to say that the Doha Development Agenda multilateral trade negotiations remain the EU's trade policy priority. At different times, both the EU and India have clearly reaffirmed their commitment to the rules-based multilateral trading system.

The negotiation of a FTA is probably one of the most ambitious efforts by the EU in terms of concluding a comprehensive trade and investment agreement with such a large commercial partner as India. A successful outcome would be a hugely important step in the development of the EU-India strategic relationship. Indian Prime Minister Singh recently stated that he hoped that this negotiation would proceed as quickly as possible. The date of 2009 has been often mentioned. While we are certainly committed to move in the fastest possible manner, this should not – and will not – be done to the detriment of the substance and the quality of the final text.

As a complement to a possible FTA, the EU hopes soon to conclude agreements on civil aviation and maritime transport. The later would certainly help to attract foreign investment to Indian infrastructures, and would therefore contribute to improving them.

Research cooperation

The EU and India are also committed to deepening bilateral cooperation in the field of science and technology, and to strengthen the EU-India partnership at the business and research levels. India is rapidly emerging as a major innovator, developer and exporter of high technology and business and research communities should therefore have to face up to the challenge of adapting and integrating themselves in the process.

As global powers, the EU and India both have a responsibility to take the lead in the international effort to tackle pressing global challenges. There are a number of these

challenges which should be the focus of EU-India partnership in the year ahead, such as addressing climate change and global poverty, guaranteeing energy security, fighting terrorism and organised crime, dealing with mass migration and succeeding in a more competitive economic environment.

Energy and climate

Energy security and climate change are at the top of the EU's agenda. EU leaders, during the last European Council of 2007, called for the establishment of a work programme in this area. The EU believes that the emphasis in this should be put on the development of clean energies, as well as on renewable energies like biofuels, solar energy and hydro-power. The EU and India have already developed significant bilateral cooperation and would like to go further, through the EU-India Initiative on Clean Development and Climate Change and the EU-India Energy Panel. The EU has also invited India to become a key partner in its initiative to establish an international platform for energy efficiency. The private sector will play a key role in providing technologies. This will mean opportunities for cooperation between companies from both sides.

It will also be important that the EU and India cooperate closely in the follow-up to the UN conference on climate change held in Bali in December 2007. This will require everyone's commitment to make the intensive negotiations into a success. The EU hopes very much to be able to work closely with India to achieve that goal. The EU takes the view that it is necessary to go beyond discussions about *per capita* emissions and debates on development versus emissions caps.

Nuclear proliferation

Proliferation of weapons of mass destruction is another pressing global challenge the EU and India face together as partners. Both are very conscious of the risk, should these weapons fall into the hands of terrorists and other non-state actors. The EU and India plan to intensify their counter-terrorism cooperation through both bilateral cooperation and in the framework of the United Nations, in order to advance implementation of the UN Counter-Terrorism Strategy. More in particular, the EU and India continue to work actively towards the swift finalisation of the UN Comprehensive Convention on International Terrorism. The EU and India must also deepen cooperation on policing, intelligence sharing and border management, and do more to deny the terrorists their networks of support.

The challenge of migration

Migration is also a challenge for Europe and the EU recognises the need to fully

address the conditions and aspirations of the migrants who have been welcomed to Europe. Well-educated Indian workers have become increasingly important to EU economies in recent decades. Such a trend, not limited to Indian citizens, has called for ways of thoughtfully managing the migration of skilled workers to Europe. The Blue Card system, which has been recently proposed by the Commission, could be viewed as a possible method in this respect.

Deeper regional links

The EU is very much committed to regional integration and believes in the value of strengthened regional cooperation. Regional integration is an area where the EU has developed best practices and has unique comparative advantages to share. In the case of the South Asian Association for Regional Cooperation (SAARC), the EU welcomes its new observer status. The combination of this new status, of Indian interest in developing SAARC and of the fact that an Indian, Dr Sheel Kant Sharma, has been recently appointed SAARC Secretary General, certainly provides a momentum that should be maintained. The EU is prepared to help SAARC to grow, as it believes it can be the key instrument for boosting intra-regional trade in South Asia and promoting meaningful political cooperation.

Concluding remarks

Finally, it should be stressed that part of the EU's approach to security issues is aimed at doing more to manage and prevent potential crises. Recent EU experience in building international peace and security has been most successful when working with partners. The European Commission takes the view that the EU role in conflict prevention, in conflict resolution and peace building might not have been sufficiently highlighted in India. The Commission envisions the EU and India becoming active partners in future crisis diplomacy. In the future, the partners should aim at concerted actions, in particular with regard to their respective policies towards South Asia. Joint conflict prevention and conflict resolution strategies should be a good starting point. For example, Burma/Myanmar and Sri Lanka are areas where India is uniquely positioned to play a key role in advancing peace and where the EU hopes to work closely with Delhi.

**Session one:
the interests of Europe, India and the US in
West Asia**

The EU-India-US trilateral dialogue

Ambassador Vinod Grover

Introduction

The EU-India-US trilateral dialogue is the only one of its kind among the 'real democracies' of the world. The main threats that the EU, India and the US need to work together on are Islamic extremism and terrorism and the danger of nuclear weapons falling into the wrong hands. A major interest of these three countries in west Asia is energy security. India imports 75 percent of its oil and gas from this region, a figure which is likely to rise to 90 percent by 2030. The EU sources 40 percent of its oil needs from west Asia. The US has reduced its dependence but is present in the area because it does not want this oil wealth to fall into the hands of extremists. That would be a nightmare scenario.

The Islamic arc of conflict

To the west of India is what could be called an 'Islamic arc of conflict'. Conflicts in Pakistan and Afghanistan, Iraq, Lebanon, Israel and the Palestine Territories, Turkey (Kurdish issue) and Iran (nuclear issue) have made the area highly volatile and unstable. The regime change brought about by the US in Iraq has failed and efforts in Afghanistan are failing. Keeping control of regimes in Pakistan, Saudi Arabia, Egypt and other Islamic countries has also become problematic.

US standing at all-time low

The gap between the rulers and the ruled in the Islamic countries is widening and the standing of the US is at an all-time low. The area between Pakistan and Afghanistan has been the epicentre of global terrorism and Pakistan also has nuclear weapons. Pakistan has been the major contributor to the proliferation of nuclear weapons because of Abdul Qadeer Khan, who admitted to supplying nuclear technology to North Korea. Drug money is also financing terrorism. In 2007, there were 46 suicide

attacks in Pakistan with over 1,000 people killed. India, the EU and the US urgently need to work together to stabilise the region.

Fundamentalism in Turkey

As the only democratic and secular country in the Islamic world so far, Turkey could have served as a role model for others. The feeling that the EU will not accept it as a member state, and the Kurdish issue (to which the US has been somewhat ambivalent), are now leading Turkey down the path to greater religious fundamentalism. Even the Turkish army, which has a duty to keep Turkey secular under the constitution, may have difficulty in stemming the tide.

Islamic societies have failed to modernise

If the US were to withdraw from Iraq and Afghanistan, the situation could get much worse. The Taliban would re-emerge in Afghanistan. Iraq may then split into three parts. Turkey, Iran and Syria will never accept an independent Kurdistan. But it would be unfair to blame only US policies for instability in the region. Islamic societies have failed to modernise or bring about democracy from within. They have not joined the global mainstream and have failed to give individual freedom or initiatives, particularly to women. The Taliban and other jihadi elements would like to take these societies back to the Middle Ages.

The world's democracies need to take a hard look at themselves and work together to find solutions to these problems. Resolving the Israeli-Palestinian conflict would not resolve all the issues. It would help, but the gap between Islamic societies and the world's democracies has to be narrowed. It will take a gigantic effort.

India in the world

Lalith Mansingh

India and West Asia

India's links with West Asia go back in history to the Egyptian and Mesopotamian civilizations. For centuries, these links were limited to commercial and cultural exchanges. By the beginning of the thirteenth century, a series of invasions from Central and West Asia had led to Muslim dynasties establishing their rule over Northern India. Until the arrival of the European colonial powers in the seventeenth and eighteenth centuries, India was considered a part of the Islamic world. While political exchanges with West Asia ended under colonial rule, the bonds of culture and religion remained strong.

Revival of linkages in recent times

In the early twentieth century, there was considerable interest in India in the Caliphate in Turkey. The Caliphate was abolished by Atatürk in 1924. Mahatma Gandhi and the Congress Party supported the demand for the restoration of the Caliphate and initiated the Khilafat movement in India. It was endorsed by people of all religions and was seen as a powerful symbol of Hindu-Muslim unity. Although it turned out to be a case of misguided enthusiasm, the Caliphate issue was an integration of the role Islam and West Asia would play in the foreign policy of independent India.

India's current stakes in the region

The strategic importance of West Asia, especially the Persian Gulf region, cannot be exaggerated. Nearly five million Indian nationals work in the region, sending remittances of USD12 billion annually. India imports 100 million tons of oil – 70 percent of its oil requirements – from West Asia. With rising demand from an economy growing at nine to ten percent per year, oil imports are expected to touch 300 million tons by 2020. India's offshore oil installations are spread over an area of 50,000 square kilometres in

the Arabian Sea. The protection of these assets is a major concern to India's defense planners. Of equal concern is the safety of the sea lanes around India through which 95 percent of its exports pass.

India's access to the energy rich Central Asian states also lies through West Asian territory.

Overall the region is critical for India's economic growth and security. There are, in addition, the intangible linkages of religious sentiment and culture. Close to 15,000 Indian pilgrims visit the holy places in Saudi Arabia and Iraq every year. With 160 million Muslim citizens, India has the second largest Muslim population in the world, after Indonesia. It also has the second largest Shia population after Iran. Events in the Muslim world are closely followed in India and have a strong impact on the Indian public.

India's policy on major West Asian issues

1. The Palestinian-Israeli Issue

In the early 1920s, Mahatma Gandhi publicly expressed his sympathy for the plight of the Palestinians. Support for the Palestinian cause has been a part of India's struggle for independence and its fight against colonialism.

Having experienced the drama of the partition of India, it was natural for India's new leader after independence to oppose the partition of Palestine on religious grounds. As a member of the UN Special Committee on Palestine (UNSCOP) India proposed the so called 'minority plan' for a Federal Palestine, with autonomy for the Jewish population. Eventually, the UN General Assembly voted in favor of the majority plan, which provided for the creation of separate Arab and Jewish states. Disappointed with this development, India withheld the *de-jure* recognition of Israel until September 1950 and established full diplomatic relations with Tel Aviv only in January 1992.

India's strong support for the Palestinian cause was reflected in the opening of a PLO-office in Delhi in 1975. In 1980, India was the first non-Arab country to extend formal diplomatic representation to the PLO, followed by *de-jure* recognition of the state of Palestine in 1988. A representative office accredited to the Palestine National Authority (PNA) was opened in Gaza in 1996.

Despite its strong interest in the Palestinian issue, India had virtually no role in the peace making process until 1991. Accusing India of a pro-Arab bias, Israel had ruled

out any participation by India in multilateral efforts to resolve Middle Eastern issues. The US State Department used its good offices to arrange informal high level meetings between Indian and Israeli officials in Washington in 1991. This led to the establishment of diplomatic relations between Delhi and Tel Aviv. It also cleared the way for India's participation in the multilateral track of the Middle East peace office which took place in 1992.

India supported the Madrid Peace Conference in 1991 and the Oslo Accord of 1993. Preoccupied by domestic political and economic crises, the Indian leadership was however unable to take an active interest in the multilateral discussions on the issue. India had no role in the developments leading to the Wye River Understanding of October 1998 and the Sharm-el-Sheik Agreement of September 1999. There was no role for India either in the 2003 roadmap or the Quartet.

The past decade has seen India adopt a pro-active foreign policy reflecting its growing economic footprint and its political stature. It is incrementally strengthening its relations with the key countries of West Asia, including Israel and the Palestinian National Authority. President Abbas paid a state visit to India in May 2005, which witnessed the conclusion of a number of bilateral agreements.

It remains to be seen if the big powers will be prepared to invite India as a significant partner in the Middle East Peace Process and if India will accept such a role.

2. India-Israel

India-Israel bilateral relations have developed rapidly since the exchange of diplomatic mission in 1992. While political cooperation remains low key, the most striking area of progress has been in defense and commercial exchanges. Israel is today the second largest defense supplier to India, with annual sales amounting to USD 900 million, compared to USD 1,500 million from Russia. India imported defense equipment worth USD five billion from Israel in the years 2002/07, with supply touching USD 1.5 billion in 2006 alone.

Bilateral trade, excluding defense items, has grown from less than USD 200 million per year to a level of USD 2.7 billion in 2006. It is expected to reach USD five billion within the next five years.

Robust bilateral ties with both Israel and Palestine have enhanced India's chances of playing a more important role than before in the Middle East Peace Process.

India and Iraq enjoyed a cordial relationship well before India's independence. Recalling the ancient links between the Mesopotamians and India's civilization, India's first Prime Minister, Jawaharlal Nehru, and its Education Minister, Maulana Azad, laid the foundations for close bilateral exchanges. Iraq, under King Faizal II, and after 1950, under Saddam Hussein looked to India as a leader of the Non-Aligned Movement. In 1974, Saddam Hussein made a state visit to Delhi and announced his 'strategic decision' to pursue an enduring partnership with India. The Ba'ath Party's secular and socialist ideology was in tune with India's own political philosophy. Among the members of the Organisation of Islamic Conferences (OIC), Iraq stood out for its strong and consistent support for India on the issue of Kashmir.

India was a privileged economic partner of Iraq. Besides being a major supplier of crude oil, Iraq gave business worth USD three billion to Indian companies during its development boom in the 1980s. More than 100,000 Indian workers were employed in Iraq when the invasion of Kuwait took place in 1990.

At Iraq's request, Indian defense personnel trained the Iraqi armed forces, especially the Air Force.

Beneath the surface, nevertheless, there were differences and misunderstandings between the two countries. Iraq was frustrated with India's refusal to transfer nuclear technology in the 1970s. The Iran-Iraq war saw the two countries drift apart. India maintained official neutrality and refused to take sides in the conflict.

India also maintained an ambivalent policy during the two Gulf Wars in 1990 and 2003, and focused on the safety of the Indian nationals who were trapped in the region. It was a policy which made India unpopular with all the parties participating in the wars.

In June 2003, when the Indo-US strategic partnership was beginning to develop, Washington urged India to send 15,000 troops to Iraq for the stabilisation of the regime there. After weeks of intense discussions at the highest political and military levels, India conveyed its inability to meet the American request. Lacking a political consensus, the Government of India joined a parliamentary resolution stating that India would send troops only under UN auspices.

India has since distanced itself from the US policy toward Iraq and has criticised the Americans for launching a unilateral invasion on questionable legal grounds.

While India has no official formulation on how the conflict in Iraq can be brought to an end, it is fairly certain that India will join a genuine multilateral effort to bring peace to the region, with the UN playing a lead role. Suggestions are being made for India to join a core group of global and regional powers which can broker a political solution. India could also be included in a group of the 'Friends of the UN Secretary General', should the UN be given the responsibility for restoring peace in Iraq.

India's success in creating a multi-ethnic, multi-religious and multicultural society within a democratic framework could serve as a role model for post conflict Iraq.

4. India and the Persian Gulf

India and the Gulf region are intimately linked through history, trade, ethnicity and religion. Their trading relations go back to the beginnings of history. Indian products, from steel and textiles to mathematics and philosophy were familiar to the population of the Gulf. After the British established their domination in South Asia in the nineteenth century the Gulf was also brought under their tutelage as it was considered vital for the security of the British Empire. Bombay was the administrative headquarters for the Gulf territories and Indian currency was legal tender there until fairly recent times.

India's relations with the Gulf countries have been marked by warmth and understanding, reflecting their age-old linkages. India fortunately had no history of bilateral disputes with any country of the region. It also steadfastly refused to take sides in any of the internal or regional issues.

India has four principal concerns in the Gulf region: security, trade, energy supplies and terrorism.

India's offshore oil assets as well as its commercial sea lanes are located in the Arabian Sea. Hence maritime security is of major concern. The region accounts for nearly USD 25 billion worth of trade and USD 12 billion of inward remittances for India. Five million Indians, predominantly workers, live in the region. The Gulf Cooperation Council (GCC) states are large investors in India. 85 percent of India's oil imports are from the Gulf region – 70 percent from the GCC and 15 percent from Iran.

Among the GCC countries the United Arab Emirates is perceived to be closer to India than Saudi Arabia. The Saudi Kingdom was identified in India with Wahabi Islam, the financing of madrassas, and opposition to India's stand on Kashmir in the Organisation of the Islamic Conference (OIC). There has however been a warming of

relations between India and Saudi Arabia in recent times. King Abdullah was the guest of honor at India's Republic Day on 26 January 2006, fifty years after King Ibn Saud had come to a state visit to India. The India-Saudi Arabia declaration, issued in Delhi on 27 January 2006, reflected the 'broad strategic vision' shared by both countries and 'the interlinkage of stability and security of the Gulf region and the Indian subcontinent'.

5. India and Iran

Indo-Iran ties, as prime minister Manmohan Singh affirmed in a statement in the Indian Parliament on 18 February 2006, "are civilizational in nature". Of all the countries in the West Asian region, India feels the greatest affinity with Iran in terms of language, religion, ethnicity and culture. But their political relations have been far from smooth.

India declared its commitment to non alignment in 1947, while the Shah of Iran took his country deeper into the western camp. In the early 1960s, however, efforts were made, to establish close economic and political ties. In 1969, on a state visit to India, the Shah spoke of "unlimited possibilities" in bilateral relations.

The Iranian revolution of 1979, followed by the prolonged Iran-Iraq war, left Iran preoccupied with its immediate neighborhood. India's policy of neutrality during that war angered Tehran and took relations to an all time low. Serious efforts have been made since then to restore their friendship. In January 2003, President Khatami was invited to Delhi as the Chief Guest on Republic Day. The visit produced a Memorandum of Understanding on a road map to strategic cooperation dated 25 January 2003. The two sides admitted to a complementarity of interests in the energy sector and declared that they would pursue their growing strategic convergence through political consultations and a stronger economic relationship.

One of the major projects under discussion with Iran is the Iran-Pakistan-India pipeline, which will transport Iranian natural gas to western and northwestern India. Despite six rounds of tripartite meetings, major issues relating to estimated costs, security and pricing have remained unresolved.

A more significant difference has arisen over the question of Iran's nuclear programme. India has voted twice against Iran at the meetings of the Board of the International Atomic Energy Agency (IAEA) in September 2005 and February 2006. India's policy in this regard has been based on two conclusions; one that Iran must abide by its international commitments and two that the acquisition of nuclear weapons by Iran is not in India's national interest.

Conclusion

In the past decade, India has pursued a proactive and pragmatic foreign policy. There have been four major departures from the foreign policy of the preceding 50 years:

1. A shift from ideology and idealism to a realistic foreign policy grounded in India's national interest.
2. An increasingly economic content in foreign policy formulation.
3. A shift in the definition of security from protection of territory to the wider concept of promotion of national interests.
4. A new order of priorities in external relations. Importance is now attached to three categories of countries and regions: a). strategic partners, b). neighbouring states and c). countries and regions considered vital for India's economic and security interest. India has four strategic partnerships with old friends like Russia, Britain, Germany and France, new friends like Japan, Australia, South Africa and Brazil, and with old adversaries like the United States and China.

Xenia Dormandy raised a provocative question in an article last year about whether India was ready to be a responsible international stakeholder. My answer to that is definitely yes. India today is ready to play a global role.

West Asia is an area of vital strategic concern for India from all possible angles. And yet, in contrast with ASEAN, the Asia Pacific, Europe and the Americas, Indian diplomacy has been slow in making its influence felt in this region.

We are however seeing the beginning of a new Indian approach to West Asia – a 'Look West Policy' – comparable to the 'Look East Policy' started by B.V. Narasima Rao in 1992. The difference is that the existing regional economic and security structure within ASEAN made it possible for India to be interlinked with ASEAN within four years and with East Asia within ten years. It is not as easy with the Look West policy to put down roots or produce results. The major reasons are the lack of a regional structure and the deep divisions within the area caused by terrorism and religious fundamentalism.

India's reticence as an international stakeholder has been historically due the hostility or indifference of other global players. During the Cold War, the US and its allies considered India to be either irrelevant or inimicable to their strategic interest. This has changed in the years after 1998 following the Strategic Partnership established between India and the United States. Today, the US, India and Europe have large areas of commonality in their strategic interest which may be summarised as follows:

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1. Prevention of hegemonic dominance in the region. There is a common interest in preventing a nuclear armed Iran from intimidating the other states in the area.
 2. Preventing the spread of religious terrorism. The area is not only a breeding ground but also the worst affected by Islamic terrorism. India has a strong stake in keeping the jihadis away from its borders and hence the anxiety about the developments in Pakistan.
 3. Security of West Asian oil supplies and the safety of the sea lanes.
 4. A controversial fourth factor is China's creeping expansion in the region. It has been responsible for WMD-proliferation through the sale of prohibited items to Pakistan, Iran, Saudi Arabia and Syria. China's maritime expansion in the Indian Ocean area and its chain of naval facilities under the so-called policy of String of Pearls in the vicinity of India are raising serious concerns.

The US perspective

Dr Daniel Markey

Changing relationships

Much has changed in terms of the US's perspective towards south Asian relations in general but especially with Afghanistan and Pakistan, in comparison to the early days of the Bush administration. Immediately before 9/11, the Bush administration was interested in rekindling the relationship with India. There was some impetus behind this but it was certainly not at the very forefront of the Bush administration's policy. The focus, before 9/11, was on east Asia, China and missile defence, but a lot of these issues fell off the agenda or were far less prominent after 9/11.

The relationship with Pakistan was minimal before 9/11. The US saw Pakistan primarily in terms of its role in nuclear proliferation. There was some counter-terrorism concern but this was certainly not the kind of partnership that the Bush administration thinks of now. There was no serious diplomatic relationship with Afghanistan or with the government of the Taliban. The south Asia bureau was considered a backwater, and was not as powerful as the west and east Asia ones.

Before the Twin Towers

Pre-9/11, the Bush administration's policy was predicated on seeing India as part of a rising Asia and as part of the global economy. For Afghanistan and Pakistan, the focus was on containment of problems emanating from these countries. The thinking was that there were no good options for engagement with either country. Pakistan was seen as being governed by a commander-in-chief in Musharraf, who was himself seen as someone replacing a series of relative feckless and inefficient civilian politicians. Afghanistan was seen as a place of decades of trouble, feuding warlords and ultimately the Taliban. So there were no strong appealing interests in either country and the US tended to want to stay out or keep the problems in those areas contained.

Perhaps because of this, those who recognised that serious problems were brewing in Afghanistan and Pakistan found it very difficult to build a consensus that more action was needed or that robust action could lead to significant benefits. Any intervention was seen as very costly and so the US was in no mood to contemplate action as there was no sure prospect of success. In fact, the chances were that any such policy would fail.

If, hypothetically, a world without 9/11 is considered, then it is likely that there would have been further entrenchment of the Taliban and Al-Qaeda in Afghanistan. It is harder to analyse the trajectory for Pakistan, but it would likely have seen no deviation from an expansion of this symbiotic relationship between the military and intelligence services, and the military and the extremists.

The government would have continued to see militants as a means to project its power and influence in the neighbourhood, and not as something threatening the security and stability of the Pakistani state. Militants, meanwhile, would have seen this as an opportunity to further expand their tentacles into Pakistani government and society. Over time, without any external intervention, and without 9/11, the lines between the militants and the government would have been further blurred, with Pakistan at some stage being considered nothing but a terrorist rogue state.

It is very difficult to see any positives from 9/11, but it did galvanise the US to take action. It showed that expensive and ambitious efforts needed to be considered anew, rather than simply opting for a continuation of the containment strategy.

The US and Pakistan

The US has done a huge amount in Afghanistan, both militarily and economically. But in Pakistan there has been over USD 10 billion in US assistance. Debate over how much that has really delivered is raging in Washington DC now. Critics of the Bush administration think that it has delivered precious little. Pakistan still has an unstable military dictatorship, the topmost levels of Al-Qaeda are still intact, the Taliban is resurgent and influential in Pakistan, and there are continued doubts about Pakistan's official cooperation with the US. The critics cite so-called deals with the Taliban and repeated rumours of cooperation between militant groups and Pakistani intelligence. However, there have been successes, such as the capture of Sheikh Mohammed and others who were clearly involved in attacks on the US and the West. Also, though the US cannot claim much responsibility, there has been a major improvement in Pakistan-India relations in the past few years. This is a profound, strategic shift and one that is overlooked too often.

Under Musharraf, major steps were taken in the right direction in terms of relations with India and, in particular, the way Pakistan conceives of Kashmir. There has been a purge of top army and intelligence leaders who had sympathies with the militants. This is something profoundly stabilising. General Ashfaq Parvez Kiani took over at the head of the army in November 2007 and there was a new head of the Inter-Services Intelligence (ISI – Pakistan’s main intelligence agency; Lieutenant General Najeem Taj became director general of this agency in September 2007). Both of these men seem committed to a moderate vision and to fighting extremism within their own society. This has been a change and needs to be recognised.

However, there has not been a complete change throughout Pakistani society in the way that they understand the security threat. There is still a pervasive sense in Pakistan that they were a victim of US actions, that they have been targeted because of steps taken by the US and not because extremists want to do them ill. There is a sense that if the US went back to its business then Pakistan would go back to being relatively peaceful. In fact, until the Pakistanis see the militant groups that have been built up over decades as a threat to themselves, then the success of US policy will only be partial.

There have also been significant failures. Musharraf has been a disaster for the electoral politics of Pakistan. He failed to build up any legitimate popular base of support. His claims of enlightened moderation have only achieved marginal success. This failure was demonstrated by the way the returns of former prime ministers Benazir Bhutto and Nawaz Sharif were welcomed. Both had left under a cloud of failure but they returned to popular acclaim, suggesting that Musharraf had failed to become a credible alternative. The November 3 announcement of emergency rule was a clear failure. This was done so that Musharraf could clear out the Supreme Court, because he was not convinced of his own capacity to win the presidential election. The clampdown on the media and the lawyers was also a failure – both being potential allies in the long-term fight against extremism. In terms of internal violence and insecurity, there has been an unprecedented level of suicide attacks and attacks on officialdom.

The future direction of US policy

From the Bush administration’s perspective, there is a lot of worry and frustration but a tendency not to see a real alternative to the current policy of continued cooperation with Musharraf, the army and the ISI. There is a sense of hope that the forthcoming elections will be credible enough and will continue the slow democratic opening. A positive outcome of the elections would be if there is workable cooperation between Musharraf, the army and some new configuration of civilian allies.

There will, in 2009, be a new president in the White House and this will mean a policy reassessment. However, this is unlikely to lead to major changes compared to the Bush policy. Rhetoric may shift, and resources may shift to encompass civil society and development more, and the military less, but the approach to Islamabad will not fundamentally change.

With India, meanwhile, there is tacit cooperation. India has shown remarkable restraint in its relationship with Pakistan, something which has been exceedingly helpful to the US. Imagine if the Pakistan-India relationship had been worse. Then every challenge with Pakistan would have been orders of magnitude more difficult for the US. The US would have loved to be helpful in this relationship but has found that staying out and allowing the process to mature by itself has actually paid dividends that might not otherwise have been achieved.

There is a real opportunity for greater cooperation with the EU, not just in Afghanistan, where we are already seeing it. Increasing the EU's and NATO's understanding of the Afghanistan problem is part of this, but involving the EU and NATO in Pakistan is also important. The EU and NATO are under-represented in terms of their activities in Pakistan, and closer cooperation with the US there would be very helpful.

The EU in the Middle East

Geoffrey Barrett

The EU role

The European Union will clearly continue to be an important player in the ongoing Middle East peace process discussions. The European Commission is very heartened by the outcome of the Annapolis talks of November 2007, where political dialogue between Israel and the Palestinians was formally relaunched. It was very good that the bulk of the international community and those parties keen to contribute to the process were there. We now have to encourage and consolidate this process so that we reach an agreement in 2008, which Annapolis set as its objective. The two parties in the conflict have made honourable commitments and it is an obligation on all of us to ensure that these are respected.

Possible peace agreement

In the discussions between Israel and the Palestinian Authority, the time is right for decisions and not for further delays. There is a momentum now and, with vigorous and continuous negotiations, there should ideally be a peace agreement by the end of 2008. This is achievable but requires political will on the part the two parties, as well as full international support. For that reason, the Commission will continue to support Prime Minister Olmert and President Abbas in their efforts, and will endeavour to protect them from internal actors who do not believe in a negotiated solution.

This is a key point. The Annapolis process must be consolidated by protecting it from external spoilers. This is one reason why making progress on the comprehensive approach to a resolution of the conflict is necessary. The Commission supports the idea of international meetings in the coming months, which would maintain momentum on the Israeli-Palestinian track but could also consider other tracks, such as the Syria-Israel negotiations over the Golan Heights, as part of an overall package.

The EU warmly welcomed the Arab peace initiative, which offers the possibility of a comprehensive solution to the conflict. It is a basis for discussion, including on the idea of a regional security framework, which would be an interesting topic to take up in the future. The Commission is very aware of the situation on the ground in the occupied Palestinian Territory. It is far from ideal. On Israeli settlement expansion, recent developments may impede the political process. Both the US and the EU have made it clear to Israel that this is a serious breach of their roadmap obligations.

The Commission believes that both parties must apply the rule of law. Rocket attacks have to stop. The EU is involved at several levels, for example as a member of the Quartet. On a practical level, the EU is the largest single donor to the Palestinian people – humanitarian aid, state-building work and ESDP missions to help develop a modern and democratic Palestinian police force. Much of this investment is also good for Israel, because it helps to build a more secure and reliable neighbour state.

Long term EU commitment

Before Annapolis, the EU adopted a document entitled ‘State building for peace in the Middle East – an EU action strategy’. It sets out a whole range of commitments while underlining the need for cooperation from both parties. It demonstrates that the EU is in there for the long term.

To give an idea of the degree of support to the Palestinians, at the Paris conference after Annapolis, donors pledged USD 7.4 billion in support for 2008-10. The European Commission is providing USD 1 billion out of an overall EU effort that amounts to 46 percent of the total amount. This is a very substantive and ongoing contribution by the EU to help resolve the situation. The international community has a role not only in encouraging these decisions but also in the challenging implementation period that will follow any agreement.

At the 30 November Delhi EU-India summit, leaders emphasised the urgent need for the international community to promote a comprehensive peace plan for the Middle East with the objective of reaching a just and durable peace and stability in the region. The leaders also reaffirmed support for a negotiated settlement.

The Commission was pleased that India attended the Annapolis summit, and that it shares the EU’s view of the legitimate right of the Palestinian people to a state and the imperative need for a just, comprehensive and lasting peace in the region. India has said that it is ready to make all the necessary contributions to the success of the peace process. The Commission is encouraged by India’s support, and understands that

India has very good diplomatic relations with both sides. This might bring India's growing status in international affairs to bear in efforts towards the resolution of the conflict.

Iraq

The Commission remains very concerned about the political and security situation in Iraq. The EU and the Commission are committed to the international compact, which was launched in Sharm El Sheikh in May 2007. We continue to believe that the implementation of the commitments made then will be central in developing cooperation between Iraq and its international partners. The Commission has allocated EUR 800 million in assistance to Iraq since 2003, and has very good relationships with all other donors to the country. The Commission is concerned about the humanitarian and refugee situation, which threatens both Iraq and its neighbours, and the Commission is thus providing help to internally displaced persons and to refugees in neighbouring countries. The Commission welcomes the open and fruitful discussions held at the ministerial conference of the neighbouring countries of Iraq in Istanbul last year. This dialogue and cooperation between Iraq and its neighbours should continue. Ongoing EU trade and cooperation negotiations towards an agreement with Iraq are advancing at a good pace. This is a very positive aspect of the relationship.

Iran

The EU's position is clear that the acquisition by Iran of nuclear military capability would be unacceptable under any circumstances. International unity on the nuclear file is essential and remains the best option. It is necessary to demonstrate collectively that the diplomatic path is yielding effective results. It is important to consider options to continue influencing domestic politics and to keep channels of communication open.

The Commission is very concerned about the human rights situation in Iran. Last year saw a high number of executions, and the high level of very severe punishments has continued in the early part of 2008. The Commission has recently spoken out and will continue to speak out against this extremely negative and regrettable trend.

Benefits of a triologue approach

James Elles MEP

The KAS-sponsored discussions on west Asia in 2007 showed how much richer it is to have US input than for there to be simply an EU-India or EU-Asia discussion. One thing to emerge from the discussions was the idea of bringing people from the US Congress, MEPs, business people, academics and others to New Delhi as part of a Transatlantic Policy Network (TPN) programme. This is precisely what was done in late November 2007. It was the first time in history that it has happened, after 15 years of the all-party TPN, a network funded by 40 of the biggest companies in the US and EU. The November meeting saw a very short and stimulating discussion organised by the Confederation of Indian Industry in New Delhi, prior to the World Economic Forum (WEF).

It was very clear that this was not a waste of time for the US, the EU or Indian participants (mainly businesses). The discussion focussed on economics and security. On economics, the EU is beginning negotiations for a free trade agreement with India. As a result of the discussions, at the WEF, a US Republican congressman, David Dreier, said that if the EU were to do this, then the US would follow suit and presumably this is what he is putting through Congress now.

Joint free trade negotiations

Speaking to MEPs after the EU-India summit, the Indian commerce minister said that India negotiated differently with the US compared to the EU, so there would be different free trade agreements. It was not clear if he had thought about the possibility of negotiating jointly with the US and EU as, by 2020, they may have similar standards. India would probably do better with a multilateral deal than bilateral deals. There should be a general understanding on what a free trade agreement should cover and that the India-EU and India-US agreements should be basically similar.

Regional security

As for regional security, progress must be made on improving relationships between India and Pakistan. This would be enormously welcome to people in Kashmir. Elsewhere, Afghanistan and Pakistan cannot be dealt with separately. It is not possible to deal with British troops in Afghanistan under fire from the Taliban without bringing Pakistan into discussions, and this cannot be dealt with unless India plays a full role in regional security. It is not for the EU and US to become fully involved because it is a regional problem. There is a lot of duplication in the situation. The US, for example, supports wealthy warlords who then fund drug production, when the EU is doing its best to eradicate the drugs. Perhaps cooperation between the US and EU is insufficient.

The KAS discussions, which began four years ago, are commendable. From a transatlantic point of view, there will be fast acceleration as India begins to take up its role on the global stage more forcefully than hitherto. The more Europe and the US can converge their political and business views and engage Indian leaders, the better. India is part of a platform, with a third of the world's population in three of the world's largest democracies, that is critical in maintaining and guiding the multipolar world towards which we are heading. The more common positions can be found, whether it be in Iraq or elsewhere, the better.

The interests of Europe, India and the US in West Asia

Discussion

Contribution from Ambassador Vinod Grover

On Afghanistan, from Mr Markey's comments, it appears that there is no 'plan B' and that all the eggs are being put in the 'Musharraf basket'. On Israel and Palestine, of course we would all like to see a negotiated settlement, but some commentators have said the best that can be hoped for is that the conflict can be managed, rather than resolved.

Question from Shada Islam, European Policy Centre

As Mr Markey said, suicide bombings in Pakistan have reached an unprecedented level. When did the tide change? When did the Pakistani Taliban and Al-Qaeda decide that the Pakistani state, army and security services were their target rather than just NATO's International Security Assistance Force (ISAF) and the Afghan regime?

Pakistan's President Musharraf was recently on a tour of Europe to demonstrate his democratic credentials. The US is unlikely to find an alternative. If the Pakistan People's Party sweeps the elections, what will happen?

Response from Dr Daniel Markey

There has been a lot of internal violence in Pakistan. The tipping point was probably summer 2007 with the events surrounding the Red Mosque. There was a very serious decision taken by the government to crush the militants there. That sent a message and was received as a message by militants operating in that area and there was a clear explosion of violence after that, which has been sustained since then. It is symptomatic of a deeper problem that has been brewing.

Ambassador Grover's point about there being no 'plan B' is a reasonable criticism. The Bush administration should have engaged with a wider segment of Pakistan's political leaders, if not immediately post 9/11, then especially during 2004 and 2005. This was a time when the question of whether Musharraf would shed his uniform was prominent. There was an opportunity then that was not taken. If Musharraf goes, the next most obvious candidate is army chief Kiani, as the army is so dominant in politics. This is not seen as appealing by the US, but there is a recognition that the shift of power is likely to fall that way. That by default is 'plan B'.

Question from Michael Swann, Council of the European Union

Do the EU, India and the US have coinciding interests in west Asia? If so, why are they are not cooperating better?

Response from James Elles MEP

It is a matter of circumstances. India has for fifty years been part of the non-aligned movement, not an actor on the global stage. Thanks to the huge economic boom and India's global emergence, that is changing. One example of the boom is IBM, which had 4,500 workers in India in 2000. Now they have 65,000 and in two years they'll have 100,000. The digital economy has allowed India to become an equal partner across every sector of the economy. Policymakers are now paying attention to India and want to engage India. What we would expect in policy circles is a generation of work of getting to know each other and working together in international forums. Europe may prioritise relations with India over China, because India is a democracy.

Meanwhile, most people are not aware how close the EU and US are on global policies: on terrorism, environment and energy. The differences are often highlighted, but even on the question of climate change, the EU and US are not so far apart.

Contribution from Ambassador Vinod Grover

There is also another reason. For some time, the US did not want other parties to be involved but the crisis has now grown, they need other players in the game.

Contribution from Geoffrey Barrett

There is a big difference between the first and second Bush administrations. During the second there has been a marked convergence of EU-US views, and there has been interaction on a whole range of issues. The second Bush administration has been far more multilateralist in practice. This is the kind of environment in which the EU functions best. On the bulk of the issues covered by this workshop, the EU and the US see eye-to-eye.

The EU would like to see more engagement from India, however. There are many issues on which India is beginning to speak with a firm voice. But there are areas on which India could be more outspoken.

Question from Jean Luc Racine, Centre for South Asian Studies, Paris

Are India and Iran still cooperating over Chahbahar port related infrastructure (Iran is funding a road network in India to improve links with the Iranian port)? This would be an Indian counterweight to similar projects funded by China in Pakistan, and would offer a second access to the sea to Afghanistan, avoiding Karachi. Secondly, how would India develop a fully-fledged west Asia policy, and take more part in resolving conflicts in the region?

Response from Ambassador Lalith Mansingh

The Chahbahar project is still on. We are building a road from Kandahar to the Iranian border, which will give Afghanistan access to the Iranian port of Bandar Abbas. It is on track. We had some security problems but they have been resolved.

Concerning the international discussion on West Asia, so far India has had no role. We are not invited to international meetings on west Asia. The point is that India must be taken into consideration as it has vital interests in the region. But India has been ignored. The time has come for the US to enlarge its vision and bring in countries to play a role. The US's unilateralism has not worked and it needs to go back to working in a multilateral forum.

Contribution from Manvendra Singh, Member of the Indian Parliament

Discussions on India in relation to Iran and Afghanistan have missed a key point. India's biggest success was to sustain the Northern Alliance. Russia helped but it was essentially an Indo-Iranian baby, which was maintained in the most difficult circumstances.

There was also discussion of the purge anti-US hardliners from the ISI in Pakistan. But this was not so much a purge as a re-posting back to the regular army, and took place at a relatively low level in the command structure.

Contribution from Dr Daniel Markey

The remarks on the ISI 'purge' are accurate. Many officers go to the ISI as a rotation posting from the regular army, rather than a career posting. Now, at the topmost levels of Pakistani intelligence and the army, there are people who are committed to fighting militancy. But at lower levels there is a sense that the fight against Islamic militancy is

not their fight, and the lower levels continue to have relationships with militants and extremists. This is, and will continue to be, a problem. It is something that has built up over a generation.

Contribution from James Elles MEP

The issue of strategic partnerships has been raised. But what is a ‘strategic’ partnership? There has been a loss of understanding of what this means. But the EU-US-India partnership is strategic.

Contribution from Ambassador Vinod Grover

This lack of understanding has been a problem in discussions. The idea of an EU-India strategic partnership is questioned because it has no military content. But there are other elements in it, but these have to be explained.

Session two: the Indo-US strategic partnership and its implications for Europe

Introduction to the session

Manvendra Singh

The relationship between the US and India has evolved over decades, but has taken on a new meaning in the last seven or eight years. Most Europeans have viewed this as a positive development, politically and diplomatically. But an element of commercial competitiveness is embedded in the relationship. The EU and the US have started competing and bidding to get Indian business, which is good for India. But India can also find itself in an uncomfortable position, because its companies must compete with well-established American and European giants.

Furthermore, the coming together of the EU, India and the US has certain ramifications for the relationships of the three blocs with Putin's Russia and with China. This has to be kept in mind. The nuclear assistance agreement of March 2006 between India and the US has led to some level of unease in some European quarters, because it has a certain aspect that some countries in Europe are not completely happy with. These points show that although there are natural reasons for the EU-India-US partnership, such as the democratic links between the blocs, there are also points that must be discussed openly and candidly.

India, the US and the EU

Major General Dipankar Banerjee

India's relations with the US cannot have a negative connotation for anyone, especially not for Europe. A strong partnership between the world's oldest democracy, the largest democracy and a group of 27 old and new democracies can have a very positive impact not only for all of our countries, but for the rest of the world as well.

At the first trilateral dialogue in Brussels in 2004, the conference was limited to reviewing the state of play in the relationship and exchanging views on non-proliferation and peace-building. It is remarkable that, in less than four years, a mutual relationship of strategic partnership amongst all countries has developed and participants are exchanging views on addressing global issues of mutual concern.

India-US partnership

The India-US strategic partnership has developed remarkably in recent years. The partnership has changed from a relationship of 'estranged democracies' to one of 'reluctant friends' in the 1990s. Then in the autumn of 1998 Indian prime minister Atal Bihari Vajpayee described the US as a 'natural ally,' marking a remarkable progression. The areas agreed for cooperation in 2001 were: civilian nuclear activities, civilian space programmes, high technology trade and a dialogue on missile defence. Since then the agenda has been expanded to include robust defence cooperation with regular comprehensive military exercises; a determination to pursue a civil nuclear agreement, and cooperation and sharing of intelligence on terrorism. There is also a CEOs' forum to deepen trade and investment cooperation, a knowledge initiative, cooperation in agriculture and several other initiatives.

There are several reasons why this level of cooperation has been possible and why this is likely to remain a permanent feature. The relationship is buttressed by shared values,

a common vision of the future and intensive people-to-people contact, with a strong Indian diasporic connection with the US. There is also a strong and shared belief in democracy, of rule-based governance and individual liberty. These are beliefs that exercise a powerful influence over governance and policy in both India and the US.

However, it is best to guard against being euphoric, as there are differences in the ways in which the two countries are governed, there has been a long period of estrangement and indeed there is lingering suspicion in the minds of some Indians that may not be easily changed. Finally, there is the possibility that the civil nuclear agreement may not actually be finalised in the near future. The Indo-US relationship is not an alliance, as the US has with Japan or Australia, but a partnership of mutual benefit where the national interests of each may be somewhat different in separate cases and will, therefore, exercise different weights in each other's concerns.

The Indo-US relationship is not a stand against a third country and definitely not against China, nor is it designed to contain Chinese power. That is patently not in the interest of either India or the US. It is probably not possible even if there was an intention. China today is far too integrated into the global economy, plays a very major part in global affairs, has too many friends and is thus not capable of being contained, even if there was an intention to try and make this happen. Both India and the US have an enormous stake in China's peaceful development and harmonious evolution.

EU-India ties and the Lisbon Treaty

As for the EU, India is among five and soon to be seven major countries with which the EU shares a special relationship. However, the EU is commonly criticised for lacking an effective common and foreign security policy. It is often said that certain member countries of the EU exercise a much greater role and influence in their national capacity than the EU as a whole. We expect this to change in the future. The signing of the Lisbon Treaty in December 2007 by the heads of 27 EU member countries can be expected to bring greater coherence to the EU's external policies when the treaty is ratified. This will probably provide a boost to the process of greater interaction and substantive engagement between India and the EU.

There are several very substantive cooperative arrangements developing between India and the EU. Two issues of potential cooperation can be highlighted: cooperation in knowledge areas and research and development, and on the issues of global warming and carbon dioxide emissions. In terms of knowledge and research, with its numerous centres of academic excellence and capabilities in these areas, Europe is uniquely poised to be a partner for India in the latter's pursuit of academic excellence.

Global warming and carbon dioxide emissions, meanwhile, are quite clearly the main global issues of our times, and of critical importance to India. The lives and livelihoods of many hundreds of millions of people in India are linked closely to rivers and water. If present trends continue, Himalayan glaciers will slowly vanish and in turn lead to a drying up of the fertile river valleys in India. The extent of the disaster can hardly be imagined. But we are all in this together, and it is not useful to apportion blame. We should look to solutions that are equitable and based on safeguarding the interests of all humanity, the advantaged as well as the disadvantaged. Proportionality is important. How can you ask those who do not have anything at all to sacrifice something, when others continue on their path of profligacy?

There is no comparison between China and India on climate change. China produces three times more greenhouse gases *per capita* than does India. India's *per capita* production is negligible and in overall terms marginal.

Collective challenges

The emerging strategic partnership between India, the US and the EU needs to now focus more purposefully on common challenges. The most obvious of these is global terrorism, which has worsened in recent years. There have been successes – the absence of the terror strike in the US for one – but there are other not so good signs. The situation in Iraq is unfavourable, notwithstanding the recent US 'surge' and the temporary respite, there is uncertainty as to where Afghanistan is heading, the Al-Qaeda leadership is alive and the Taliban in Afghanistan are spreading their wings.

The final adverse situation is in Pakistan. It has moved from being on the frontline in countering terrorism to being at least a part of the problem, if not its epicentre. The sheer size of a country with a strong army and nuclear weapons, and 165 million people who are being steadily radicalised means Pakistan cannot be neglected. Clearly the global coalition to which we all are committed is not working. It is important that fresh ideas and greater efforts are brought to bear on this problem by India, the US and the EU.

The next threat is of weapons of mass destruction (WMD). The ultimate threat the world faces is that extreme terrorist organisations and WMD come together. This possibility must be prevented through collective efforts. The use of WMD must be made unthinkable, and we must move towards their comprehensive elimination. Enormous efforts are required for this, but clearly new ideas are required, and a concerted plan of action must be adopted. But the EU, India and the US can cooperate on this.

Other collective challenges relate to peace and security, including crossborder criminal violence, the global environment and its degradation, climate change, poverty, ethnic and nationality questions, criminal violence within states brought about by totalitarian regimes, and failed states. The United Nations may well be the best forum within which to address these issues, but its structure and effectiveness need to be reviewed as a priority.

The emerging EU-India-US strategic partnership needs to focus more on these collective challenges. If we can meet these challenges successfully we can hope to live in a peaceful world with a more secure and prosperous future. But a great deal of work needs to be done even to develop a framework for policy implementation in this respect. We need ideas and proposals to make this possible.

The US, India and Europe: transformed relations

Ashley J. Tellis

It is hard to imagine how great a transformation in US-India relations has taken place since the beginning of the Bush administration. Back then, relations were not so good because of events during a previous administration, namely nuclear testing by India. Since then, the politicians have made a difference but structural factors have also made an improvement possible. The relationship is likely to survive because of a convergence in interests, values and ties between the two societies. Before, during the Cold War, there was convergence of values but not interests or ties.

Challenges such as WMD, terrorism and climate change are variables that will bring the US and India closer together. The key challenging factor is that of preserving the balance of power globally. The US-India strategic relationship got off to a great start but is a work in progress. Both sides are in the initial stages of a relationship with great potential.

Potential for cooperation

There is, for example, initial India-US cooperation on defence and science and technology, but true cooperation in many of these areas is aspirational. Cooperation in the private sector, independently of what governments do, is likely to remain autonomous and will grow. Inter-state cooperation will be challenged by many factors, the most important being that there is still a significant difference in capability between the US and India and each side's perception of the needs of the other.

Both must face the challenge of forging a strategic relationship where there are multiple interests, partners and options. Relations will be characterised by constant negotiations over policies, be that overtly or tacitly. These are inevitable because both sides have multiple interests and options.

US-India relationship no threat to Europe

The US-India relationship is good for Europe and is not a threat. It will tie the US and India more closely in a vision of democracy where states can collaborate towards maintaining stability in terms of balance of power and the capability to deal with the collective problems each side is confronted with.

Europe recognises that the US and India will push ahead with their relationship because of core interests. What has not occurred is a common understanding between all three parties. That is at an early stage. There may be some European states that share a common vision with the US and India but Europe as a continent still lags behind.

Europe has a strategic decision to make regarding the US-India civil nuclear agreement, particularly on if and how Europe should support the US or acquiesce to the agreement when the International Atomic Energy Agency board of governors and nuclear suppliers group look at the issue. How Europe responds will have a very important bearing on the possibility of a collaborative relationship between the EU, India and the US.

Europe's choices on how it responds to the India-US partnership will matter. Neither the US nor India can or do seek to develop an exclusive relationship. Europe and the US, meanwhile, have a very special relationship that covers very deep political ties. The India-US ties are still embryonic, so there is a role for Europe to play, a role that Europe should fill because of the differences that will continue to characterise the India-US relationship. The US will continue to view Europe as a critical alliance partner, and India will continue to look to Europe to avoid excessive dependency on the US.

The Indo-US strategic partnership and its implications for Europe

Discussion

Contribution from Lalith Mansingh

There is confusion about what the term ‘strategic’ means and the Indian government does not make it any clearer. However, there is a working definition as the term has two qualities. It is a military term, with strategy referring to the winning of a war, and tactics being about how to defeat the enemy on a day-to-day basis. So there is a long-term implication. In addition, it must be multi-layered and broad. A single issue is not strategic. That definition should be kept in mind. In this respect, India's relationships with the EU and US are truly strategic in nature.

Nevertheless, the EU-India partnership does raise issues in my mind. What is Europe bringing to the table? By contrast it is clear what the US contributes. India looks to the US for investment and technology. If India is to continue to grow at nine or ten percent in the next ten years, it will need massive investments. But India is not getting a similar level of investment and technology from Europe as it is from the US. In fact Indian companies are becoming significant investors in the European economy.

The US is a more open society than Europe. The largest number of foreign students in the US are from India. The job market is more open in the US than Europe. In Europe the job market is not open to infusions of technical skills despite the fact that India has a surplus of these and Europe has a shortage. Visa regulations and residence permits make things difficult. The EU needs to be more open. There is less on offer from Europe than from the US. In terms of the EU-India-US strategic relationship, all three sides of the triangle are not equal. Until they are equal, India will continue raising these issues.

Contribution from David Fouquet, Asia-Europe Project

It is good that the strategic issue of defence capabilities has been mentioned. Ashley Tellis also raised an issue that is concerning for Europe – the idea on the part of the US of ‘are you with us or are you against us’. The relationship with China is also key. One disturbing issue about India is its choice of priorities. Some of these choices have to do with the relationship with China, and some with the relationship with the US. India wants to become a great power, but what does this constitute: military power?

Many of the states in South Asia have been involved in what seems to be a disturbing military modernisation competition. Most of the attention focuses on China, whose defence budget has gone up. But India's defence budget has gone up by almost the same amount – as has Russia's. Brazil meanwhile has an ambition to increase its defence budget substantially. Should this be the priority for these countries when there are so many other priorities such as poverty and energy challenges.

Each country's right to defence must be respected. But strategic issues have become a self-perpetuating problem area for some countries. Some European countries took a peace dividend from the end of the Cold War, but in many other countries there is a strategy of hedging against the worst case. This is valid, but it can become part of the problem, which can create an escalation of an arms race, which is wasteful and counter-productive. Some of India's choices in this context have been questionable. Europe is a more civilian-oriented power, which puts the stress on conflict prevention and crisis management, as well as on other areas such as climate change. These issues will confront India and the rest of the world probably sooner than nightmare strategic scenarios.

Contribution from Jean Luc Racine, Centre for South Asian Studies, Paris

The US policy and expectations are clear, but what are the EU expectations and capabilities, and what are the Indian expectations from the strategic partnership? On the latter, the current Indian government has promoted the civil nuclear deal with the US, but also never fails to underline that the key issue for India is economic growth and its social impact. In this context, what more can Europe do to propagate a soft power model? India's national security advisor recently stressed clearly that soft power is part of India's strategy.

When looking at recent declarations on EU-India and US-India relations, EU-India discussions have resulted in what is called an action plan, but which largely consisted of statements. A US-India document, meanwhile, was issued that was called a joint statement but that focused on action. This underlines the differences in the two relationships. The EU said that it would have a dialogue on issues rather than go

further, because it is not yet in a position to take a stronger position on strategic action. That will not change until after the revised EU treaty is implemented. But until then it is understandable that India sees the sides of the EU-India-US triangle as unequal.

Finally, there is the issue of immigration and the question of whether Europe has an open or not open society. When Germany publicised its willingness to welcome 20,000 IT engineers from India, only a few thousand decided to come, because there was no clear possibility to have the equivalent of a green card. The possibility of an EU 'blue card' will help if all EU member states agree. But there are doubts about the immigration policy of some member states.

Contribution from Jörg Wolff

Concerning the idea of an open society, in Germany there are about 26,000 Chinese students but only approximately 3,500 Indian students. This may be similar in the EU except the UK. One has to ask why. It does not seem just a question of less open societies in Europe. Ambassador Mansingh pointed out that India is not sufficiently taken into consideration in significant international policy issues despite the strategic partnerships. If this is so, what are the reasons?

Contribution from the floor

The EU brings technology to the table. The best technology for energy and alternative energies are found in Europe. There is a demand for these. The question is the terms on which these technologies are to be transferred. One problem is that this is a new and rapidly evolving discussion. At the 2006 EU-India Summit, India categorically refused to have energy and climate change under the same agenda point, regarding them as totally separate issues without implications for one another. But in 2007, India asked for energy and climate change to be a single item. This shows how rapidly the debate is evolving. If agreements on technology transfer have not found their full form yet, it is because officials are trying to keep up with events.

On investment, the EU, as a bloc of 27 countries, is the biggest source of foreign direct investment to India so the EU has nothing to reproach itself for.

On migration and education, many Indian academics working in the US believe the best universities are there – the league tables show this – but the best students do not systematically want to go to US universities, because they do not want to wait for up to a year for a visa. The migration/education picture is not as simple as it might seem. There are very significant links between the EU and India, with the UK being one example of this.

Contribution from Lalith Mansingh

Europe must ask itself why, when it had contacts with India for 200 years, during which time India had virtually no contact with the US, why is the US now attracting more students and skilled personnel? Europe has great universities, such as Oxford and Cambridge, which were the universities of choice for Indians in the past. But now students go to Yale, Harvard, or Columbia instead. Europe must address this. Even though it's tougher to get a green card, students and skilled personnel are choosing the US over the EU.

Question from Jörg Wolff

The migration/education situation is changing. One of the biggest problems is language. Our universities are not teaching in English. Some are building up international English language university degree programmes. But despite everything, are many more Chinese than Indian students in Germany. Why is there this influx of students from China and not from India?

Contribution from Major General Dipankar Banerjee

Most Indians learn English as a main foreign language so other European languages are left out in that process. Since 2002, Indians have been the largest foreign community in the US education system, and this is likely to continue. The attractions of the US are enormous and Indians are becoming familiar with it. The US embassy in Delhi has made enormous concessions, and problems with visas are overstated. All Indians wanting to study have no difficulty getting a visa in genuine cases.

On defence spending, national resources should not be diverted to the military in India. An enormous amount of money is needed to resolve social issues. In the 1950s, India seriously debated whether it should have an army or not. Mahatma Gandhi himself addressed the question. But given the realities of the world in 1960s, the feeling was that a certain amount of defence capability was needed for the survival of nation states. In the last twenty years, China's defence spending growth has gone up by double digits every year. India's growth in spending is much lower if it is averaged out. Future forecasts project China to spend USD 750 billion per year by 2050 as against USD 200 billion per year by India. This is an enormous asymmetry, which translates into different capabilities. The build-up of such asymmetries should be prevented as they are destabilising. A system of Asian security is lacking, though some issues are being addressed bilaterally. India is a democracy, meaning defence spending is moderated, but a certain defence capability has to be accepted as a minimum requirement for security in the region.

Contribution from Manvendra Singh

On educational mobility of Indian students, language is not an issue. There are phenomenal numbers of Indians going to both China and Russia.

Contribution from Ashley Tellis

A few words on the idea of a peace dividend from the US-India strategic relationship. This is linked to the whole question of what a future global order could look like. The European continent has been very privileged to have eliminated sources of discord from the continent. The US does not see this condition as universal yet, however. It does not consider itself yet able to give up the idea of use of force to deal with contingencies, precisely because many of the US's traditional allies are unable or unwilling to deal with these contingencies. The US thus looks for others to partner with. From a US perspective, working with a country such as India, that has exhibited professional capabilities in terms of using its military for a whole range of missions, is very attractive. The pressures in this respect are increasing, not decreasing.

Europe has been able to enjoy a peace dividend because of American policy to prevent the domination of Europe by any single power. Future global stability requires the US to pursue that same objective, but in Asia. From that perspective, the US will need to maintain a range of capabilities, and will want to work with other states that also have an interest in preventing domination by one power. This is one reason current US defence spend is at an all time high, notwithstanding the end of the Cold War.

Question from the floor

The US role in creating peace in Europe in the post-war period cannot be underestimated, but Europe has had sixty years of peace and this is also because of an active approach to maintaining peace in Europe. This is something the EU brings to the table.

What are the implications for Europe if everything goes wrong in the India-US strategic partnership? There are many issues on the horizon: problems in Pakistan, elections in India, US economic problems meaning the next US president may have little time for foreign policy. These could disrupt the current balance of relationships.

Contribution from Major General Dipankar Banerjee

For many people, this question is really about the India-US nuclear deal. What if that fails? But the India-US partnership has a logic that is not likely to fail. It is a strategic partnership covering a range of issues – there cannot be across the board failure. The question is one for Europe – is it also aiming at a similar broad-based relationship

with India? The EU-India partnership is still very narrowly focussed. Europe should not just see India as a market. Cultural contacts are important. The EU-India partnership should expand its horizons.

Contribution from Ashley Tellis

The question of potential failure of the India-US partnership is important. The tasks that face the US and India may become much harder. Dealing with these tasks without a partnership would be extremely hard, with very high costs. An opportunity is foregone if there is a loss of partnership.

Potential state failure on India's periphery is a very special kind of challenge for the India-US partnership. Washington DC needs to be very sensitive to this. It is easy to take India's success for granted, and to become complacent about nurturing it. If India were to fail – however one defines failure – it would make failure in Pakistan look like a picnic. It is in everyone's interest to make India a success. This will help the US achieve its goals in Asia and beyond. It will also achieve a symbolic goal: a middle-income Asian country thriving as a democracy. This would be the best imaginable advertisement for democracy, showing it is a universal human aspiration rather than a western concept.

Contribution from Major General Dipankar Banerjee

Any strategic planning must take into account the possibility of sudden changes. If the India-US relationship does fail, it would likely be dramatic. But the chance of this happening is sufficiently remote so that we do not need to lose sleep.

Question from the floor

The European view of India as primarily a market is also a consequence of the previous non-aligned foreign policy stance of India. This kind of foreign policy culture takes a long time to change in the perception of partners. How is this situation developing in India?

Response from Lalith Mansingh

This has been a process of evolution. India does not issue policy declarations or doctrines. But quietly, the policy changes to adjust to the changes in the international situation. Nuclear testing drew attention to India – first adverse attention, but then positive attention. The nuclear tests of 1998 led to the highest-level India-US dialogue in five decades. There has been an opening up within India, which is now part of the globalisation process. If something happens in America, it affects the Indian stock exchanges. India is part of the global system and there is a new sense of confidence.

Indian entrepreneurs are now no longer afraid of competition. India also wants the world to acknowledge it as a global player.

Response from Dr Daniel Markey

There is a secondary aspect about the potential failure of the India-US relationship: how might the EU react? The potential failure should be taken seriously, but a more immediate possibility is a diminishing of energy from the US side in the relationship. It is possible the bilateral India-US relationship will be dumped into the multilateral context. Whereas on some levels multilateralising relationships is a good idea, in this case it would be a recipe for frustration. It would add layers complexity to every element of dealing with India, from the Washington DC perspective.

Statements from US presidential candidates have tended to portray India as an active partner within multilateral organisations. If the Europeans see the India-US relationship as something worth developing and investing in, and if the US switches its relationship with India more into multilateral fora, then Europe's investment in multilateral fora could help at the margins to improve the India-US relationship. Outright failure may not be likely, but reduced attention from the US is not difficult to imagine.

Response from Ambassador Vinod Grover

There is a very strong American-Indian community in the US, and this should not be forgotten. They will exert their influence to see that the India-US relationship remains strong. The result could be similar to what the Jewish lobby has been able to achieve in the US. There are always ups and downs in relationships, but overall a failure of the India-US relationship is unlikely.

Session three: energy security and climate change: new dimensions of geopolitics

Climate change and energy: an Indian perspective

Ambassador Chandrashekhar Dasgupta

It is best to see climate change and energy security as two sides of a triangle, with the third side being economic development. As for the connection between development and climate change, climate change has been caused by the rise of industrialised countries since the industrial revolution of the eighteenth century. This rise was powered by coal and then hydrocarbons such as oil and natural gas. This has led to an exponential increase in the amount of greenhouse gas emissions and has precipitated the climate change phenomenon. As developing countries go through the process of industrialisation, you must expect to see an increase in greenhouse gas emissions. In terms of dealing with climate change, the question is about having some form of equitable division of the resources of the atmosphere.

While development impacts on climate change, climate change also impacts on, and impedes, development. Phenomena such as increased temperatures, changes in rainfall patterns, inundations of low-lying coastal areas, and cyclones cause a huge development challenge, especially for low income countries lacking the technological resources and organisational skills needed to cope efficiently with climate change. The only way that developing countries can ensure that future generations can cope with climate change is by accelerated development to generate financial and technological resources.

Policies that respond to climate change, such as energy efficiency, energy conservation and switching over to non-hydrocarbon renewables (solar, wind, hydro) are simultaneously a sensible response to climate change and a way of addressing energy security problems. So there are synergies between energy security and climate change policies. But this does not apply in every case. Coal-producing countries will continue to rely on their coal resources as a question of safeguarding their energy security. That

may not be good for climate change but is essential to protect their development interests.

Energy security interests drive climate change policies

The impetus towards climate change policies in Europe and the US is to a considerable extent driven by energy security interests. The US, Britain and Japan are showing an interest in nuclear energy. There is also a new emphasis on biofuels and renewables. These are seen as offering energy security, especially in view of instability in the Gulf and west Asian regions, which are the main sources of petroleum in today's world.

This is not new. Europe saw a switch from coal to natural gas beginning in the early 1980s when Europe began importing natural gas from Russia. There was a huge energy security debate at that time within the NATO alliance. Germany and France felt that it served their energy security interests because it reduced their dependency on oil in the years after the 1970s oil shock, while the US felt that it would create new dependency on Russia, which would undermine western security interests. A compromise was reached in that it was decided that Europe's natural gas imports from Russia should not exceed 30 percent of its total natural gas consumption. At that time, this was possible because of the availability of North Sea gas. But North Sea gas is now running out and the situation is very different. Imports from Russia will have to increase above 30 percent. Europe is now looking at two strategies to get round the problem – liquefied natural gas, and building new pipelines bypassing Russia and coming from the Caspian and central Asia through Turkey to Europe.

The Indian perspective

What should India do about climate change and energy security? There is a huge range of win-win measures that can simultaneously help ensure that India meets its economic development, climate change mitigation and energy security interests. Energy conservation is one, and cost-effective energy efficiency measures are another. Much can be done to reduce India's consumption of hydrocarbon fuels, such as energy efficiency labelling of white goods. This is something very important that has just started. Moving from private to public transport is another measure, as would be cost-effective energy efficiency measures in a number of industrial sectors – not all, but selected sectors. A further set of measures would be to emphasise renewables, especially solar, nuclear, to a lesser extent wind, and hydro energy. There is huge potential here, and use of such energy would help India reduce its dependence on hydrocarbon imports. There would also be development benefits.

India also has potential for natural gas exploitation, in particular coalbed methane.

There are enormous possibilities here. But imports of natural gas will have to continue, which is likely to have to include liquified natural gas in a very big way.

But climate change mitigation objectives should not be pursued at the expense of slowing down economic development. Some advocate a balance between growth rates and mitigation objectives, but this would be a huge mistake for India. For low-income countries, sustainable development equals accelerating development. Without accelerating development, India cannot build up the coping capabilities that are essential to deal with the impacts of climate change.

From the point of view of energy security, what does this mean in a country where almost half of the rural population has no access to electricity? Lifeline energy has to be provided, in order to talk in a responsible way about energy security. To make it affordable to everybody, it is essential to have stepped-up development. Without it, energy security does not mean very much.

Mitigation, energy security and development

It is widely accepted internationally that climate change mitigation and energy security objectives should not be pursued at the expense of development. But the formula being put forward very often implies major limitations on the right to development. At the 2007 Group of Eight (G8) plus five major developing countries (Brazil, China, India, Mexico and South Africa) Summit in Heiligendamm, Germany, Indian prime minister Manmohan Singh made an offer to Chancellor Merkel, in response to the question of what India is prepared to do on climate change mitigation. Dr Singh said that developed countries must bring down their emissions sharply, and India would ensure that at no stage Indian *per capita* emissions would exceed the *per capita* emissions of developed countries. Merkel welcomed this, but other western leaders have been silent on Dr Singh's proposal. This is because the formula on offer is less than *per capita* convergence, which is normally seen as a formula for equitable appropriation of the resources of the atmosphere. But in fact this is a minimum condition for ensuring India's energy security.

If the principle is strictly one of equity, we can go considerably beyond emissions *per capita* convergence. This formula ignores historical emissions, which have been higher in developed countries historically. Currently India is at one tonne of carbon dioxide *per capita*, with Germany on ten tonnes *per capita* and the US on 19 tonnes *per capita*. But historically the differences have been much greater. If every country was like India there would be no climate change problem. Equity requires us to take into consideration historical emissions.

Per capita emissions and *per capita* energy consumption are very closely related, especially for countries relying on oil and coal. There may not be exact correspondence, and there are exceptions such as France and Belgium's reliance on nuclear energy and Iceland's on geothermal. However, overall, *per capita* energy consumption and *per capita* emissions are correlated, and this is related to *per capita* incomes. If the proposed international agreement is to freeze *per capita* emissions of developing countries at a fraction of *per capita* emissions of developed countries, it would represent an attempt to perpetuate the gap in energy consumption and income levels. It would be an attempt to freeze the current economic status quo. Thus it would have enormous implications for India's right to equal development and energy security.

Energy security, climate change and international relations

Xenia Dormandy

The effects of globalisation can be overstated but they do increasingly affect certain issues, such as immigration, health and education. These are issues that can only be addressed internationally and can no longer be addressed locally. This is reflected in the increasing power of cross-border organisations, be it the EU itself or other regional organisations, particularly in Asia such as ASEAN or OPEC. A recent example was Indian prime minister Singh's recent visit to China, when India and China agreed that they wanted to explore a new architecture for closer regional cooperation in Asia.

Energy security and climate change fit in this category of cross-border issues, but energy security has the greatest impact on geopolitics today. The environment as a concern is beginning to catch up with energy security. Energy is key for the energy-rich countries, because it is an enormous source of economic growth, power and influence, such as with Saudi Arabia or Russia. For the energy poor countries, energy security is a driver for policy objectives – China and India have demonstrated this with their efforts to build relationships with potential energy suppliers. Environment is not prioritised in the same way. But this is changing. With the forthcoming Olympics in China, it is clear that environmental issues play a role in China's image overseas.

Environmental prioritisation was also seen during the Bali climate change negotiations. It is also in evidence in the US primaries. There was a huge push six months ago for Al Gore to run again, partly because of his book, *The Inconvenient Truth*, about the environment. This changed the way people perceived him, and underlined the importance of environmental policy for the US domestic agenda.

Meanwhile, total and *per capita* energy consumption are increasing, while resources are

finite, especially hydrocarbons. We do not know when peak oil will come but know that it will be in the next few decades. Nevertheless, there is currently scope to increase production levels: it is a question of investing in increasing them.

These factors affect energy security and also create environmental impacts, which are cumulative. Carbon dioxide, once emitted, is hard to get rid of. Environment impacts have knock-on effects in broader policy terms. Issues such as monsoons, glacial melting and competition over water will play and already are playing a major role in south Asia and in the Middle East. In the Middle East, competition over water is already an important factor in Israeli-Palestinian discussions.

India and the US: contrasting approaches

What does all of this mean for India-US relations? US interests are quite clear. In 2007, in his State of the Union address, President George Bush stressed that the US has been for too long dependent on foreign oil, making the country vulnerable to terrorism and hostile regimes. He added that it is in the country's vital interest to diversify its energy supply. Building energy security is a top priority for Bush and future administrations. This implies security in the Middle East, keeping sea lanes open and developing alternative resources, be they ethanol, wind or nuclear power.

So far, the US policy has focused much more on supply than demand. Perhaps wrongly, there is less focus on reducing demand. The emphasis instead is on ensuring lower energy costs for the public. There is a huge difference between US consumer energy costs and those in other countries. Environmental concerns have been secondary to this. These issues will be a major focus for the next US administration in 2009.

What are the implications for India, given its increasing energy demand? India's government has said it wants to achieve energy independence by 2032. The first priority in India however is to address poverty. There is a humanitarian and political need to address the development issue. One view of the 2004 election in India is that the previous administration was removed because they were not meeting the needs of the poor. One hypothesis is that India will need eight percent annual growth maintained for 25 years to address poverty. In order to have this growth, India will have to get over its energy limitations, which requires infrastructure, which in turn requires foreign investment.

Geopolitics and energy supply

While the US does not subsidise energy, it certainly does not apply all the environmental costs to the energy price. India, meanwhile, has subsidised energy since 1977 and has

used it as a political tool. It will be very hard, if not impossible, for any Indian administration to get rid of these subsidies but that time will have to come. India imports 65 percent of its oil from the Middle East today, and this is likely to increase to 90 percent by 2025. The Middle East has a huge role to play in India's energy security, as it does for the US.

The same is true of Iran. India's relationship with Iran is based at least in part on Iran's supply of energy to India. Energy and environment also play a role in India's relationship with China. The countries are competitors for energy, in particular over potential energy resources in Burma and Bangladesh.

The environmental impact of India's current energy usage should be highlighted more. There is recognition that climate change will hit India much harder than the other countries in the developing world. Coal meets 70 percent of India's energy needs today. It is dirty coal and has huge environmental impacts. India is also looking at nuclear power, and needs the US-India nuclear deal to go through to make this viable. The main impacts of climate change may be felt through monsoons, which will have knock-on effects on agriculture, river levels, glaciers and on the water table. But more than 50 percent of Indians recognise that the environment is a huge issue and a growing one.

Areas for India-US cooperation

These issues have an impact on the India-US relationship. The countries announced an energy dialogue in July 2005. This was to launch five working groups: on oil and gas, coal, power and energy efficiency, new technologies and renewable energy, and on civil nuclear cooperation. The last group is the only one to have had any real momentum.

Energy directly affects the broader India-US foreign policy relationship. When the US wants to move forwards with human rights objectives, it comes up against India's relationships with Burma, Venezuela and Sudan. The US's wish for non-proliferation, meanwhile, will come up against India's relationship with Iran. There is need for compromise in these areas.

The International Energy Agency estimates that India needs to invest USD 800 billion on the energy sector by 2030. India needs to do this in conjunction with other countries including the US and EU. But unfortunately, the experience of US energy companies entering India has too often been negative.

India and the US are working together on environmental issues, such as the July 2005

announced Asia-Pacific partnership on clean development and climate. It is not clear that such dialogues are doing anything at the moment but the structure is there to be activated.

There is a need to focus on the demand and supply curves. The US needs to pay attention to demand while India needs to focus on supply. This could lead to a number of areas for cooperation, such as stability in key regions, such as the Middle East and Iran. The second area is ensuring reliable transport, including sea lanes. Around 60 percent of world oil flows go through the Malacca Strait. India has a huge role in ensuring the security of those straits.

Other areas for India-US cooperation include:

- Diversifying current sources of energy by finding other energy suppliers, whether hydrocarbons or other.
- Developing new sources of energy, such as tars in Canada, or Alaskan sources that elements in the US have been very hesitant to explore.
- Expanding the types of energy resource, such as nuclear power. India has three percent of its power from nuclear, compared to 78 percent in France and 30 percent in Japan. Other sources with huge potential for greater exploitation in India include renewables such as hydro, solar, and wind power.
- The countries can work on better energy extraction techniques, greater energy efficiency, and mitigation technologies such as carbon sequestration.

Finally, the post-Kyoto negotiations need to be taken seriously. Bali saw commendable apparent movement from both China and India, and some movement from the US. There is a sense of waiting for the next US administration before real progress can be made, but we cannot wait that long. Movement is needed now.

Elements of a global energy security architecture

Danila Bochkarev

Energy concerns

Questions must be raised over the very nature of the bilateral and trilateral deals in the EU-India-US relationship. All three parties assess the energy security situation in similar ways, and highlight issues such as foreign/domestic production, global underinvestment, lack of resources, growing energy needs, increasing dependence on external resources, and climate change. The strategic responses to these by the three blocs are also more or less the same: reducing energy dependence, diversification of supplies, diversifying the energy mix, energy efficiency measures, and research. But there is significant difference between the EU, India and the US on how to achieve the responses to the challenges.

We also need to ask if the distinction between energy supplying and energy buying countries is the only main division in the international energy architecture. Is there also a division between the energy rich and the energy poor? If we assess countries in this way, we would have the US, Russia and Saudi Arabia on one side, and China, India and a number of other highly populated developing countries on the other side.

Energy wealth and energy poverty

This is also a question of what is energy wealth and what is energy poverty. To sustain current quality of life in the west, and current levels of production without harming the environment, is quite easy for energy rich countries. Technology is available or will be available soon for countries with money to invest. But the situation is very different for energy poor countries. India badly needs energy but lacks money to give it the same options as the EU and the US have. It is hard for a country like India to have the luxury of affording to diversify the energy mix. In India, all energy scenarios are evolving around coal. So India needs clean coal technologies, such as carbon capture and storage.

The dialogue between the developed and developing world will need to be built around these issues.

There is also the question of nuclear power. In Europe a lot of power generation is based on gas, and Europe can afford to not go totally nuclear. But nuclear energy is cheap and does not generate carbon emissions. On the basis, the rationale for the India-US civil nuclear partnership to go ahead is clear. Nuclear power is a solution for India. India is ready to work with countries that can propose energy solutions; there have been contacts with Russia, and there is the partnership with Washington DC.

There is also the tricky issue of wealthy blocs, such as the EU, wanting to coordinate investment in energy rich countries. India as a relative newcomer on the global energy market also wants to secure resources, but what guarantees does it have that the market will work for it? Will the current system of access to oil remain the same in 20 years? Chinese and Indian oil companies have tried to acquire overseas assets and have an interest in cooperating and not competing, but China does not always respect this interest. Would Europe keep to such an agreement? It is an open question.

There are discussions about International Energy Agency (IEA) membership for China and India, but little has happened, even though China will soon be the world's biggest energy consumer. But they have no guarantees from the IEA club and so are constructing their own safety net. China and India do not necessarily want full-scale political partnership with the EU or the US, because they do not have enough leverage. They are ready to cooperate, but on an ad hoc basis, for example on nuclear energy, technology exchange, or carbon sequestration.

Benefits of a multilateral approach

Therefore, in discussions of energy security partnerships or an energy security architecture, it would be best to take a fully multilateral approach. Bilateral approaches should be precise and mutually profitable, or they will not work – they will remain as commitments on paper. But a multilateral approach could include both energy poor and energy rich countries, and energy importing and energy exporting countries. It may need to start with slightly less ambitious goals, which would be acceptable to all, but it would avoid creating new lines of division between countries. An example of this is the current move by China to make oil equity deals in Africa, the oil does not physically go to China: it goes to international markets. This shows that China believes in international markets, but uses the deals in Africa as a safeguard.

Specific solutions are necessary for both multilateral and bilateral deals. If India commits

to reduce emissions, for example, it has to receive a technological package, covering, for example, nuclear technologies or carbon sequestration. Such deals should also be transparent, so as to establish trust between major actors, because the whole system is very interdependent.

In conclusion, there are two levels for addressing climate change and energy security issues. First would be a global forum with binding commitments, including the major actors, producers, consumers, importers and exporters. Second, there should be an ad hoc net of multilateral and bilateral agreements on specific projects with binding parameters.

Energy security and climate change: new dimensions of geopolitics

Discussion

Question from Jörg Wolff

Is there a nuclear comeback? Nuclear energy has been touched on in the debate. Will nuclear energy play a much more important role in future than at present?

Response from Xenia Dormandy

On lifestyle changes and efficiencies, one of the huge areas of potential is that, as India is developing its infrastructure, there may be higher front end costs to create greater efficiencies, but it is the lower long-term costs that we should focus on. Does there have to be a link between lifestyles and efficiencies? No. But in some areas there will be a negative link, whereas in other areas there will be a positive link.

As for the nuclear comeback, there is growing emphasis in the US on building more nuclear plants and using more nuclear power. It is the same in the UK. There are problems though. The front end costs of building nuclear power plants are much greater than for other sources of energy, though over the lifetime that dynamic changes. However, because of the up-front costs, it is very hard to get private sector involvement without guarantees from government. In the US, there is also an ongoing dialogue about where the nuclear waste should go. Building nuclear plants without solving that problem is not really a credible option.

Question from the floor

Does the US have a problem with India's relationships with Iran and Venezuela?

Response from Xenia Dormandy

The US has multiple relations with Venezuela but relations are not what they could be.

India has quite different relations. Because the US and India have different interests with respect to the countries in question, it does not mean the US and India cannot work together. There is no choice but for India and the US to live with one another's choices in this area, just as the US must live with Indian investment in Iran. The countries must respect each other's strategic interests.

Response from Danila Bochkarev

Nuclear energy requires a lot of investment, but the electricity it produces is three times cheaper than gas or coal-fired power plants, costing in the US 1.7 cents per kilowatt for nuclear as opposed to 5.3 cents per kilowatt for coal.

As for nuclear waste, here there is a problem of nuclear proliferation. There are technical solutions for this, but around one percent of spent nuclear fuel is weapons-grade plutonium – an immediate threat, in case of proliferation.

What is needed is for different nuclear programmes, for example in France, the UK, and Russia, to work together and establish guarantees, for example for an international fuel bank that will reprocess and store spent fuel. But taking into account high oil prices, and the zero emissions from nuclear power, nuclear is a very viable solution for both developed and developing countries.

Question from the floor

Is there any evidence that the implementation of the United Nations Clean Development Mechanism has reduced emissions? On energy efficiency, to what do lifestyle changes have an impact?

Contribution from Chandrashekhar Dasgupta

In the Asia-Pacific partnership, there has been no discussion of the Clean Development Mechanism, because the US is not a party to the Kyoto Protocol, and the CDM is an instrument of that. The CDM has played a useful role and has tremendous potential. It has two objectives. First, it allows industrialised countries to reduce their emissions cost-effectively. For these countries, reducing emissions at home might be relatively expensive; doing it in a developing country often provides a far more cost-effective alternative. That is the economic rationale for developing countries.

Second, the CDM promotes the sustainable development policies of developing countries and allows them to acquire more environmentally-friendly technology without additional cost. That is the advantage for developing countries. It is a win-win situation. Countries like Japan and Canada have found it very difficult to bring down their

emissions domestically because costs are high, but if they invest in emissions reductions in a developing country they can do much more as it is more cost-effective. That is the logic of the CDM.

Contribution from the floor

But has the trade in CDM credits brought down emissions? Although this mechanism has been put in place, EU emissions, as well as those from China and India, have gone up. Is it essentially ‘trade and guilt’?

Response from Chandrashekhar Dasgupta

EU emissions have come down but not by as much as they were supposed to have done. The EU is falling a little short of target. However, it would have been worse without the CDM, and would have been much better if more emphasis had been put on CDM. But the EU’s initial idea was to try and reduce domestic emissions as much as possible. Therefore, it was decided that actions in other countries should not contribute more than 10 percent of an EU country’s target.

The CDM is not just a guilt transfer mechanism, but has a solid economic justification. But in order for it to work there has to be an acceptance of moral responsibility for tackling climate change and bringing down emissions globally.

Question from Dick Gupwell, Secretary General, European Institute for Asian Studies

What is the attitude of Indian public opinion towards the idea of the expansion of nuclear energy? There might be public opposition to a substantial expansion of nuclear power generation. This happened in Europe and the public opinion ‘shock’ was the genesis of the green movement. Some European countries decided to give up on nuclear energy in the face of public opposition.

Is India giving any thought to the production of hydrogen gas, which does not produce carbon dioxide? It is expensive to produce as it needs a lot of solar energy. But solar energy requires vast areas, preferably deserts, which India has.

Response from Chandrashekhar Dasgupta

Regarding hydrogen gas, it depends on how it is produced. Using coal-fired plants to isolate the hydrogen does not make sense but using solar does. India has that in mind, both through the public and private sectors. Tata Motors for example is conducting hydrogen fuel research.

On the public's reaction to nuclear energy, for India in the long run, nuclear is essential. India has the world's largest deposits of plutonium. This is a security issue and it poses a huge scientific challenge. It will be necessary to work on a new fuel cycle. It will be a three-stage development and it will take time. But in the long run it will be important. Until a new technology is developed, we will have to rely on more conventional nuclear technologies. Public reaction is unlikely to be an obstacle. Some of the arguments on this in Europe are contradictory. For example, Germany has a strong green lobby which has blocked the development of nuclear power, but there is no barrier to importing energy produced by nuclear power stations from France. So there seems to be no public outcry in Germany about use of nuclear energy *per se*. It is an issue of not producing it in Germany.

Response from Manvendra Singh

There is political and intellectual opposition to nuclear power in India, though perhaps not public opposition. One argument made is that nuclear power will bring India closer to the US embrace and therefore compromise India's sovereignty. Another argument is that constructing civil reactors would mean more international safeguards checks, and less possibility to produce strategic material, in other words bombs. A further argument, mainly from retired scientists, is that India can find its own solutions and does not need help from outside.

Although public opposition to nuclear programmes is lacking, where there are uranium deposits, people are opposed because of health hazards and fears of what might happen when the uranium is mined. Otherwise, there is no substantial public opposition.

Contribution from the floor

It is surprising there is a lack of public opposition to nuclear programmes. There was great opposition to special economic zones in India, though this involved just small areas of farmland. Nuclear power stations on somebody's doorstep are of much greater concern. There is Indian grassroots concern for the environment.

Response from the floor

The lack of opposition is not so surprising. Where there is no electricity, people want an electricity supply, whether it is from nuclear or geothermal or whichever source.

Contribution by Professor Jean-Luc Racine

The question of energy security is a matter of global competition, while the whole challenge of climate change is ultimately a global collective issue. There are optimistic

positions, stating that it is possible to resolve the two problems simultaneously. But there are also concerns about the right to equal development. Developing countries claim a right to equal development, implying growth with its implications. In developed countries however, there is a claim for the right to preserve current lifestyles. The two are connected, and a solution is not clear. The questions of climate change and energy security touch on the crux of world inequalities. Emerging countries cannot be denied access to what developed countries have, so it is really a question of lifestyle for everyone.

On geopolitics, there are two further issues that can be raised. First there is the ITER joint international research and development project that aims to demonstrate the scientific and technical feasibility of fusion power [see <http://www.iter.org/>]. This offers the possibility of non-polluting energy for the longer term. But it is interesting to see which countries are part of it. The membership might give an indication of the next geopolitical order. It includes countries both developed and emerging countries.

Second, access to water could be a geopolitical issue. Just in south Asia, less water from the Himalayas means problems between India and Nepal, India and Bangladesh, and India and Pakistan. The country likely to be most affected by climate change in south Asia is Bangladesh, which has a low-lying coastline. If there is a disaster there with long-term impact, it will have repercussions in nearby countries. A collective approach is needed for this, and much progress remains to be made.

The EU-India-US trilogue 2008: conclusions

The EU-India and India-US relationships in perspective

Manvendra Singh

Each country and each society has its own peculiar cultural assessment of what strategic means, and there is a divergence in terms of expectations. This divergence is highly apparent when it comes to India, because of the peculiarities of the Indian condition and the situation that India finds itself in, less than two decades after the process of economic liberalisation. India continues to be both politically insular and politically globalising. This is a peculiarly Indian conflict and India is trying to deal with that conflict within itself. Until that conflict plays itself out, India's strategic partnerships will continue to involve declarations, but may produce little action in a real and tangible sense. India's insularity is very apparent when it comes to the country's extended neighbourhood.

There is an unfortunate fact of Indian life. If you ask an Indian about his global vision and global perceptions, you will find that attention is focused solely west of the Suez canal. Before the term ASEAN was devised, there was what was called Indochina – but it certainly was not called Indochina because China and India dominated the area militarily. But they conquered it culturally. Indochina was a cultural concept created by the sheer power of Chinese civilization and the Indian civilization over millennia. But that fact is lost on the Indian mind today. This absence is very apparent when we have to declare a 'look east' policy.

Such a declaration should not be required because it is so obvious. It is not just a question about India being involved over Palestine, for example. It is obvious when one looks at the history books. It is not very long ago that about 125,000 Indians died in the siege of Kut in Iraq in 1915-16. But effort seems to be lacking on the Indian side today to work on the Iraq question today.

Going beyond markets and trade

International relationships, whether in a dialogue or a trialogue, are easily reduced to trading information and trade volumes. If it was just trade that created policy, or if it was just trade that created common visions or common perceptions, nobody would stand a chance against the confidence that the US would have vis-à-vis China. The sheer volume of that trade overshadows everything else in the world. But China-US trade does not make China and the US best friends, or create a common vision or a common global ambition or global policy between them. Trade is not a barometer of common perceptions.

This highlights India's problem with the EU. It is essentially a perception problem. India does not yet have a perception of the EU as an entity that determines a common policy. India is still governed by its relationships with the EU member states. Indians have to be made to feel that there is an EU platform that dictates security and political policies. Until that is tangible, India and the EU will not be partners in a global sense. For example, the Indian military and the French military have successfully exercised together. But the EU-India relationship is different from the India-US or China-India relationships.

The India-US relationship: slowdown and speeding up

Had it not been for 11 September 2001, the Indo-US relationship would have expanded hugely by now. The vision that President Bush and the Indian administration had for the India-US relationship was truly mind-boggling. But the momentum was punctured by 11 September. Of course 11 September has not determined the shape of the relationship, but it has moulded it. There has been a slowdown.

The India-US civil nuclear agreement, however, has marked a move to accelerate the development of the relationship again. The agreement represents a huge political map-drawing effort on a global scale. That, however, is one of its drawbacks. For the US, nuclear talks have become the pivot and the centre of gravity of the India-US relationship. Meanwhile, because of hijacking by various domestic elements in India, the nuclear deal has actually led to a perceptible slowdown in some areas. The delayed logistics support agreement – a very vital Indo-US mechanism – is a key reminder of this slowdown. Domestic politics are playing a role on the international level. But that is what politics is and overcoming such barriers requires vision.

When it comes to EU-India-US triologue, the question is how we make it into a triangle with equal sides and angles. This has not happened yet.

Three key issues for the EU, India and the US

Ashley J. Tellis

Three categories of issues and related sub-issues can be raised in respect of what the EU-India-US relationship will be compelled to engage with.

Security

The question of security and how one manages the challenges to security is going to be central to a collaborative relationship between the EU, India and the US. Security cannot be subordinated to other issues. A first overriding issue in this respect is what globalisation does to standard strategies for providing security. It is clear that the global environment in the years to come is going to be quite different from the environment during the Cold War. The most distinctive element of change is that states will continue to have strong economic relationships, even with their competitors. This reality is going to impose some very difficult choices. The traditional strategy of security in the context of autarky is not going to be available.

The US faces this in a very dramatic way in its relationship with China. Europeans, meanwhile, have escaped this within Europe because thankfully there is no major security competition within Europe today. But security challenges will become an issue as Europe looks to the world outside.

The second broad question in the area of security is who or what is going to provide security on a global scale? Is it going to be power, or is it going to be institutions? This is a thorny issue because the European success in banishing rivalry and competition within Europe often leads to the conclusion that institutions are thus the solution to dealing with security issues worldwide. But this can be either premature or impractical. The US certainly exists in an environment where it cannot rely simply on institutions. The same may be true for India as well.

How can a common position be reached when this issue is still outstanding? Power and global institutional relationships need to continue to be discussed through the EU-India-US dialogue. If we cannot banish power as an instrument for security, a third set of issues must be confronted: what mechanisms are best suited for dealing with producing power in what will remain at least partly a competitive environment? Does the world continue to rely on the US as a hegemonic power providing security or are there alternative models? It is very fashionable to talk about the arrival of a multipolar world, but is it emerging? Are there poles of power with the capacity to undertake very demanding obligations with respect to the production of security and stability? Very few states have the capacity to actually make substantial contributions that effect outcomes. The enormous difficulty in bringing stability to Afghanistan is one example of the limitations of the idea of a multipolar world.

The US response to this has been to go it alone if it deems it necessary. The US will use bilateral alliances if available, especially alliances it has invested in. But there are real questions as to whether some of the old alliances will survive in the manner that they exist now. Because of this, the US is attempting to experiment with a new innovation it has called the 'coalition of the willing'. This US approach will be critical in the EU-India-US relationship.

There are also very pressing security questions in terms of regional order. The two most pressing questions in the near term for the EU, India and the US are, first, Afghanistan and Pakistan. There are very important common interests depending on winning the war in Afghanistan, and successfully transforming Pakistan to undermine the terrorist threat. The second question is, of course, Iraq, which also relates to Iran. When one talks of Iran one opens the door on the whole question of stability in the Middle East, particularly the Israeli-Palestinian problem. These are the key security questions for the EU, India and the US.

Trade and development

On trade, two themes can be drawn out. First, when one talks about strengthening a global trading order, which is commonly agreed to be in the collective interest, there are global solutions and regional solutions, which may conflict. The Doha Round is an example of a global and multilateral solution, but there are some very evident challenges to Doha. If there is no global solution, the question will be if regional solutions can serve as an adequate substitute, even if only for the interim. This is an issue that will have to be dealt in the next few years.

Second, what kind of treatment does one apply to countries like India, which are in

essence locked between two worlds? They are developing according to many indices, but are also in transition. This is a question that is going to come up in many areas: for example, with respect to climate change, with respect to the environment, or with respect to any future multilateral arrangements that may be made. The logic of the problem is still the same. Countries such as India have not quite exited their development stage, but yet are far from, for example, some countries in sub-Saharan African. How this is managed is going to be an interesting economic and trade problem.

Functional issues

As well as security, and trade and economics, there is a third category of functional issues. The first and most important of these is the question of energy. A central choice that the EU, India and the US will face is can energy security be enhanced by continued reliance on markets, or should there be alternatives to markets. For China and India, there seems to be a temptation to consider alternatives to markets, preferential political arrangements that either provide continued access or price stability over the long term. The temptation to engage in these solutions is very obvious, but is it globally optimal? Do non-market driven solutions advance collective welfare? This is not simply an economic problem. As soon as one thinks of preferential arrangements to secure energy, for what may be very legitimate economic reasons, the question of the politics of these arrangements is raised. What are the terms under which these arrangements can be protected? You can see this very clearly in the politics of pipelines.

The emerging question of nuclear energy and its future is important in this context. This is definitely an issue that is going to affect the US, which in the next two to three years will issue licences for the first time in 25 to 30 years for new nuclear power plants. The Bush administration has made a very strong effort to start a nuclear renaissance. Because of the simple pressure of necessity this nuclear renaissance will gather steam, even if Bush's successor has a softer line on nuclear energy.

India meanwhile has made a very clear commitment to nuclear energy although the development time for investing in nuclear energy will be relatively long. The future for India is very clear. India cannot afford to forego the option of nuclear energy. But the issues relating to nuclear energy – the questions of safety, security of access to materials and fuel, and the question of how to minimise proliferation related to weapons material or waste – will be central in our ability to manage the challenges of nuclear energy. Within Europe as well there are at least four countries that are revising their concepts of nuclear energy.

The second functional issue is water. This is going to be a very serious issue because it

affects human security on a very large scale, for example in relation to agriculture and to our ability to live human life as we understand it. There is a great deal of conflict potential with respect to water management, especially if water management leads to large-scale engineering schemes that favour upper-riparian states.

Three further functional issues can be raised:

- The future of the global commons, to which many issues relate. Public health is one, and it is going to affect us in the near term if the experts are to be believed who think that at some point in the near future we are going to have a major public health crisis.
- Access to space is going to be critical, and if the access will be for peaceful reasons. This is particularly relevant to the EU-India-US triologue because all have very strong interests in space.
- The environment, climate change and sea lines of communication – the last in particular is key because it relates to movement of energy resources at a time when energy prices have reached an all time high and are not likely to decline.

This is a very large menu for the triologue, and a fertile agenda for future discussions. These issues affect core national security interests for all three partners.

Conclusions

India's rise as a global political and economic power over the last decade has major implications for the European Union and the United States. The way these three political entities engage with each other on a trilateral basis can be seen as a test of their ability to meet the wider challenges of globalisation. All three powers share a commitment to strengthening political pluralism, tolerance, freedom of expression and to the model of multi-religious democracies with a secular state. All three global actors have a keen interest in tackling issues of global concern, from climate change, managing energy resources, promoting multilateral trade liberalisation, eradicating poverty, fighting terrorism and organised crime, promoting human rights and democratisation.

Despite the common vision on global challenges and global responsibilities, this workshop has shown that each partner prioritises and gives weight to the challenges in a different manner.

The EU, in contrast to the US, advocates very strongly the principle of multilateralism and has a clear soft power and holistic approach in its relations with third countries. It stresses the importance of political dialogue and uses political and economic sanctions as a last option. This approach has been criticised several times by members of the Indian delegation. In their view the EU is not yet in a position to take a stronger hold on strategic and geopolitical issues until the revised Lisbon Treaty is ratified and implemented. The US pursues a more realist foreign and security policy which uses their geopolitical influence and military presence in a proactive and preventive manner to secure access to resources and to defend against terrorist threats. With its growing global economic influence India's political weight and foreign policy culture are also changing. In contrast to the EU or the US, India does not proclaim soft or hard power

doctrines but quietly adjusts its foreign policy to the changes at the international arena.

The four panel discussions have highlighted the following lessons and recommendations:

- Effective multilateralism requires cooperation from the EU, India and the US; a multipolar world demands flexible policy responses based on trust and joint agreements from all sides, strategic partnerships are crucial but should not be exclusive.
- The EU's recent experience and role in conflict prevention, conflict resolution and peace building has not been sufficiently highlighted in India. The EU should therefore share its experiences with the US and India on joint conflict prevention and conflict resolution strategies in South East Asia.
- Strong historical, cultural, economic and social interdependencies between India and West Asia require a stronger political engagement from India to better explain India's interests and responsibilities towards the region. Specific Indian strategic interests, such as the prevention of hegemonic dominance in the region, preventing a nuclear armed Iran, preventing the spread of religious terrorism, secure West Asian Oil Supplies, and guaranteeing the safety of the sea lanes should be openly addressed by India.
- Robust bilateral ties with Palestine and Israel have enhanced India's chances of playing a more important role in the Middle East Peace process.
- The US approach towards West Asia has shifted from an unilateral to a multilateral approach as conflicts in several regions have escalated; the new US administration should therefore build upon multilateral strategies, approaches and strategies.
- India's choice of future political and strategic priorities will become crucial; it has to find the right balance between geopolitical considerations and actions (India's defense budget has gone up by almost the same amount as Russia's) and socio-economic and development policies which strengthen the voice and income opportunities of the poor population. Strategic issues can become a self-perpetuating problem and bind substantial financial resources while poverty alleviation and energy challenges lack financial commitments.
- India's climate change mitigation objectives should not be pursued at the expense

of slowing down economic development.

- The principle of equity in climate change discussions requires the countries to take into consideration historical emissions, as per capita emissions and per capita energy consumption are very closely related, especially for countries relying on oil and coal.
- India cannot accept international agreements where per capita emissions of developing countries are to be frozen at a fraction of per capita emissions of developed countries, which would represent an attempt to perpetuate the gap in energy consumption and income levels.
- Dirty coal meets 70 percent of India's energy needs with huge environmental impacts, US-EU-India cooperation therefore should focus on diversifying current sources of energy by finding other energy suppliers, developing new sources of energy, and intensified cooperation on energy extraction techniques, greater energy efficiency and mitigation technologies.
- Energy security will remain a top priority of this and succeeding US administrations; US policy so far has focused much more on supply than on demand, environmental concerns have been secondary to this; the next US administration must have ambition and determination if there is to be real progress in the post-Kyoto negotiations.

The Konrad-Adenauer-Stiftung will stay committed to continue this trilateral form of foreign and security policy dialogue in the future.