

Remarks By
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Good afternoon. First, I would like to thank Mr. Atul Kirloskar of Confederation of Indian Industry and Ms. Ingrid Belton of the U.S.-India Business Council for the invitation to speak to such a distinguished audience today. This is my second visit to India in less than a year and only my third visit to India since I first came here in 1977.

At that time I was a young US Army Major living in Taiwan. I arrived in India from Burma, stopping in Calcutta, where I spent the day walking the streets before departing for Delhi that evening. During that trip I also visited the Taj Mahal. Departing India from Delhi, I flew to Pakistan, arriving in Karachi. Seated next to me on the plane was an Indian gentleman who spent the entire flight explaining to me everything the thought I needed to know about Kashmir. I was only in India for a few days, but during those few days I got quite an education.

I left India in 1977 realizing I had a lot to learn about India. Since my visit here in December 2001 with Under Secretary Feith I have been continuing my studies. Learning about any culture can be a life-long pursuit. Understanding why India and the United States have much in common and are natural allies does not take that long to understand.

From the first day of taking office, the Bush Administration was committed to transforming U.S.-India relations. It was the tragic events in New York and Washington on September 11, 2001, of course, that provided new impetus to an improved U.S.-India relationship. Following September 11, India was most generous with its public comment and support for the United States. On September 22, 2001, President Bush signed a Determination that waived Congressional sanctions which had prohibited arms transfers to India. Although everything that has taken place in the U.S.-India defense relationship since September 11 may have happened in any event, it is fair to say that these events would have taken considerably longer to unfold.

Moving quickly in the wake of September 11, in December 2001, Undersecretary of Defense for Policy, Doug Feith, visited India to revive the dormant U.S.-India Defense Policy Group which he co-chaired with Dr. Yogendra Narain. At this meeting they established the Security Cooperation Group as the third subcommittee of the DPG in addition to the Military Cooperation Group and

the Joint Technical Group to facilitate security cooperation and foreign military sales discussions that addressed the specific requirements and requests of the Indian government.

The developing defense relationship between the U.S. and India has made great strides since Undersecretary Feith and I came to New Delhi in December 2001 for the first Defense Policy Group Meeting in more than seven years.

- Over this past year Prime Minister Vajpayee, Defense Minister Fernandes and Foreign Minister Singh, LTG Joshi, Chairman of the Integrated Defense Staff, and all three Indian service chiefs visited the United States as well as numerous other senior Indian officers.
- In return, Secretaries Rumsfeld, Powell, and Armitage have visited India along with many other senior U.S. officials.
- These visits have opened lines of communication that enable us to maintain a clear understanding of each country's needs and desires.
- Paralleling developments in the defense relationship, last week Al Larson, Undersecretary for Economic, Commercial and Agricultural Affairs visited India to increase trade and private sector cooperation and this week Under Secretary of Commerce, Kenneth Juster is visiting to further the US-India relationship by focusing on high technology trade.

- In addition to these very high profile visits LTGEN Khanna and MGEN Brar visited us in Washington as well as New York, Fort Lewis and Fort Benning to learn more about U.S. Army equipment.
- Joint Secretary Jane, from India's Home Ministry, visited Sandia Laboratory in Albuquerque, New Mexico, and the El Paso Border Patrol Office in Texas to learn more about our equipment and system design for modern border security.

We conducted the first SCG meeting in Washington this past April, co-chaired by Mr. A.V. Singh, Special Secretary for Acquisition, and myself. In connection with the first SCG, on April 17, I countersigned, and Joint Secretary Arvind Joshi accepted a Letter of Offer and Acceptance for TPQ-37 "Firefinder" radars.

Thales-Raytheon and both the U.S. and Indian Army are to be commended for their outstanding coordination in putting this project together. Thales-Raytheon demonstrated these radars in India and subsequently worked closely with my office and the U.S. Army during the final sale negotiations.

MGEN Scott, Commander of the U.S. Army Security Assistance Command personally led the initial U.S. radar briefing team to Delhi in February 2002 and India sent a team to the U.S. to complete negotiations in April resulting in

signature on the LOA. We are looking at this program as the model for follow-on FOREIGN MILITARY SALES cases.

A significant contribution in furthering our defense trade relationship is the removal from U.S. law of the requirement that all transfers of military equipment and marketing activity be subject to Congressional notification. As a result of sustained Administration attention to this issue, the FY 2002-2003 State Department Authorization bill amended the law, putting sales to India on the same basis as those to most other countries, and paving the way for expedited defense sales between our two countries. Major Defense Equipment sales totaling less than \$14M and non MDE less than \$50M no longer require Congressional notification. This was no small feat, and it already has resulted in much faster license approvals and demonstrates in a very concrete way the U.S. commitment to putting our defense relationship on a higher plane.

Yesterday, along with Mr. Ranjit Issar, Joint Secretary and Acquisition Manager, I co-chaired the second Security Cooperation Group meeting and I believe that both governments are very satisfied with the progress we have made at these meetings. The prospect for future U.S. FOREIGN MILITARY SALES and commercial sales is excellent. We are learning about more opportunities with each visit, and the Indian government is learning more about our capabilities and intent to be a reliable partner for the long term.

I encourage U.S. defense industry to increase its marketing efforts and interaction with the Indian armed forces to discuss how your products and services can meet India's requirements including sales, co production, and licensed production with Indian defense industries. I would invite you to contact my office at DSCA in Washington or LTC Scott Denney at the Office of Defense Cooperation here in the U.S. embassy early in your efforts to discuss proposed sales to India, whether Foreign Military Sales or Direct Commercial Sales. There are many ways we can offer assistance.

While we have made remarkable progress in the defense relationship up to this point, a question remains regarding the prospects for the future. India seeks assurances that the United States will be a reliable defense supplier over the long term if it is to invest its resources in U.S. systems. We believe the U.S. is the world's most reliable supplier because our defense supply relationships are not based on profit but on the fundamental U.S. policy goal of promoting democracy, peace and stability. You only have to look at the relationships we have with friends and allies around the world that date back to World War II and before to appreciate this.

In this regard, India is an extremely important country to the United States. Not because India is soon to become the most populous country in the world or because it is a nuclear power, but because it is a democracy.

The U.S. desires to form a long-term defense supply relationship with India that contributes to the fundamental mutual interests of both countries. The U.S. and India are two of the largest democracies in world and as such, the U.S. wishes to establish a long-term relationship with India. However, as in all democracies, we are subject to the fundamental principles of our constitution and the laws of our Congress. In the past the U.S. Congress has imposed sanctions on defense sales to India, but I believe that with continued dialogue, cooperation and understanding of each others interest, desires and requirements the U.S. and India can work to avoid these situations and reaffirm that the U.S. is the most reliable defense partner in the world.

The U.S. team I led here to this week's SCG comprised a joint Department of Defense, Department of State effort. We tackled a number of issues head-on and emerged with not only a clearer understanding of India's defense requirements and each country's governmental processes but also cemented relationships with our counterparts in India. We look forward to working with the many friends we have made.

Both the U.S and India have clearly invested a great deal in improving our overall relationship over the last year and the U.S. intends to devote even more energy, resources, and high-level policy attention to our relationship in the coming years. We have a solid vision about the direction we need to move, but at the same time, we are realistic about the time it takes to build a truly strategic, robust relationship based on common interests, mutual understanding and above all, trust. I am confident that both the U.S. and India are looking toward success in these areas and will build a long-term defense supply relationship which furthers the U.S. foreign policy goals and meets India's requirement for defense supply.

I will be happy now to take a few questions from members of the USIBC and CII.