

The Wrong Rebalance: An Argument for South Asia

by

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Abstract

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American policies towards South Asia have been inconsistent at best and neglectful at worst since the 1947 partition of India. The United States should therefore seize the window of opportunity provided by the political events of 2013-2015 and invest in improved diplomatic, economic, and military relationships with both India and Pakistan. The relationship between these two countries will largely determine the security and prosperity of not only Asia, but also the entire world in the 21st Century. The United States should therefore rebalance towards India and Pakistan, not the greater Asia-Pacific region, to better protect core national interests and those of its allies and key partners. The United States and China should seek common ground to facilitate a more stable South Asia based upon economic interdependence, transparent diplomacy, and mutual security objectives.

The Wrong Rebalance: An Argument for South Asia

With most of the world's nuclear power and some half of humanity, Asia will largely define whether the century ahead will be marked by conflict or cooperation, needless suffering or human progress.

- President Barack Obama¹

The Obama Administration asserted a new policy direction in late 2011 known as the pivot or rebalance to the Asia-Pacific. The January 2012 Defense Strategic Guidance (DSG), *Sustaining U.S. Global Leadership: Strategic Priorities for 21st Century Defense*, best encapsulates the Administration's overall policy in a single document that had previously been articulated only through speeches and op-ed articles. The DSG's section entitled "A Challenging Global Security Environment" describes the critical role that the Asia-Pacific plays in America's present and future:

U.S. economic and security interests are inextricably linked to developments in the arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia, creating a mix of evolving challenges and opportunities. Accordingly, while the U.S. military will continue to contribute to security globally, *we will of necessity rebalance toward the Asia-Pacific region.*²

The rebalance to the Asia-Pacific reflects an adherence to the liberalism model of international relations theory. Proponents of this theory believe that multilateral institutions, economic exchange, and the promotion of democratic values facilitate prosperity and security.³ In reality, the President's liberal vision discounts South Asia in favor of Southeast and Northeast Asia. The Obama Administration speeches and documents describe only an aspirational relationship with India and make virtually no mention of Pakistan at all.⁴ The current and the next Presidential administrations would be better served to view South Asia through a lens that is more focused on realism

rather than liberalism, as both India and Pakistan are self-interested states that constantly compete for power and security.⁵

A Window of Opportunity

American policies towards South Asia have been inconsistent at best and neglectful at worst since the 1947 partition of India. The United States should therefore seize the window of opportunity provided by the political events of 2013-2015 and invest in improved diplomatic, economic, and military relationships with both India and Pakistan. The relationship between these two countries will largely determine the security and prosperity of not only Asia, but also the entire world in the 21st Century.

Optimism for Pakistan's Leadership

Prime Minister Nawaz Sharif and his National Security and Foreign Affairs Advisor Sartaj Aziz recently participated in the resumption of the U.S.-Pakistan Strategic Dialogue with President Obama and Secretary of State Kerry after a three-year hiatus. Prime Minister Sharif articulated his government's desire to "focus on economic development, pursue peaceful relations with Pakistan's neighbors (including India), and rebuild a working relationship with the United States."⁶ The Prime Minister's success in achieving these three goals will be largely dependent on the amount of influence and interference that he receives from the Pakistani military; however, these goals are well aligned with U.S. desires for an enhanced Pakistani role in South Asian affairs. Sartaj Aziz told Secretary Kerry in January 2014 that "we are meeting to explore ways and means for transforming the post-2014 U.S.-Pakistani transactional relationship into a strategic partnership."⁷ Mr. Aziz told the Secretary of State that the two most important prerequisites for building a strategic partnership include "mutual trust at all levels and

among all key institutions” and the “expectation that the U.S. will not look at Pakistan from the two specific lenses of Afghanistan and terrorism.”⁸

Prime Minister Sharif appointed General Raheel Sharif as the Pakistani Army Chief of Staff in November 2013. General Sharif is viewed by his fellow Pakistani officers as “a straight-talking professional soldier with no political ambitions” who has worked hard since 2007 to convince the Pakistani army leadership that “the Tehrik-e-Taliban (TTP) and assorted militants inside Pakistan are as big a threat” as India.⁹ There is an opportunity for Pakistan to contribute to and enjoy greater regional stability and prosperity if Pakistani politicians and military leaders focus more on the internal threats of terrorism and a stagnant economy, and less on the perceived threat posed by India. The combination of Prime Minister Sharif, National Security and Foreign Affairs Advisor Aziz, and General Sharif may be the catalyst for positive change that Pakistani society desperately needs.

Anticipated Optimism Following India’s National Elections

The Indian national elections of April and May 2014 will likely result in a new parliamentary coalition without an absolute majority. The Bharatiya Janata Party (BJP) is expected to regain the leadership of the parliament and Shri Narendra Modi is expected to represent the BJP as the new Prime Minister. The United States will find itself in a delicate situation if Modi is elected as the next Prime Minister; however, the Obama Administration really has no option but to openly embrace him, despite continued misgivings concerning his alleged complicity in the 2002 Gujarat massacre of approximately 1,000 Muslims. Assuming that the BJP wins the most seats in parliament during the ongoing elections and installs Modi in office “any hint of less than complete

acceptance of his status as prime minister by the United States would be seen as an unforgivable insult.”¹⁰

Modi’s vision or “Brand India” is designed to ensure India’s continued rise as a global economic power. The five-Ts of Brand India are focused on developing “talent, trade, tradition, tourism and technology.”¹¹ His emphasis on India’s economic growth may serve as a catalyst for greater regional interdependence and stability if he works with Prime Minister Sharif to develop significant trade relations with Pakistan.

Anticipated Optimism Following Afghanistan’s National Elections

Lastly, the April 2014 Afghan national elections will likely result in a runoff between former World Bank executive Ashraf Ghani and opposition leader Abdullah Abdullah. According to the *Wall Street Journal*, both candidates have publicly stated that they will sign the bilateral security agreement (BSA), which is “needed to maintain American aid and a limited U.S. military presence in Afghanistan once the international coalition’s current mandate expires in December (2014).”¹² Thus the Obama Administration has a unique opportunity to strengthen, widen, and deepen America’s bilateral relationships with the new leadership of Pakistan, India, and Afghanistan. If diplomatic relationships improve, there is an opportunity to facilitate economic and trade agreements that may result in long-awaited regional prosperity and security.

Recalibration of U.S. Policies

The United States should therefore rebalance towards India and Pakistan, not the greater Asia-Pacific region, to better protect core national interests and those of its allies and key partners. This includes a recalibration of U.S. policies across two key areas:

1. The prevention of a nuclear, large-scale conventional, or terrorist attack involving either India or Pakistan
2. The non-proliferation of nuclear weapons from Pakistan

New Delhi and Islamabad cannot and will not solve these challenges alone, nor does the United States have sufficient credibility to negotiate bilateral settlements without additional assistance. The United States and China should seek common ground to facilitate a more stable South Asia based upon economic interdependence, transparent diplomacy, and mutual security objectives. The United States should play a significant, but discreet role by simultaneously focusing on regional solutions where national interests converge and by strengthening bilateral relationships with both India and Pakistan.

An Overview of the Indian-Pakistani Conflict

A review of the history between India and Pakistan will shed light on the present-day difficulties that both countries face internally and with each other. Pakistan was created on August 14, 1947 as a homeland for Muslims and as the first country to gain independence from the British Empire after World War II. India gained its independence the following day. The Raj left a legacy that still impacts how India and Pakistan view themselves, each other, and ultimately guides their foreign policy. India emerged from British rule “determined to maintain its independence at all costs; it was never again going to be told what to do by a foreign power.”¹³ Pakistan was equally determined to maintain its independence and remained obsessed with the perceived threat posed by India. Pakistani leaders initially believed that their shared hatred of Communism would encourage the United States to serve as their ally against India and its growing

relationship with the USSR. When the United States disappointed, neglected, or sanctioned Pakistan, Islamabad instead turned to Beijing.¹⁴

India and Pakistan have engaged in four wars of varying scale and duration since the 1947 partition. Pakistan initiated every conflict and India was victorious each time. Pakistan attempted to annex Kashmir in the first war that ran from October 1947 to December 1948.¹⁵ In 1965, Pakistani Foreign Minister Zulfikar Ali Bhutto and the Inter-Services Intelligence Agency (ISI) developed Operation Gibraltar as a means of creating an insurgency in Kashmir that would justify an armored invasion named Operation Grand Slam. The second war was a fiasco for Pakistan and its leadership.¹⁶ Pakistan launched a preemptive attack known as Operation Genghis Khan in December 1971. The third war also failed and resulted in the loss of East Pakistan, now known as Bangladesh. The United States sided with Pakistan during the 1971 war and George H.W. Bush, then the U.S. Ambassador to the United Nations, called India “the major aggressor.”¹⁷

India surprised the American intelligence community and detonated a nuclear weapon on May 18, 1974. This was considered a strong response to the continued threat posed by Pakistan and its two nuclear-armed supporters: China and the United States.¹⁸ Both countries tested nuclear weapons in May 1998, thereby drastically increasing the stakes in any future South Asian conflict.

Pakistan again initiated armed conflict in Kashmir in a 1999 spring/summer offensive known as the Kargil war. This was the first conflict where both India and Pakistan possessed nuclear weapons. For the fourth consecutive time, the Indian

armed forces decisively defeated the Pakistani invaders. The Kargil War also marked the first time that the United States unequivocally backed India rather than Pakistan.¹⁹

The terrorist attack on Mumbai in November 2008 further solidified America's support for India and the growing threat emanating from Pakistan. The Mumbai attacks were planned by the ISI and al Qaeda and executed by Lashkar-e-Tayyiba (LeT). The terrorists split into four teams and attacked prearranged targets that included Mumbai's "central train station, a hospital, two famous five-star hotels known for hosting Western visitors as well as the cream of Indian society, a Jewish residential complex, and a famous restaurant also known for attracting foreign clientele."²⁰ Muhammad Ilyas Kashmiri, a senior al Qaeda operative who had once worked for the ISI, stated that the ultimate objective of the Mumbai operation was to create "a nuclear war between India and Pakistan in order to disrupt the global counterterrorism efforts against al Qaeda, to complicate NATO's war in Afghanistan, and to polarize the world between Islam and the 'Crusader-Zionist-Hindu conspiracy."²¹ India may not demonstrate its historical restraint following another Pakistani-initiated terrorist attack or cross-border invasion. A review of the current views of India and Pakistan towards the United States and China provides a starting point for American policymakers as they attempt to diffuse the tension in South Asia.

India's Views on China and the United States

India views China as a significant trade partner, a competitor for influence and energy resources, and as an outright nuclear and conventional threat. The Indian-Chinese border dispute that began in the 1950s, and resulted in a brief war in 1962, has never been resolved. Prime Minister Vajpayee wrote a letter to President Clinton in May 1998 following India's detonation of five nuclear weapons. He cited the threat of China,

not Pakistan, as the main reason for increasing the nation's nuclear arsenal.²² Tensions between the two countries continue today with "more than 2,000 miles of disputed border stretching from the Indian-controlled territory of Kashmir in the north to the eastern Indian state of Arunachal Pradesh, which China calls South Tibet."²³

India privately welcomed the Obama Administration's rebalance to the Asia-Pacific; however, New Delhi has been cautious to publicly embrace the new American policy. Prime Minister Singh's foreign policy and public comments are driven by his country's aversion to provoking China, its attachment to strategic autonomy, and doubts about the extent of the U.S. commitment to India.²⁴ The former Indian Ambassador to the United Nations, T.P. Sreenivasan, reinforced his country's realist approach to foreign policy and stated, "We don't want to be identified with U.S. policy in Asia, even if we secretly like it."²⁵ Nirupama Rao, then the Indian Ambassador to the United States, provided perhaps the strongest and most lucid response during a February 2013 speech at Brown University. She explained the alignment between the American rebalance and India's national interests:

India's vision is to create a web of inter-linkages for our shared prosperity and security. We want the Indian Ocean and Asia-Pacific regions to develop into a zone of cooperation rather than one of competition and domination ... Based upon this vision, we welcome the U.S. engagement in the Asia of the Indo-Pacific ... It is a space that impacts our destinies, whose security and prosperity is vital to both of us, and where we have an increasing convergence of interests.²⁶

Pakistan's Views on China and the United States

Pakistan considers China to be its "all-weather friend" and the overwhelming majority of Pakistanis trust China over the United States.²⁷ Likewise, Pakistan views the United States as its "far-away, fair-weather friend, locked in a decades-long transactional relationship that satisfies neither partner's desires."²⁸ The resumption of

the U.S.-Pakistan Strategic Dialogue and Washington's follow-through on issues is critical as, "Pakistanis tend to read the U.S. rebalancing as a strategy aimed at containing China, one of Pakistan's only allies; tilting toward India, Pakistan's archenemy; and ignoring Pakistan."²⁹

The Pew Research Center conducted a 2013 poll of 38 countries comparing the global image of the United States versus China. The Pakistani feedback confirmed a national bias in favor of China; however, it also reveals a strong perception that the United States remains the world's leading power and that America still exerts tremendous influence in Pakistan. The highlights of the Pakistani responses to the Pew research include:

- Favorable view of the U.S. (11%) versus China (81%)
- View of the U.S. as a partner (8%), enemy (64%), or neither (13%)
- View of China as a partner (82%), enemy (1%), or neither (2%)
- Name the world's leading power: U.S. (47%), China (30%), Japan (1%), the EU (1%), or don't know / none (20%)
- It is important to have strong ties with the U.S. (3%), China (67%), both (13%)
- The U.S. has a great deal / fair amount of influence in Pakistan (59%)
- China has a great deal / fair amount of influence in Pakistan (37%)³⁰

Both India and Pakistan recognize that the United States has a role to play in South Asia despite resistance to acknowledge a prominent diplomatic relationship with Washington. Thus, parallel diplomatic efforts built upon existing relationships between Washington and New Delhi on one hand and Beijing and Islamabad on the other may serve as a catalyst to facilitate increased Indian-Pakistani interdependence and trust.³¹

American Enduring National Interests

A review of policies, participation in regional / international forums, and history will help identify where American, Indian, Pakistani, and Chinese enduring interests intersect and where realistic security achievements may be attained. The May 2010

National Security Strategy defines four enduring national interests:

- The security of the United States, its citizens, and U.S. allies and partners.
- A strong, innovative, and growing U.S. economy in an open international economic system that promotes opportunity and prosperity.
- Respect for universal values at home and around the world.
- An international order advanced by U.S. leadership that promotes peace, security, and opportunity through stronger cooperation to meet global challenges.³²

President Obama is steadfast that that “there is no greater threat to the American people than weapons of mass destruction, particularly the danger posed by the pursuit of nuclear weapons by violent extremists and their proliferation to additional states.”³³ His second priority is to “disrupt, dismantle, and defeat al-Qaeda and its affiliates.”³⁴ America’s sub-par relationship with Pakistan jeopardizes both national security priorities. The United States is justifiably concerned with the continued security and safety of Pakistan’s nuclear arsenal. It is vital to the stability of South Asia and the world that India and Pakistan’s nuclear weapon are never detonated either intentionally or by accident. Secondly, it is imperative that terrorist groups such as al-Qaida and LeT never gain access to nuclear technology or a weapon that can be used against India or a Western target. This is the crux of the problem facing Pakistan, as it has become “a center of terrorism, a victim and patron of terror at the same time.”³⁵ Bruce Riedel, a

noted South Asian scholar and Presidential advisor, advocates that ensuring the political stability of both India and Pakistan and “easing the rivalry between them is an American national security interest of the highest importance in the twenty-first century.”³⁶

A rebalance towards India and Pakistan, with less emphasis on China and the Pacific Rim, is feasible only because of the United States’ historic role as a “Pacific power whose economy, strength, and interests are inextricably linked with Asia’s economic, security, and political order.”³⁷ The roots of this “Pacific power” run deep in Northeast and Southeast Asia, but are severely lacking in South Asia. Former Secretary of State Clinton first unveiled the specifics of the rebalance strategy in an October 2011 *Foreign Policy* article entitled “America’s Pacific Century.” She described a whole-of-government approach “to lock in a substantially increased investment – diplomatic, economic, strategic, and otherwise – in the Asia-Pacific region.”³⁸ The Sigur Center for Asian Studies at The George Washington University concluded that the rebalance policy is based upon the need to reassure American allies and partners in “the face of a rising and increasingly assertive China” that the United States is “not going to disengage from Asia-Pacific affairs.”³⁹ The United States’ most overt and consistent form of engagement in the Asia-Pacific has been through economic forums. The rebalance policy accentuates the importance of continued economic engagement in the Asia-Pacific; however, there remains room for incredible growth in the United States’ economic dealings with both India and Pakistan.

Economic Investment

The United States’ participation in multilateral organizations such as the Asia-Pacific Economic Cooperation (APEC) forum and the Pacific Economic Cooperation

Council (PECC) emphasize the principle that economic interdependence will “discourage states from using force against each other because warfare would threaten each side’s prosperity.”⁴⁰ The major economic powers of the United States, China, Japan, and the Republic of Korea partner with every other major Pacific country through both APEC and PECC. David Spencer, the former Australian ambassador to APEC, stated, “If you look at the economic significance of the members who have expressed interest in APEC, the most important by far, economically, strategically, politically, would be India.”⁴¹ It appears that both India and Pakistan applied for APEC membership in the 2007 timeframe; however, no reliable source could confirm this nor justify the rationale for their exclusion.⁴² India and Pakistan are not members of either APEC or PECC, which decreases their opportunities for greater economic enmeshment across Asia, North America, and South America.

The Office of the United States Trade Representative describes the Trans-Pacific Partnership (TPP) as the “cornerstone of the Obama Administration’s economic policy in the Asia Pacific.”⁴³ The twelve countries that are currently negotiating this economic agreement include seven from the Asia-Pacific region (Australia, Brunei Darussalam, Japan, Malaysia, New Zealand, Singapore, and Vietnam) and five from North and South America (Canada, Chile, Mexico, Peru, and the United States). From an American perspective, the TTP is seen as “critical for creating jobs and promoting growth, providing opportunity for our citizens and contributing to regional integration and the strengthening of the multilateral trading system.”⁴⁴ The TPP does not include India, Pakistan, or several members of the Association of Southeast Asian Nations (ASEAN) such as Burma, Cambodia, or Laos. The TPP currently “divides ASEAN and distances

the United States from key Indo-Pacific partners” which may result in a U.S. trade policy that is “out of sync with Washington’s strategic goals for the region.”⁴⁵

Daniel Twining, the Senior Fellow for Asia at the German Marshall Fund of the United States, succinctly summarized India’s lack of economic integration during his Congressional testimony in March 2013. He told the House Ways and Means Committee’s Trade Subcommittee that:

Although India is part of Asia’s security architecture, it is not a part of Asia’s economic architecture. This disjuncture makes little sense for a country that sits in the middle of Asia, is an important partner to countries like America and Japan, and has an economy that, according to OECD (the Organization for Economic Co-operation and Development), could comprise nearly 20% of global GDP by 2060.⁴⁶

Any recalibrated U.S. policy for South Asia should focus on encouraging greater Indian and Pakistani participation in the Asian economic forums, while simultaneously seeking more significant levels of bilateral trade with the United States.

Diplomatic and Strategic Investment

Asian economic forums facilitate both interdependence and stability and derive their viability from the five defense treaties that Former Secretary Clinton described as “the fulcrum for our strategic turn to the Asia-Pacific.”⁴⁷ Admiral Locklear, the Combatant Commander of the United States Pacific Command, stressed the importance of the defense treaties with Japan, the Republic of Korea, the Philippines, Australia, and Thailand during a December 2012 speech to the Asia Society. On the subject of the rebalance to the Asia-Pacific, he told the audience:

From the military commander’s perspective, I can tell you that these alliances bring with them years of mutual trust, understanding, respect, considerable interoperability and information sharing, and a common view of the regional security landscapes and challenges ... and one thing that is often missed is that they provide a good base from which multilateral

relationships can grow ... all of which will continue to underpin U.S. security objectives in the Asia-Pacific for decades to come.⁴⁸

The United States also engages most Asian-Pacific countries on security and diplomatic issues through the ASEAN Regional Forum (ARF). The objectives of the ARF are to “foster constructive dialogue and consultation on political and security issues of common interest and concern” and “to make significant contributions to efforts towards confidence-building and preventive diplomacy in the Asia-Pacific region.”⁴⁹ Fortunately, India, Pakistan, and China are also members of this forum. The ARF may be a vehicle that facilitates greater inclusion of South Asian equities with those of Southeast Asia and its neighbors.

South Asian regional forums have thus far failed to bring India and Pakistan closer together. Both countries are original members of the South Asian Association for Regional Cooperation (SAARC). The other six members include Afghanistan, Bangladesh, Bhutan, the Maldives, Nepal, and Sri Lanka. Unfortunately, this forum has failed to produce greater economic prosperity or political/cultural rapprochement. The Indians thought that the Pakistanis would use SAARC to undercut New Delhi’s regional dominance and the Pakistanis thought that the Indians would use it to further their hegemonic goals.⁵⁰ The SAARC members also belong to the South Asian Free Trade Area (SAFTA); however, this agreement has brought negligible trade gains to the region since its inception in 2004.⁵¹

An Assessment of Bilateral Trade with the United States

India and Pakistan are lagging significantly behind other world powers in terms of bilateral trade with the United States. This is remarkable considering the fact that both South Asian countries have the potential to tap into massive populations (consumers

and laborers) and the benefit of geostrategic positioning between the Middle East and Southeast Asia. While the European Union is America's largest goods trading partner (\$645.9 billion overall), significant Asian partners include China (#2, \$562 billion overall), Japan (#4, \$257 billion overall), ASEAN (#5, \$198 billion overall), and the Republic of Korea (#7, \$100 billion overall).⁵²

As of 2013, India was the United States' 11th largest goods trading partner with \$63.7 billion in total goods trade. The U.S. goods trade deficit with India was \$20.0 billion with \$21.9 billion in exports and \$41.8 billion in imports. The U.S. services trade deficit with India was \$6.6 billion in 2012 (latest data available) with \$11.0 billion in exports and \$18.5 billion in Indian imports.⁵³ India's largest export partners include the United Arab Emirates (12.3%), the United States (12.2%), and China (5%). India's largest import partners include China (10.7%), UAE (7.8%), Saudi Arabia (6.8%), Switzerland (6.2%), and finally the United States (5.1%).⁵⁴ Leveraging India's trade relationships with both Pakistan and the United States will be explored later in this paper as a means of bringing greater stability and prosperity to South Asia.

As of 2013, Pakistan was the United States' 62nd largest goods trading partner with \$5.3 billion in total goods trade. The U.S. goods trade deficit with Pakistan was \$2.0 billion with \$1.6 billion in exports and \$3.7 billion in imports.⁵⁵ Despite the relatively low volume of trade between two of the world's largest countries, Pakistan's largest export partner is the United States with 13.6% of all shipped goods (2012 data).⁵⁶ The Office of the United States Trade Representative does not provide services trade data with Pakistan. The absence of significant trade (other than black-market) between

Pakistan and India will be explored later in this paper as a means of bringing the two countries closer together economically and diplomatically.

Moving from Isolation to Inclusion

The United States lacks the vibrant economic ties, mutual defense treaties, enduring bilateral relationships, and diplomatic forums with India and Pakistan that it enjoys with many of the other prominent Asian-Pacific countries. This neglect has inadvertently isolated India and Pakistan and partially excluded them from the enhanced security and prosperity enjoyed by the remainder of America's allies and key partners in Asia. While the United States should play a greater role in the future of South Asia, America's relationship with "each of these two nuclear powers is arguably much less important than their relationship with each other."⁵⁷

Recommended U.S. policy towards India

The relationship between the United States and India has improved since the end of the Cold War, but New Delhi continues to partner with American competitors such as Russia (foreign military sales), China (trade), and Iran (energy). Recent American policies toward India have been overly focused on foreign military sales and military-to-military engagements rather than on enhanced diplomatic and economic progress.

The Center for Strategic and International Studies (CSIS) recently published a series of papers focused on India's rising tensions. The authors argue that, "India will be no less likely than China to pursue vigorously its own interests, many of which run counter to those of the United States, simply because it is a democracy."⁵⁸ This has been a key miscalculation in the Obama Administration's rebalance to the Asia-Pacific. The United States should not assume that the world's two largest democracies are

destined to collaborate on diplomatic, economic, or security issues unless the interests of both countries are advanced. President Obama and the next administration should start by acknowledging that “reciprocal political and economic alignment” between the United States and India “should provide the basis for greater military and geostrategic cooperation – not the other way around.”⁵⁹ The United States should therefore establish only modest goals with India, knowing that New Delhi will likely always pursue its own unique national interests.

The United States should pursue a new bilateral agreement with India that focuses on substantially increasing the volume of goods and services traded between the world’s second and third most populous nations.⁶⁰ Assuming that both countries benefit significantly from this economic relationship, the United States and India could then consider transitioning to a free trade agreement to further maximize jobs and revenue.

The United States should leverage its relationship with the other Asian powers and facilitate the integration of the India and its massive economic potential into the TPP, APEC, and PECC. A secure post-2014 Afghanistan and less hostile relations with Pakistan may encourage the development of the proposed Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline. TAPI has the “potential to transform the region” by encouraging South Asian regional powers to focus more on economic growth as the basis for enhancing regional stability.⁶¹

Lastly, the United States should continue to leverage its growing military-to-military relationship with India in areas of common concern such as freedom of navigation, counterterrorism, and humanitarian assistance / disaster relief operations.

The 2005 New Framework Agreement, the *2006 Indo-U.S. Framework for Maritime Security Cooperation*, and the 2010 *U.S.-India Counterterrorism Cooperation Initiative* have transformed the U.S.-India defense relationship and may facilitate further trust and collaboration in other areas.⁶²

Recommended U.S. Policy towards Pakistan

Daniel Markey is the senior fellow for India, Pakistan, and South Asia at the Council on Foreign Relations. He succinctly describes America's policy challenges with regards to modern-day Pakistan:

There can be no exit from or quick fix for the welter of thorny challenges Pakistan presents. Therefore, the goal of the United States should be to defend against immediate threats while keeping the door open to cooperative ventures that hold the promise of delivering to Pakistan greater security, economic growth, and normalized relations with its neighbors over the long term.⁶³

The United States must maintain the military capability and national will to strike any and all terrorist threats within Pakistan that threaten American citizens, allies, or key partners. The Obama Administration and the next President should use the U.S.-Pakistan Strategic Dialogue as an honest and transparent forum for discussing the repercussions of harboring al-Qaeda and LeT and the ramifications that will ensue if these terrorist organizations gain access to nuclear weapons. The United States should be prepared to use all instruments of national power short of nuclear weapons to deter, disrupt, dismantle, and defeat these terrorist organizations before they can strike American, Indian, or Western targets.

The United States should also encourage China to pressure Prime Minister Sharif, the Pakistani military, and the ISI to sever all ties with al-Qaeda and LeT. This is in China's best interest. Another "Mumbai-like" operation launched against India would

likely result in regional instability and perhaps a fifth war between India and Pakistan. This would disrupt the South Asian and Asian economies and adversely impact Chinese trade and investment. If the United States and China successfully convince Pakistan to sever its relationship with homegrown extremist organizations, the next logical step would be to convince the ISI to turn over anyone associated with the Mumbai operation to India as a goodwill gesture.

The United States should also focus on better integrating Pakistan into the regional and world economies. This includes conditional acceptance into the TPP, APEC, and PECC in exchange for eliminating its support of terrorist organizations and normalizing relations with India. Pakistan may be able attract greater trade and investment if it can convince other nations that it is serious about improving regional stability in concert with its Afghan and Indian neighbors.⁶⁴ This increased economic enmeshment is in line with Prime Minister Sharif's goals to gainfully employ the Pakistani youth rather than suffer "from the societal and political upheavals otherwise associated with a massive youth bulge."⁶⁵

As is the case with India, the United States Agency for International Development (USAID) and the State Department should "lend financial and diplomatic support" to the proposed TAPI pipeline project.⁶⁶ The USAID's Pakistan Private Investment Initiative should also encourage business development focused on the continued integration of the Pakistani economy through improvements to its trade and transit infrastructure.⁶⁷

Lastly, Pakistan remains one of the world's largest recipients of U.S. assistance. FY 2013 estimates include over \$350 million in military and \$800 million in civilian aid. This does not include an estimated \$100 million per month in reimbursements for

Pakistani support to the Afghan war effort. The military assistance is intended to “support Pakistan’s capacity to fight internal security threats” while the civilian aid is geared towards “demonstrating the value of U.S.-Pakistan cooperation ... by helping Islamabad address its domestic challenges of energy, economic growth, stabilization, education, and health.”⁶⁸ The Obama Administration should continue this aid, but use the U.S.-Pakistan Strategic Dialogue as means of establishing verifiable benchmarks for continued funding of both military and civilian programs.⁶⁹

Conclusion

A rebalance to South Asia benefits the United States, India, and Pakistan. A calibration of U.S. policies towards India and Pakistan furthers national interests by advancing the prospects for a “peaceful, secure order conducive to U.S. and global economic growth.”⁷⁰ These recommended policies are designed to strengthen the American economy through incentivized trade agreements, while reducing the tension between India and Pakistan as they move towards greater economic enmeshment with each other and the greater Indo-Pacific region.

The Obama Administration must capitalize on the 2013-2015 transition of leaders in Pakistan, India, and Afghanistan to set modest goals around converging national interests. The policies established by this administration must follow a long-term approach that is viewed as feasible, acceptable, and suitable to the next President and Congress. Otherwise, India and Pakistan will follow their historical pattern of strengthening their respective relationships, at America’s expense, with competitors such as Russia, China, or Iran.

Ultimately it is up to India and Pakistan to solve their greatest economic and security challenges themselves. The United States was unsuccessful in addressing the

Kashmir issue and could not prevent either country from attaining nuclear weapons. Instead, the United States should discreetly engage both India and Pakistan in bilateral talks and encourage China to do the same. The United States and China should use their diplomatic, economic, and informational instruments of national power to accelerate the expansion of the Indian and Pakistani economies outside of South Asia. American policymakers should acknowledge that getting India and Pakistan to trade with each other and the rest of Asia at a rate commensurate with their populations is likely the best way of preventing a fifth Indo-Pakistani war. A better peace between India and Pakistan is surely a prerequisite for fulfilling enduring American interests in the 21st Century.

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