

Opening Statement
Senator Richard G. Lugar
Confirmation Hearing of Nancy Powell
February 7, 2012

I join the Chairman in welcoming Ambassador Powell back to the Foreign Relations Committee. This hearing presents us with an opportunity not only to evaluate the distinguished nominee, but also to examine the current state of our evolving ties with India.

I start from the premise that enhancing our relationship with India is a strategic and economic imperative. India is poised to be an anchor of stability in Asia and a center of economic growth far into the future. It has a well-educated middle class larger than the size of the entire U.S. population. It is already the world's second-fastest growing major economy, and bilateral trade with the U.S. has more than tripled during the past ten years. The United States and India are working to build a strategic partnership that

will benefit both sides, and we have ongoing cooperation with India on many fronts.

This includes efforts to ensure security in South Asia. India and the United States have strong incentives to cooperate on counter-terrorism in the region and beyond. We also share concerns about the stability of Afghanistan and Pakistan and the growing military capabilities of China.

Energy cooperation between the United States and India also should be at the top of

our bilateral agenda. India's energy needs are expected to double by 2025. The United States has an interest in expanding energy cooperation with India to develop new technologies, cushion supply disruptions, address environmental problems, and diversify global energy supplies. The United States' own energy problems will be exacerbated if we do not forge energy partnerships with India and other nations experiencing rapid economic growth.

In 2008 the United States concluded the civil nuclear cooperation agreement with India. The legislation lifted a three-decade American moratorium on nuclear trade with India and opened the door for trade in a wide range of other high-technology items, such as supercomputers and fiber optics. This agreement remains important to the broad strategic advancement of the U.S.-Indian relationship. But in the narrower context of nuclear trade with India, it has yet to bear significant fruit.

In large measure, this stems from the Indian parliament's adoption of the Civil Liability for Nuclear Damage Bill. This legislation effectively rules out Indian accession to the Convention on Supplementary Compensation for Nuclear Damage (the CSC) and could frustrate the U.S. nuclear industry's efforts to play a role in India's expanding nuclear power sector. The bill's plain terms are fundamentally inconsistent with the liability regime that the

international community is seeking to achieve in the CSC.

To date, this Administration has made very little progress on the CSC with India. I am hopeful that Ambassador Powell will address the Obama Administration's strategy for advancing U.S.-Indian Nuclear cooperation. What high level exchanges have occurred between our governments regarding the status of liability protections for U.S. nuclear exporters to India? More

broadly, what is current state of our energy dialogue with New Dehli? I would also appreciate the Ambassador's views on ongoing security cooperation efforts in South Asia. In light of the Obama Administration's intent to reduce U.S. forces in Afghanistan and our complex relationship with Pakistan, what opportunities exist for U.S.-Indian initiatives designed to combat terrorism?

I look forward to hearing Ambassador Powell's thoughts about how to address these

**and other important issues in the U.S.-India
relationship. I thank the chair.**

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