

Center for Strategic and International Studies

**“Defining Our Relationship with India for the Next Century: An
Address by U.S. Secretary of State Rex Tillerson”**

**Featuring:
Secretary of State Rex Tillerson**

**Introduction and Moderator:
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JOHN J. HAMRE: Well, good morning, everybody. Welcome. We're delighted to have you here.

I'm going to start with a little safety announcement. And I learned this lesson from Rex Tillerson when he was a CEO at ExxonMobil. Every public meeting begins with a little bit of an announcement on how we're going to take care of you if anything comes up. I'm responsible for that, so follow my instructions. The exits are right behind us. The stairs closest to – that will take us down is behind this door, but all of them lead to it. Go down to the first level. We're going to take two left-hand turns, meet across the street at National Geographic. There'll be ice cream for you when you get there, OK? (Laughter.) So everything's just going to be fine. No worries.

And let me just first say – I want to say welcome to Richard Spencer, secretary of the Navy. We're delighted you could join us today, and thank you for your service, Richard.

It was about a year ago I was having breakfast with then-Rex Tillerson – he's no longer Rex Tillerson for me; he's Secretary Tillerson – and he had announced that he was going to be retiring. And we were talking about what – how we would continue relations with him and all that. And I said, well, Rex, what are you going to do when you retire? And he said, well, I'm going to go to the ranch and I'm going to rustle up the cattle, you know? (Laughter.) And we were just talking about that.

I think he misses the opportunity. (Laughter.) It's a lot harder to rustle up wranglers here in Washington than it is out in west Texas. But we're so grateful that – he didn't have any plans to come into this office and to become secretary of state, and I'm so grateful that he did. I've had 11 years of opportunity to work with Secretary Tillerson and know the scale and interest he has on international matters. He is so perfectly suited to help us at this time in our nation's history.

We're going to – maximum efficiency. I can't let people stand up and give little long speeches when they ask questions. So there's going to be little cards. Fill out the little cards, pass them in. Rick Rossow is going to get them up to me. And so we're going to make it a much more efficient way that way. But would you, with your applause, please welcome the Secretary of State Rex Tillerson? (Applause.)

SECRETARY REX TILLERSON: Well, thank you so much, John. And it is a real pleasure to be back in the building. And I was asking John if the building was meeting all the expectations that we had when this project was undertaken. And I see so many faces in the room that were a big part of bringing this to reality. I think he told me there's four simultaneous events going on today. And I said, perfect. That's exactly what we had in mind.

So I also want to thank many of you in the room for the 11 years – great years I had serving on the board of trustees here, and your mentorship of me. And I learned so much during the time I was here and those engagements. And I thank John for his friendship. He was a dear friend throughout that time. And it really has been important to my ability to do what I've been asked to do to serve the country. So, again, it is a real pleasure to be here. And I'm thankful for the opportunity to be back in this building.

So, first, let me wish everyone a happy Diwali. To all our friends in the United States and India, around the world, who are celebrating the Festival of Lights. Generally, the fireworks

accompany that. I don't need any fireworks. I'm getting too many fireworks around me already. (Laughter.) So we'll forego the fireworks.

My relationship with India dates back to about 1998, so almost 20 years now, when I began working on issues related to India's energy security. And I've had many trips to the country, obviously, over those many years. And it was a real privilege to do business with the Indian counterparts then. And it's been a great honor this year to work with Indian leaders as secretary of state. And I do look forward to returning to Delhi next week for the first time in my official capacity.

This visit could not come at a more promising time for U.S.-Indian relations and the U.S.-India partnership. As many of you know, this year marks the 70th anniversary of relations between our two countries. When President Truman welcomed then-Prime Minister Nehru on his visit to Washington he said, and I quote, "Destiny willed that our country should have been discovered in the search for a new route to yours. I hope your visit too will be in a sense of discovery of the United States of America."

The Pacific and the Indian Oceans have linked our nations for centuries. Francis Scott Key wrote what would become our national anthem while sitting aboard the HMS Minden, a ship that was built in India. As we look to the next 100 years, it is vital that the Indo-Pacific, a region so central to our shared history, continued to be free and open. And that's really the theme of my remarks to you this morning.

President Trump and Prime Minister Modi are committed, more than any other leaders before them, to building an ambitious partnership that benefits not only our two great democracies but other sovereign nations working toward greater peace and stability. Prime Minister Modi's visit in June highlighted the many areas of cooperation that are already underway in this new area of our strategic relationship. Our defense ties are growing. We are coordinating our counterterrorism efforts more than ever before. And earlier this month, a shipment of American crude oil arrived in India, a tangible illustration of our expanding energy cooperation.

The Trump administration is determined to dramatically deepen ways for the United States and India to further this partnership. For us today, it's plain to see why this matters. India represents the world's largest democracy. The driving force of our close relationship rests in the ties between our peoples, our citizens, business leaders, and our scientists. Nearly 1.2 million American visitors traveled to India last year. More than 166,000 Indian students are studying in the United States. And nearly 4 million Indian-Americans call the United States home, contributing to their communities as doctors, engineers and innovators, and proudly serving their country in uniform.

As our economies grow closer, we find more opportunities for prosperity for our people. More than 600 American companies operate in India. U.S. foreign direct investment has jumped by 500 percent in the past two years alone. And last year our bilateral trade hit a record of roughly \$115 billion – a number we plan to increase. Together we have built a sturdy foundation of economic cooperation as we look for more avenues of expansion. The announcement of the first Global Entrepreneurship Summit ever to be hosted in South Asia to take place in Hyderabad next month is a clear example of how President Trump and Prime Minister Modi are promoting innovation, expanding job opportunities, and finding new ways to strengthen both of our economies.

When our militaries conduct joint exercises, we send a powerful message as to our commitment to protecting the global commons and defending our people. This year's Malabar Exercise was our most complex to date, the largest vessels from American, Indian and Japanese navies demonstrated

their power together in the Indian Ocean for the first time, setting a clear example of the combined strength of the three Indo-Pacific democracies. We hope to add others in coming years. In keeping with India's status as a major defense partner, a status overwhelmingly endorsed by the U.S. Congress, and our mutual interest in expanding maritime cooperation, the Trump administration has offered a menu of defense options for India's consideration – including the Guardian UAV. We value the role India can play in global security and stability, and are prepared to ensure they have even greater capabilities.

And over the past decade, our counterterrorism cooperation has expanded significantly. Thousands of Indian security personnel have trained with American counterparts to enhance their capacity. The United States and India are cross-screening known and suspected terrorists. And later this year we will convene a new dialogue on terrorist designations. In July, I signed the designation of Hizbul Mujahideen as a foreign terrorist organization, because the United States and India stand shoulder-to-shoulder against terrorism. States that use terror as an instrument of policy will only see their international reputation and standing diminish. It is the obligation, not the choice, of every civilized nation to combat the scourge of terrorism. The United States and India are leading this effort in that region.

But another more profound transformation is taking place, one that will have far-reaching implications for the next 100 years. The United States and India are increasingly global partners, with growing strategic convergence. Indians and Americans don't just share an affinity for democracy; we share a vision of the future. The emerging Delhi-Washington strategic partnership stands upon a shared commitment upholding the rule of law, freedom of navigation, universal values, and free trade. Our nations are two bookends of stability on either side of the globe standing for greater security and prosperity for our citizens and people around the world.

The challenges and dangers we face are substantial. The scourge of terrorism and the disorder sown by cyberattacks threaten peace everywhere. North Korea's nuclear weapons tests and ballistic missiles pose a clear and imminent threat to the security of the United States, our Asian allies, and to all other nations.

And the very international order that has benefited India's rise, and that of many others, is increasingly under strain. China, while rising alongside India, has done so less responsibly, at times undermining the international rules-based order, even as countries like India operate within a framework that protects other nation's sovereignty. China's provocative actions in the South China Sea directly challenge the international law and norms that the United States and India both stand for. The United States seeks constructive relations with China, but we will not shrink from China's challenges to the rules-based order and where China subverts the sovereignty of neighboring countries and disadvantages the U.S. and our friends.

In this period of uncertainty and somewhat angst, India needs a reliable partner on the world stage. I want to make clear, with our shared values and vision for global stability, peace and prosperity, the United States is that partner. And with India's youth, its optimism, its powerful democratic example and its increasing stature on the world stage, it makes perfect sense that the United States at this time should seek to build on the strong foundation of our years of cooperation with India. It is indeed time to double down on a democratic partner that is still rising, and rising responsibly, for the next 100 years.

But above all, the world, and the Indo-Pacific in particular, needs the United States and India to have a strong partnership. India and the United States must – as India – as the Indian saying goes, do the needful. (Laughter.) Our two countries can be the voice the world needs to be, standing firm in defense of a rules-based order to promote sovereign countries unhindered access to the planet’s shared spaces, be they on land, at sea, or in cyberspace. I

In particular, India and the United States must foster greater prosperity and security with the aim of a free and open Indo-Pacific. The Indo-Pacific, including the entire Indian Ocean, the Western Pacific and the nations that surround them, will be the most consequential part of the globe in the 21st century. Home to more than 3 billion people, this region is the focal point of the world’s energy and trade routes. Forty percent of the world’s oil supply crisscrosses the Indian Ocean every day, through critical points of transit like the Straits of Malacca and Hormuz.

And with emerging economies in Africa, and the fastest growing economy and middle class in India, whole economies are changing to account for this global shift in market share. Asia’s share of global GDP is expected to surpass 50 percent by the middle of this century. We need to collaborate with India to ensure that the Indo-Pacific is increasingly a place of peace, stability and growing prosperity so that it does not become a region of disorder, conflict, and predatory economics. The world’s center of gravity is shifting to the heart of the Indo-Pacific. The U.S. and India, with our shared goals of peace, security, freedom of navigation, and a free and open architecture, must serve as the Eastern and Western beacons of the Indo-Pacific, as the port and starboard lights between which the region can reach its greatest and best potential.

First, we must grow with an eye to greater prosperity for our peoples and those throughout the Indian and Pacific Oceans. By the year 2050, India may boast the second-largest economy in the world. India’s population, with a median age of 25, is expected to surpass that of China’s within the next decade. Getting our economic partnership right is critical. Economic growth flows from innovative ideas. Fortunately, there are no two countries that encourage innovation better than the United States and India.

The exchange of technologies and ideas between Bangalore and Silicon Valley is changing the world. Prosperity in the 21st century and beyond will depend on nimble problem solving that harnesses the power of markets and emerging innovations in the Indo-Pacific. This is where the United States and India have a tremendous competitive advantage. Our open societies generate high-quality ideas at the speed of free thought. Helping regional partners establish similar systems will deliver solutions to 21st century problems.

For that to happen, greater regional connectivity is essential. From silk routes to grand Turk roads, South Asia was for millennia a region bound together by the exchange of goods, people, and ideas. But today it is one of the least economically integrated regions in the world. Interregional trade has languished, sitting at around 4 or 5 percent of total trade. Compare that with ASEAN, where interregional trade stands at 25 percent of total trade. The World Bank estimates that with barriers removed and streamlined custom procedures, interregional trade in South Asia would nearly quadruple from the current \$28 billion to over \$100 billion.

One of the goals of greater connectivity is providing nations in the Indo-Pacific the right options when it comes to sustainable development. The Millennium Challenge Corporation is one model of how we can achieve it. The program is committed to data, accountability, and evidence-based decision-making to foster the right circumstances for private investment. Last month, the United

States and Nepal signed a \$500 million compact agreement, the first with a South Asian nation, to invest in infrastructure to meet growing electricity and transportation needs in Nepal and to promote more trade linkages with partners in the region like India. The United States and India must look for more opportunities to grow this connectivity and our own economic links even as we look for more ways to facilitate greater development and growth for others in the region.

But for prosperity to take hold in the Indo-Pacific, security and stability are required. We must evolve as partners in this realm, too. For India, this evolution will entail fully embracing its potential as a leading player in the international security arena. First and foremost, this means building security capacity. My good friend and colleague Secretary Mattis was in Delhi just last month to discuss this. We both eagerly look forward to the inaugural 2+2 dialogue championed by President Trump and Prime Minister Modi soon. The fact that the Indian Navy was the first overseas user of the P-8 maritime surveillance aircraft, which it effectively fields with the U.S. Navy counterparts, speaks volumes of our shared maritime interests and our need to enhance interoperability.

The proposals the United States has put forward, including for Guardian UAVs, aircraft carrier technologies, the future vertical lift program, and F-18 and F-16 fighter aircraft, are all potential gamechangers for our commercial and defense cooperation. The United States military's record for speed, technology and transparency speaks for itself, as does our commitment to Indian sovereignty and security. Security issues that concern India are concerns of the United States. Secretary Mattis has said the world's two greatest democracies should have the two greatest militaries. I couldn't agree more.

When we work together to address shared security concerns, we don't just protect ourselves. We protect others. Earlier this year, instructors from the U.S. and Indian armies came together to build a U.N. peacekeeping capacity among African partners – a program that we hope to continue expanding. This is a great example of the U.S. and India building security capacity and promoting peace in third countries, and serving together as anchors of peace in a very tumultuous world.

And as we implement President Trump's new South Asia strategy, we will turn to our partners to ensure greater stability in Afghanistan and throughout the region. India is a partner for peace in Afghanistan, and we welcome their assistance efforts.

Pakistan, too, is an important U.S. partner in South Asia. Our relationships in the region stand on their own merits. We expect Pakistan to take decisive action against terrorist groups based within their own borders that threaten their own people and the broader region. In doing so, Pakistan furthers stability and peace for itself and its neighbors, and improves its own international standing.

Even as the United States and India grow our economic and defense cooperation, we must have an eye to including other nations which share our goals. India and the United States should be in the business of equipping other countries to defend their sovereignty, build greater connectivity, and have a louder voice in a regional architecture that promotes their interests and develops their economies. This is a natural complement to India's Act East policy.

We ought to welcome those who want to strengthen the rule of law and further prosperity and security in the region. In particular, our starting point should continue to be greater engagement and cooperation with Indo-Pacific democracies. We are already capturing the benefits of our important trilateral engagement between the U.S., India, and Japan. As we look ahead, there's room to invite others, including Australia, to build on the shared objectives and initiatives.

India can also serve as a clear example of a diverse, dynamic, and pluralistic country to others – a flourishing democracy in the age of global terrorism. The Subcontinent is the birthplace of four of the world’s major religions, and India’s diverse population includes more than 170 million Muslims, the third-largest Muslim population in the world. Yet, we do not encounter significant number of Indian Muslims among foreign fighters in the ranks of ISIS or other terrorist groups, which speaks to the strength of Indian society.

The journey of a democracy is never easy, but the power of India’s democratic example is one that I know will continue to strengthen and inspire others around the world. In other areas, we are long overdue for greater cooperation. The more we expand cooperation on issues like maritime domain awareness, cybersecurity, and humanitarian assistance and disaster relief, the more the nations in the Indo-Pacific will benefit. We also must recognize that many Indo-Pacific nations have limited alternatives when it comes to infrastructure investment programs and financing schemes, which often fail to promote jobs or prosperity for the people they claim to help. It’s time to expand transparent, high-standard regional lending mechanisms, tools that will actually help nations instead of saddle them with mounting debt.

India and the United States must lead the way in growing these multilateral efforts. We must do a better job leveraging our collective expertise to meet common challenges while seeking even more avenues of cooperation to tackle those that are to come. There is a need, and we must meet the demand.

The increasing convergence of U.S. and Indian interests and values offers the Indo-Pacific the best opportunity to defend the rules-based global system that has benefited so much of humanity over the past several decades, but it also comes with a responsibility for both of our countries to do the needful in support of our united vision of a free, open and thriving Indo-Pacific. The United States welcomes the growing power and influence of the Indian people in this region and throughout the world. We are eager to grow our relationship even as India grows as a world leader and power. The strength of the Indo-Pacific has always been the interaction among many peoples, governments, economies and cultures. The United States is committed to working with any nation in South Asia or the broader region that shares our vision of an Indo-Pacific where sovereignty is upheld and a rules-based system is respected. It is time we act on our vision of a free and open Indo-Pacific, supported and protected by two strong pillars of democracy: The United States and India.

Thank you for your kind attention. (Applause.)

MR. HAMRE: Thank you, Mr. Secretary. We’re going to move this down so people over here can see. We’ve got a blocking vector.

Thank you for really a very interesting speech. One particular phrase really caught my attention. I’d like to just drill in a little bit on it. And I had the luxury of seeing it last night, so that’s why I wrote it down: We need to collaborate with India to ensure the Indo-Pacific is increasingly a place of peace, stability, and growing prosperity, so that it does not become a region of disorder, conflict, and predatory economics.

Very interesting expression. Would you – what do you see as being the example of predatory economics that we should be alert to ourselves, between us?

SEC. TILLERSON: Well, I think everyone is aware of the huge needs in the Indo-Pacific region among a number of emerging economies, a number of fledgling democracies for infrastructure investment. And it is important that those emerging democracies and economies have alternative means of developing both the infrastructure they need, but also developing the economies.

We have watched the activities and actions of others in the region, in particular China, and the financing mechanisms it brings to many of these countries, which result in saddling them with enormous levels of debt. They don't often create the jobs, which infrastructure projects should be tremendous job creators in these economies, but too often foreign workers are brought in to execute these infrastructure projects. Financing is structured in a way that makes it very difficult for them to obtain future financing and oftentimes has very subtle triggers in the financing that results in financing default and the conversion of debt to equity. So this is not a structure that supports the future growth of these countries.

We think it's important that we begin to develop some means of countering that with alternative financing measures, financing structures. And during the East Asia ministerial summit in August, we began a quiet conversation with others about what they were experiencing, what they need. And we're starting a quiet conversation in a multilateral way with how can we create alternative financing mechanisms.

We will not be able to compete with the kind of terms that China offers. But countries have to decide, what are they willing to pay to secure their sovereignty and their future control of their economies? And we've had those discussions with them as well.

MR. HAMRE: Secretary, that really helps open up a new understanding that we all have to develop. And if I could just ask, you know, this seems to be an asymmetry because you ran a big corporation. For you to raise capital for a major project, you'd have to go to public markets, the discipline of a public market, and yet you were competing against state-owned enterprises that could turn to a central bank and get a no-interest loan or maybe just a grant. I mean, this is a profound asymmetry that we have to deal with. It may go beyond just new financing instruments. How are you thinking about it?

SEC. TILLERSON: Well, I think, in many respects, it is the case that has to be made to these countries that need the infrastructure financing that they really have to think about the long-term future of how do they want their country and their economies to develop.

And in many respects, those were similar to the kinds of discussions and arguments that we would make back in my private sector days. That here are all the other benefits you receive when you allow investment dollars to flow to you in this way, you retain your sovereign control, you retain complete control over the laws and the execution within your country. And that should have significant value to them as they're thinking about the future.

And so while it is, on a direct competitive basis, it's hard to compete with someone who's offering something on financial terms that are worth, you know, a few points on the lending side, but we have to help them put that in perspective of the longer-term ability to control their country, control the future of their country, control the development of their economy in a rules-based system. And that's really what we're promoting is you retain your sovereignty, you retain your commitment to a rules-based order, we will come with other options for you.

MR. HAMRE: Great, thank you. And I apologize. Ambassador Singh is here. He's running a very dynamic embassy. I wanted to make sure that you knew he was here. And I'm going to ask a question he would ask, but he's not going to get to. (Laughter.)

And that is, you know, I was in India in August and great enthusiasm in India about a growing relationship, but real frustration with the way in which we restrict India getting access to technology and this sort of thing. What would – this is the ambassador's question – so how are you going to fix that?

SEC. TILLERSON: Well, just so you know, he's not shy, he's asked the question. (Laughter.)

MR. HAMRE: I'm sure.

SEC. TILLERSON: And we've had discussion about it. And I touched on it briefly in the prepared remarks in designating India as a major defense partner and Congress' affirmation of that.

I think, as everyone appreciates, the U.S. has the finest fighting military force on the planet, first because of the quality of the men and women in uniform, all-volunteer force, but they're also equipped with the greatest technologies and weapon systems that are unmatched by anyone else in the world. So that's an enormous advantage to our military strength. So we don't provide that lightly and that's why we have such rigorous review mechanisms when we get into technology transfer.

But having said that, our most important allies and partners have access to that and India has been elevated to that level. And that's why I touched on a couple of systems that are not offered to everyone. The Guardian UAV system is an extremely technological piece of KIT that we now are making available. And we're in discussions with India about other high-level weapon systems. And as I said, it's all to improve their capabilities to play this important security role that we know that they want to play in the region.

So we're continuing to work through those systems in a very deliberate way while protecting America's competitive advantage in this area.

MR. HAMRE: I don't know how close you all listened, but the secretary had a remarkable invitation, which is for the U.S. and India to jointly take a larger leadership role together in Southeast Asia. It was quite an important statement.

You also indicated that there would have to be an evolving architecture of coordination. You hinted that it could revolve around expanding the U.S.-Japan-India trilateral. You indicated maybe Australia. Is that going to be the architecture of America's engagement in this new strategy?

SEC. TILLERSON: Well, I think, as you heard me say, and if you think about the map of the Indo-Pacific all the way to the Western coast of the United States, and that's the part of the map we're dealing with, India, this very significant and important democracy, pins one side of that map. Japan, another very important and strong democracy that we have very strong security relationships with, pinning this side of the map.

But there's an important part of the South Pacific that also we think needs an important pinpoint as well. Australia, another very strong and important strategic partner and ally to the U.S., has fought

in every war and has fought alongside us. In every battle we've ever fought, the Australians have been there with us.

So we think there are some useful conversations to have in the current trilateral relationship which is very strong and effective, the India-Japan-U.S. relationship. So we're going to continue to explore, how do we strengthen that architecture that really it is about this Indo-Pacific free and open policy that we have? And how do we pin that in the proper places with our strongest, most important allies? And how do we strengthen those in this multiparty arrangement? India-Australia relations, how can they be strengthened?

It has to be in everyone's interest, obviously. India has to see it in their interest. Japan has to see it in their interest. But it is going to be an evolving process as to how we create the security architecture which keeps this free and open Indo-Pacific region, creates the opportunity for nations to protect their own sovereignty, to have the opportunity to conduct their economic affairs without being threatened by others. And that's really what the architecture's design is intended to do.

MR. HAMRE: I'm going to turn back to you as an energy guy. And last month, we had an Indian minister responsible for renewable energy was here. And this is a big push for India. Now, you're not the secretary of energy, but you know a lot about it. How do you think we could expand cooperation on energy issues with India?

SEC. TILLERSON: Well, I know there are any number of active programs within India. India has huge energy needs, not just from the direct supply of energy, but also the infrastructure to distribute that energy and get it so that all Indians have access to that, both for their personal quality of life, but also to support economic growth and expansion. And I know CSIS has some particular programs that are exploring that as well. And those are all, I think, important avenues and mechanisms.

The U.S. has a very important energy posture in terms of the technology that's been developed here across the entire slate of energy choices, from conventional to renewables and other forms of energy. And I think that's the value of the relationship is, within the U.S. business community and our entrepreneurs and our innovators, we have a large slate of opportunities we can offer in partnering with India to meet those needs. And we're encouraging that.

Again, we think the work that CSIS has done is valuable in that regard as well to create those relationships to provide that. It's another area of opportunity for U.S. businesses.

MR. HAMRE: As our Indian friends complain rightly about the restrictiveness of technology, American companies complain about how hard it is to do business in India. How is that conversation going to enter into your discussions?

SEC. TILLERSON: It has its ups and downs. And in the 20 years I've dealt with India, I encountered these same frustrations. I think India has undertaken a number of important reforms and we want to acknowledge that. I think it's important that those efforts and that momentum be sustained. It's easy to take a few actions, you get a few reforms in place and then say, OK, we're done, let's sit back. You're never done. You're never done.

And that's my message to India: You're never done. Because the world around you is not sitting stagnant and you have to continue to put in place the necessary conditions that is attractive, first,

to Indian business, just your own internal business entities, but also then make it attractive for foreign investors to come to India and grow that economy.

I think one of my interesting earlier experiences with India was in the '90s India undertook very, very little foreign direct investment. It was a very closed system. They didn't encourage companies to go out and invest overseas.

And one of my first interactions was to facilitate the purchase of ONGC Videsh Limited which is a very important Indian national oil company, acquiring 20 percent of the Sakhalin-1 project in Russia. And I put those parties together for a lot of reasons that served the interests of the people I represented at that time. But it was an interesting discussion, I had a lot of conversation with the Indians in that process because they were not used to investing overseas. That resulted in me going to a business conference in Goa a couple of years later. They asked me to come over to meet with Indian businessmen that were being encouraged to invest overseas. Again, it was kind of a new thing for them. And I remember the last – we had a panel discussion, a lot of great questions. The last question I got, one of the Indian businessmen said, if there's one thing that we should always make sure we keep in our mind in investing overseas, what is it? And I said to him it's very simple, choose your partners wisely. Because in any venture you are going to have partners, and who you choose is going to determine your success.

I've carried that same most-important element in any relationship. I've always viewed that. And that's the way we view the Indian-U.S. relationship now: Choose your partner wisely. We think we have wisely chosen a partner in India for the strategic relationship.

But I think that process I have watched over the 20 years of India investing abroad helps India understand the conditions necessary to be successful back home. Because when you have to encounter it as a foreign direct investor, suddenly you understand what's important to success, you take that back home. And that helps you with your reforms back home.

We encourage India to continue the pathway towards reforms. There's much needs to be done to really enhance the full economic value of what India has to offer.

MR. HAMRE: I have about four or five questions that are all kind of clustered around the same issue, and that's about the complex power geometry in this region. India historically had close ties with Russia. China had close ties with Pakistan. We tried to keep ties with both India and Pakistan. It's a lot more complicated environment now. Could you just give your thoughts about India and this power geometry?

SEC. TILLERSON: Well, our – my view, and I think it is the collective view within the U.S. government as well, is, as China has risen over the last 20-plus years now to take its rightful place as an economic power in the world, moving hundreds of millions of their people out of poverty into middle-class status, India, too, has been rising.

And I commented on this again in the remarks. And as we watch how these two very large nations are taking their rightful place in the global economy, they've gone about it in different ways. And I touched on that. And I think that's why the U.S. now sees this as an important point in thinking about the next century of our relationships. We're going to have important relationships with China. We'll never have the same relationship with China, a non-democratic society, that we can have with a major democracy.

So I think what has evolved, and I would have to let the Indian government speak for themselves, but I think as India has gone through process of rise, it, too, has taken account of the circumstances around it and its own history of relationships. And how have those relationships served their advancement and how have they not served their advancement? And I think, as a – as the world's largest – one of the world's largest democracies, the world's largest democracy, it has said I want to be a partner with another democracy; I don't want to partner with these other countries that do not operate with the same values.

I think at the end of it, this relationship is built on shared values. That's what has brought us together. Two very large, important democracies want to share the same future, and we have a shared vision for the future. And I think that's what's changed over the last couple of – three decades. There's been a real accounting, as I – as I have observed it. A real accounting has been taken by the Indian government of its past experiences, and it's decided this is the – this is where we want to go.

MR. HAMRE: Secretary, it's – I know it's not precisely the reason for your trip, but I think we have several questions I have to ask you about Myanmar. You know, there's been an incredible humanitarian crisis with the Rohingya. Could you just share us your perspective on this?

SEC. TILLERSON: Well, we're extraordinarily concerned by what's happening with the Rohingya in Burma. I've been in contact with Aung San Suu Kyi, the leader of the civilian side of the government. As you know, this is a power-sharing government that has – that has emerged in Burma. We really hold the military leadership accountable for what's happening with the Rakhine area.

What's most important to us is that the world can't just stand idly by and be witness to the atrocities that are being reported in the area. What we've encouraged the military to do is, first, we understand you have serious rebel terrorist elements within that part of your country, as well, that you have to deal with, but you must be disciplined about how you deal with those and you must be restrained in how you deal with those. And you must allow access in this region, again, so that we can get a full accounting of the circumstances. I think any of us that read this recent story in The New York Times, it just had to tear your heart out instead of break your heart to read this.

And so we have been asking for access to the region. We've been able to get a couple of our people from our embassy into the region so we can begin to get our own firsthand account of what is occurring. We're encouraging access for the aid agencies – the Red Cross, the Red Crescent – U.N. agencies to – so we can at least address some of the most pressing humanitarian needs, but more importantly so we can get a full understanding of what is going on.

Someone – if these reports are true, someone is going to be held to account for that. And it's up to the military leadership of Burma to decide what direction do they want to play in the future of Burma, because we see Burma as an important emerging democracy, but this is a real test. It's a real test of this power-sharing government as to how they're going to deal with this very serious issue. So we are deeply engaged. We're engaged with others. And we're going to be engaged at the U.N., ultimately, with the direction this takes.

MR. HAMRE: Again, several questions were dealing with Afghanistan, and Afghanistan has complex geography, complex geopolitics I should say as well. You know, the Indians have had a strong interest in what happens in Afghanistan, as has Pakistan – part of the backdrop here. Afghanistan, what are you going to be doing there?

SEC. TILLERSON: Well, you heard – the president has announced his new policy toward – and it's the South Asia Strategy. Afghanistan is what people tend to focus on, but one of the differences in how we approach the challenge there – and it's why it took a little longer for us to fully develop the policy – is we do see it as a regional issue. It's not solely an Afghanistan issue. You solve Afghanistan by addressing the regional challenges. And Pakistan is an important element of that, India is an important element of how we achieve the ultimate objective, which is a stable Afghanistan which no longer serves as a platform for terrorist organizations.

You know, our policy, quite simply, on terrorism is that we will deny terrorists the opportunity, the means, the location, the wherewithal, the financing, the ability to organize and carry out attacks against Americans at home and abroad anywhere in the world. Well, clearly the threat to that policy finds its locus in many ways in Afghanistan. And so, to the extent we can remove that as an opportunity for terrorism in Afghanistan, the greatest beneficiaries are going to be Pakistan and Afghanistan. And India's important role is in providing development assistance to Afghanistan as they move forward to create better economic conditions that provide for the needs of a very diverse ethnic group of people in Afghanistan.

So it is about a commitment, a message to the Taliban and other elements that we're not going anywhere. And so, you know, we'll be here as long as it takes for you to change your mind and decide you want to engage with the Afghan government in a reconciliation process and develop a form of government that does suit the needs of the culture of Afghanistan. And to the Afghan government, they have to be committed to being open to addressing the full needs of the very ethnically diverse culture that exists in the country, and its own history as well. And we think that is achievable and we can have a stable, peaceful Afghanistan. And when that happens, a big threat is removed from Pakistan's future stability as well, which then creates a better condition for India-Pakistan relationships.

So we see it as not just one issue, but a means of stabilizing the entire region. And we intend to work closely with India and with Pakistan to, we hope, ease tensions along their border as well. You know, Pakistan has two very troubled borders – two very troubled borders – and we'd like to help them take the tension down on both of those and secure a future stable Pakistan government, which we think improves relations in the region as well.

MR. HAMRE: Secretary, I know I'm running close up to the deadline I was given by your horse holders, but let me ask – several questions were dealing with development. And I guess the question I'd like to pose to you is, we've got a very capable new administrator for USAID. I know you personally have been quite involved in aid and development-related issues over the years. What do you see as the relationship between the State Department and USAID going forward? How are you thinking about it?

SEC. TILLERSON: Well, I think it's no different than has traditionally been the roles of the two organizations. State Department develops foreign policy, it develops the strategies and tactics. And important element of our execution of foreign policy is development aid and assistance, whether it be in direct humanitarian assistance, food programs to address dire needs, disaster response, or whether it's in developing democratic capacity and institutional capacity.

So USAID is an – is an important enablement tool of the foreign policy. They don't make policy, but they are critical to our execution of foreign policy. And that's really where we want that expertise to reside. And I view them, as in many – using lingo of my prior life, they are a center of

expertise when it comes to aid and development programs. Nobody does it better than they do – not just directly, but they have tremendous organizational and convening capacity to work through other multilateral organizations. Whether it's U.N. organizations, NGOs, direct in-country capability, they are really the experts in the world for doing that. They have the relationships. They have the contacts. They have the process. They have the procedures. And they're vital to our execution of foreign policy. And therefore, they become integral to how we develop foreign policy, how we test its viability, and then how we lay out the plans, the strategy, and the tactics for executing against that policy.

So that's the relationship. And, you know, one of the things we want to be sure is that everyone understands their roles and everyone understands what's not their role. On the State Department side, our expertise is the analysis, the assessment, the development of foreign policy, the carrying out of the diplomatic integration of all of that. USAID, though, they are really the experts in – the State Department doesn't have that expertise. It really resides over there.

MR. HAMRE: One last – I got a sign that said last question. Let me ask this last question. And, you know, in recent years, most secretaries of state have been policy people. They've spent their life in the policy world. But frankly, through the history of the department, we've had – a great number of businesspeople have been in. What is the – how do you think about the way that you can work with the private sector in advancing American diplomacy and American values around the world?

SEC. TILLERSON: Well, I think one of the things that's important for us is to make sure that we are – we have great clarity around what our policies are, what our strategies and what our tactics are, so that the investors, the business community, can at least make their assessment as they're trying to make decisions about their own business conduct, private enterprise, whether it's investment – foreign direct investment that they want to make, or whether it's partnerships they are creating for investment here in the U.S. That goes back to my earlier comment: Choose your partners wisely.

One of the things, I think, that's just important for us in the State Department to do is to be able to ensure we can provide clarity to the business community and to investors as to what the relationship is with a particular country, how we view the risk, the stability of that country. Those were things that were important to me in making decisions when I was in the private sector. It is a risk-management decision. So how can we help everyone understand what the risk(s) are in this country, but also what the vectors are? We think the vector's going in the right direction, or we have concerns that things are going the wrong direction. And then the business leaders can make their own decisions about what they choose to do.

MR. HAMRE: I think you all can see why I was so lucky for 11 years to have Secretary Tillerson on my board. He's a wise and thoughtful man. Would you please thank him with your applause? (Applause.)

SEC. TILLERSON: Thank you. (Applause.)

(END)