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MAINS IMPACT– 2025 – 07/11/2024

INDIA-USA RELATIONS

SYLLABUS:

GS 2 > International relations > India and Global Powers > India-USA

REFERENCE NEWS:

- With Donald Trump's 2024 return to the White House, the future of India-US relations faces potential shifts. **Trump's "America First" approach** might steer the US towards a more isolationist stance. However, the **personal camaraderie between Trump and Indian Prime Minister Narendra Modi**, demonstrated during events like **"Howdy, Modi!"** and **"Namaste Trump,"** provides a unique foundation for a strengthened bilateral partnership.

TRUMP'S RE-ELECTION: IMPLICATIONS FOR INDIA-US RELATIONS:

Opportunities

- **Strengthening Economic Ties:**
 - Trump and Modi share a **pro-business mindset focused on economic growth**, deregulation, and innovation. This alignment presents a foundation for enhanced economic cooperation.
 - Both leaders are motivated by goals that align strategically: **India's aspiration** to become the **world's third-largest economy** complements the **US's desire for dependable economic allies**. With both looking to **counterbalance China's influence**, India offers a promising partner for US investments, especially if Trump continues his decoupling efforts from China.
- **Defense and Security in the Indo-Pacific:**
 - Defense ties have grown significantly between the two nations, with initiatives like the Initiative on **Critical and Emerging Technology (iCET)** and key defense deals under the Biden administration, such as the **GE-HAL jet engine agreement**.
 - Trump's second term may reinforce the **Quad alliance (US, India, Japan, and Australia)**, increasing military cooperation to counter **China's influence in the Indo-Pacific**. This alliance could enhance India's strategic role in regional security, promoting a free and open Indo-Pacific region.
- **Counterterrorism Collaboration:**
 - Counterterrorism remains a shared priority. Trump's **"Peace through Strength" doctrine** and Modi's firm stance on security align well, especially concerning Pakistan.

- A strong US-India counterterrorism partnership under Trump could apply diplomatic pressure on nations harboring extremist groups, benefiting regional stability and enhancing India's security environment.
- **Influence on Indian-American Political Landscape:**
 - Trump's relationship with Modi could shift political dynamics within the Indian-American community, traditionally Democratic. Some Indian-Americans, drawn to conservative values and economic policies, may begin leaning Republican.
 - This shift could increase Republican influence within this wealthy and educated demographic, with Trump's rhetoric on business-friendly policies resonating among Indian-Americans who seek economic growth and family-oriented conservatism.

Challenges

- **Trade and Economic Tensions:**
 - Trump's "**reciprocal taxes**" policy may prompt scrutiny of India's trade practices, with tariffs on US goods being a potential point of contention. Indian industries, particularly **IT, pharmaceuticals, and textiles** that rely heavily on the US market, could be impacted if Trump presses for more **"equitable" trade policies**.
 - However, Trump's **efforts to decouple from China present opportunities** for India to attract US investments, positioning itself as a reliable manufacturing alternative for American companies.
- **Immigration and H-1B Visa Restrictions:**
 - Trump's previous administration imposed strict H-1B visa regulations, impacting Indian professionals in the US. A return to such policies could affect Indian talent pipelines and the tech sector, which relies heavily on skilled Indian workers.
 - A balanced compromise on immigration policies would be crucial to maintain synergy between India's tech industry and the American economy.
- **Transactional Defense Partnerships:**
 - Trump's transactional approach to alliances may demand more from India in terms of defense commitments, placing conditions on defense deals that could complicate traditional collaborations.
 - While defense ties could strengthen under Trump, this conditional approach may require careful negotiation to **ensure India's defense autonomy and policy independence**.
- **Contrasting Foreign Policy Agendas:**
 - **Trump's isolationist approach**, emphasizing minimal involvement in global agreements, may **conflict with Modi's vision of a globally engaged India**. This difference could limit opportunities for multilateral cooperation in areas like climate change, global health, and trade.
 - India may find itself **balancing between its global ambitions and Trump's inward-focused policies**, requiring careful diplomacy to advance shared objectives without compromising on multilateral engagements.

HISTORY OF INDIA-US RELATIONS:

- For decades, the US was unwilling to consider key areas for deepening bilateral and regional cooperation, largely due to **India's possession of nuclear weapons**.
- In the early 2000s, however, Washington began to view an active and constructive relationship with India as essential to making progress in a range of issues.
- Over the past two decades, the India–US relationship has expanded in almost every conceivable dimension—political, diplomatic, economic and military.

AREAS OF COOPERATION:

- **Political & Diplomatic:**
 - **Regular exchanges at the leadership-level** have been an integral element of the expanding bilateral engagement. Eg: PM Modi made his **first State Visit** to the US in June 2023 at the invitation of President Biden.
 - **India-U.S. 2+2 Ministerial Dialogue**
 - **Parliamentary exchanges:** There have been regular parliamentary exchanges to strengthen ties of friendship and cooperation.

WHAT ARE 2+2 MEETINGS?

- The 2+2 meetings signify the participation of two high-level representatives, **Ministers holding Foreign and Defence portfolios**, from each of the two countries who aim to enhance the scope of dialogue between them.
- The **US is India's oldest** and most important 2+2 talks partner. Additionally, India has held 2+2 meetings with ministers from **Australia, Japan, the United Kingdom, and Russia**.
- **Trade & Economic Relations:**
 - **US is the largest trading partner of India** with overall bilateral trade in goods and services of **USD 190.1 billion for calendar year 2023**. (Source: US Census data).
 - In 2020-21, the US replaced Mauritius as **second largest source of foreign direct investment into India** with inflows of USD 13.82 billion. US is one of the top 5 investment destinations for Indian FDI.
- **Defence Cooperation:**
 - India-US defence cooperation is based on "**New Framework for India US Defence Cooperation**".
 - Several defense agreements have been signed in recent years. These include **Logistics Exchange Memorandum of Association (LEMOA)**, **Communications Compatibility and Security Agreement (COMCASA)** and **Basic Exchange and Cooperation Agreement (BECA)**.
 - The two countries now conduct more bilateral exercises with each other than they do with any other country. Eg: **Tiger Triumph, Yudh Abhyas (Army); Vajra Prahar (Special Forces); RIMPAC and MALABAR Naval Exercise**.
- **Defence procurements:**

- In 2018, India gained **Tier-1 status** in US Department of Commerce's **Strategic Trade Authorization license exception**, aligning it with top U.S. allies for trade. The **U.S.-India Defense Technology and Trade Initiative (DTTI)** aims to boost India's defense sector and strengthen U.S.-India business ties.
- **Strategic cooperation:**
 - Together with Australia and Japan, the United States and India convene as the **Quad** to promote a free and open Indo-Pacific and provide tangible benefits to the region.
 - India is also partnering with the United States on the **Indo-Pacific Economic Framework for Prosperity (IPEF)** to make the economies more connected, resilient, clean, and fair. The **I2U2, dubbed as West Asian Quad**, comprising Israel, India, United Arab Emirates, and the US, is another strategic dialogue mechanism.
- **Strategic Energy cooperation:**
 - The bilateral civil nuclear cooperation agreement (also called **the 123 agreement**) was signed in 2008. It gave India the recognition of being a **responsible nuclear weapon state**.
 - India has also signed MoU on **Strategic Petroleum Reserves** for cooperation on Strategic Petroleum Reserves operation and maintenance. A public-private **Hydrogen Task Force** was launched to help scale up technologies to produce hydrogen.
- **Diaspora/People-to-People ties:**
 - About 4.4 million Indian Americans/Indian origin people reside in the US. The Indian Americans (3.18 million) constitute the **third largest Asian ethnic group in the US**.
 - The Indian diaspora has been a catalyst in cementing closer ties between India and the U.S. There are **five persons of Indian origin in the U.S. Congress**.
- **International Cooperation:**
 - India and the United States cooperate closely at multilateral organizations, including the UN, G-20, ASEAN Regional Forum, IMF, World Bank, and WTO.
 - The United States welcomed India joining the UN Security Council in 2021 for a two-year term and **supports a reformed UN Security Council** that includes India as a permanent member.
- **S&T and Space Cooperation:**
 - The **Indo-US Science and Technology Forum (IUSSTF)** bolsters cooperation in science and technology. **ISRO collaborates with NASA, NOAA, USGS, and U.S. academic institutions** on civilian space projects. ISRO and NASA are jointly developing the **NASA-ISRO Synthetic Aperture Radar (NISAR)** satellite for Earth observation.
- **Health Cooperation:**
 - India and US collaboration under **Vaccine Action Program (VAP)** resulted in development of **ROTAVAC vaccine** against rotavirus causes severe diarrhea in children.
- **Education Cooperation:**
 - The **United States-India Educational Foundation (USIEF)** promotes mutual understanding between India and the U.S. through educational exchanges.
 - The **"21st Century Knowledge Initiative"** enhances collaboration between higher education institutions, and the **Global Initiative of Academic Networks (GIAN)** brings U.S. educators to teach in India annually.

- **Combating climate change:**
 - In 2021, the US joined the **International Solar Alliance** headquartered in India. India and U.S are also members of the **Coalition for Disaster Resilient Infrastructure (CDRI)**.
- **Cyber Security Cooperation:**
 - The **India-US Cyber Framework** signed in September 2016, provides for expanding cooperation in cyber domain. The fourth India-US Cyber Security Dialogue was held in Washington in February 2018.
- **Cooperation in combating Covid-19 pandemic:**
 - In 2020, India provided the U.S. with pharmaceuticals, PPE, and medical supplies. During India's COVID-19 second wave in April 2021, the U.S. government and private sector supported India's response efforts.

AREAS OF CONCERN:

- **Relationship with rivalling countries:**
 - India's ties with **Russia and Iran** are a concern for USA, while USA's ties with Pakistan is a concern for India.
- **Role in Indian ocean region:**
 - By encouraging the United States to assume a dominant role in South Asia, India **might be on a path to relinquish its status as a net security provider** in the region.
- **US Sanctions:**
 - US sanctions are increasingly affecting India's national interests. The **CAATSA law** has been a part of the discussion on India's purchase of the S-400 missile defence system from Russia. Also, US sanctions on **Iran and Venezuela** are putting India's energy security at stake.
- **Mistrust against India:**
 - Unlike US allies, India does not always vote in line with the United States at the United Nations. This, along with India's frequent multilateral alignment with Russia and China has led some experts believe that India is part of a **counterhegemonic bloc that can jeopardize many US interests**.
- **On India's IP regime:**
 - India continues to be on the 'Priority Watch List' of the United States Trade Representative (USTR) for lack of adequate intellectual property (IP) rights protection and enforcement, the USTR said in its Annual **Special 301 Report**.
- **Revoking Generalised System of Preferences:**
 - GSP is a preferential tariff system that provides tariff reduction on various products for developing countries. India's GSP benefits were terminated in June 2019, which is affecting India's export-oriented sectors such as pharmaceuticals, textiles and automotive parts.
- **Slow pace of nuclear deal:**
 - While the US has been discussing the sale of nuclear reactors to India since the 2008 pact, progress of greenfield projects has been tardy. At present, Russia is the only country setting up imported Light Water Reactor-based nuclear projects in India.

- **Question over Afghan:**
 - With the recalling of armed forces, the US strategy towards Afghanistan has changed. The void left by the US in Afghan is being filled by the Taliban, Pakistan and China, all of which is detrimental to India's interests.
- **US questioning India's religious freedom:**
 - The US Commission on International Religious Freedom (USCIRF) in its '2021 Report on International Religious Freedom' alleged "repression" of critical voices, especially religious minorities in India. This has been criticised by MEA for its "biased" and "inaccurate" comments.
- **On India's data localisation:**
 - The US has criticised India's proposed data localisation requirements, under which firms need to store data within India. USA argues that it would serve as significant barriers to digital trade between the US and India.

WAY FORWARD:

- **Collaborate for a multipolar rule-based world: US and India have common interests when it comes to rivalry with China:** human rights, rule of law, rights of self-determination and sovereignty, freedom of navigation in the seas, a free internet, free flow of data across borders, climate action responsibility, and so on. Hence, they should **continue to collaborate towards creating a multipolar rule-based world order.**
- **Enhance counter terrorism cooperation:** USA's military withdrawal from Afghanistan has reduced its dependence on Pakistan. India should utilise this opportunity to **promote counterterrorism cooperation** and apply pressure on the Pakistan to abandon support for terrorist groups.
- **Cooperate in digital ecosystem:** The United States and India should pursue a "**digital handshake**" to address policy differences and create institutional structures to drive progress in emerging technologies, artificial intelligence and cyber security.
- **Attract investments:** So far, the idea of American firms diversifying out of China, towards India, has not materialised. Hence, India and the US must look toward strengthening two-way foreign direct investments and provide incentives for the private sector to make investments.

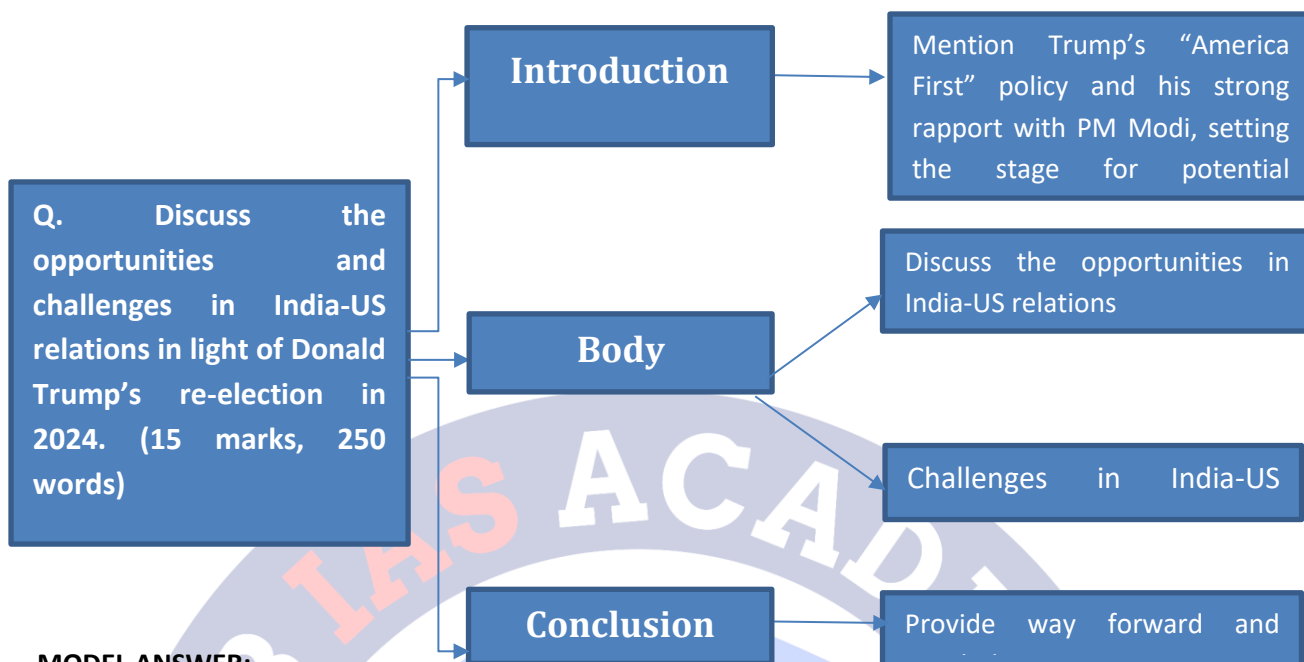
CONCLUSION:

- Trump's re-election and Modi's continued leadership present a mix of opportunities and challenges. Together, they can redefine India-US relations based on economic and security goals. However, success will rely on navigating trade, immigration, and defense dynamics with careful diplomacy to balance Trump's "America First" focus with India's global ambitions.

PRACTICE QUESTION:

Q. Discuss the opportunities and challenges in India-US relations in light of Donald Trump's re-election in 2024. (15 marks, 250 words)

APPROACH:

**MODEL ANSWER:**

With Donald Trump's re-election in 2024, India-US relations are set to face both opportunities and challenges. **Trump's "America First" policy and his close rapport with Indian Prime Minister Narendra Modi**, as seen in events like "Howdy, Modi!" and "Namaste Trump," suggest a foundation for potential collaboration. However, **Trump's isolationist stance and focus on reciprocal trade practices** bring complexities to the relationship, especially in trade, defense, and multilateral engagements.

Opportunities in India-US Relations

1. **Economic and Trade Relations**
 - Trump and Modi's pro-business approach bolsters trade, with the US as India's largest trading partner (\$190.1 billion in 2023). India's role as a manufacturing alternative to China could attract US investment.
2. **Defense and Security Cooperation**
 - Key agreements like LEMOA, COMCASA, and BECA, along with the GE-HAL agreement, solidify defense ties. Initiatives like DTTI and the Quad further enhance Indo-Pacific security.
3. **Counterterrorism Collaboration**
 - Trump's "Peace through Strength" aligns with India's security concerns, creating a foundation for strong counterterrorism cooperation, especially concerning Pakistan.
4. **Influence on the Indian-American Political Landscape**
 - Trump's policies resonate with Indian-Americans, traditionally Democratic, shifting toward conservative values. Increased Republican support could enhance India's influence in US policy.
5. **Energy and Climate Cooperation**
 - Despite conservative climate policies, Trump's administration values clean energy partnerships. Initiatives like the Hydrogen Task Force align with India's energy goals.
6. **Technology and Space Cooperation**

- Collaborations like the Indo-US Science and Technology Forum and NASA-ISRO's NISAR project create avenues for joint innovation in technology and space.

Challenges in India-US Relations

1. Trade and Economic Tensions

- Trump's "reciprocal taxes" may lead to scrutiny on India's tariffs, impacting IT, pharma, and other sectors reliant on US markets. The revocation of GSP benefits strains trade further.

2. Immigration and H-1B Visa Policies

- Trump's restrictions on H-1B visas affected Indian tech talent. Similar policies may disrupt talent pipelines, impacting India's tech sector in the US.

3. Transactional Defense Partnerships

- Trump's transactional approach may impose conditions on defense agreements, impacting India's defense autonomy and requiring careful negotiation.

4. Foreign Policy Divergence

- Trump's isolationist stance may conflict with Modi's global engagement, limiting cooperation on climate, health, and trade where India prefers multilateral solutions.

5. Human Rights and Religious Freedom Concerns

- US criticism of India's internal policies on religious freedom has created diplomatic tensions, especially through reports from USCIRF.

6. Sanctions and Relations with Rivals

- US concerns over India's ties with Russia and Iran, especially with CAATSA sanctions on the S-400 purchase, present ongoing diplomatic challenges.

Way Forward :

- **Enhance Counterterrorism Collaboration:** Deepen ties in counterterrorism, leveraging reduced US dependence on Pakistan.
- **Foster Digital and Technology Partnerships:** Work toward a "digital handshake" on AI, cybersecurity, and digital infrastructure.
- **Encourage Bilateral Investments:** Make India an attractive base for US companies diversifying from China.
- **Promote Multilateral Cooperation:** Align on shared interests like climate change and maritime security for a rule-based world order.
- **Balance Defense Autonomy with Collaboration:** Preserve defense independence while enhancing US partnerships.
- **Strengthen People-to-People Ties:** Expand cultural exchanges and strengthen ties with the Indian-American diaspora.

Trump's re-election and Modi's continued leadership present both opportunities and challenges for India-US relations. While the path forward will require navigating complexities in trade, defense, and policy alignment, a balanced approach focusing on shared goals can help both nations capitalize on mutual interests. By embracing strategic cooperation and fostering a resilient partnership, India and the US can contribute to regional stability and create a robust framework for a sustainable and multipolar global order in the years ahead.