



## India and the United States: Strengthening the Partnership

*Dr Stuti Banerjee\**

In less than two months after the visit by Prime Minister Narendra Modi to the US, President Barak Obama accepted the invitation to become the first President of the United States to be the Guest of Honour at the Republic Day celebrations in India. The acceptance of the invitation through the social media was, perhaps, to indicate the personal equation that has developed between the two leaders. It is an established fact in diplomacy that good personal relations between political leaders are crucial to building an understanding between two nations especially on controversial and/or important issues. The *Jaswant Singh-Strobe Talbot talks* are an example of good comradeship that helped strengthen bilateral relations. It is often stated that Prime Minister Manmohan Singh and President George W. Bush friendship was one of the many reasons why the two leaders were willing to risk domestic and international criticism on the civil nuclear deal. Thus, the understanding shared between Prime Minister Modi and President Obama should not be underestimated in view of its contribution to future India-US relations.

Nonetheless, the relationship cannot be centred on individuals. The India-US relationship has to be developed in the broader context of international politics. Both nations have realised that their interests on issues, from terrorism to non-proliferation, from development to economic growth, and increasing understanding of the aspirations of the other converge.

When Prime Minister Modi and President Obama met for their first summit in September 2014 in Washington DC, they had a diverse agenda ranging from terrorism and defence cooperation to trade and investment, from climate change and nuclear energy to higher education and building smart cities. It was a reflection of both the depth of India-US relations and the scope of cooperation between the two countries.

The visit by President Obama has been viewed as a success. Before the visit, both the Prime Minister's Office and the White House had stated that no new initiatives were expected to be announced. The positive result of this decision was the impetus that was given to existing initiatives that needed renewed deliberations.

In his remarks, President Obama stated that, "... India and the United States are not just natural partners. I believe, America can be India's best partner."<sup>i</sup> Prime Minister Modi expressed similar sentiments when he stated, "This is a natural global partnership."<sup>ii</sup>

The talks between the two heads of government have provided the opportunity to deepen the relationship. To achieve this goal certain recommendations are suggested.

**a) Defence and Security Relations:**

India is the largest defence market, however it is a title that it would like to shed. Such large scale purchases are needed due to its inability to produce quality weapons of its own. As India starts to realise its goal of being an important State on the international platform it needs the support of its military as well. To achieve this goal it cannot rely on defence imports. India is focussing on developing its defence industries with a view to create jobs as well as develop military industrial complexes, as spending capital for defence procurement is not sustainable in the long term. In his speech at Aero India 2015, Prime Minister Modi stated, "(the government was) ...introducing a scheme to provide up to 80 percent of funding from the Government for development of a prototype in India. And... also launching a Technology Development Fund."<sup>iii</sup>

India's efforts to 'Make in India' have been supported by the US. The Defence Trade and Technology Initiative (DTTI) could be made the benchmark for long-term security cooperation between the two countries. India has already allowed 49 percent foreign direct investment in the defence sector with a possibility that it may be raised in the future. The transfer of technology along with co-production and co-development is the goal of the Indian government. The announcement that India would announce new defence offset policies has heightened interest in this very capital intensive sector.

Four projects that have been identified for DTTI are the RQ-11 Raven hand-launched drone; a reconnaissance module for the Indian air force's C-130Js; mobile-power generators for field use; and a next-generation protective suit for nuclear, biological and chemical attacks. These are a modest beginning of the DTTI, which is seen as a cornerstone of the "2015 Framework for the U.S.-India Defense Relationship" announced during President Obama's visit. For the success of these projects and other projects, timelines for approval have to be established which would require the bureaucracies of the two countries to cooperate with each other for speedy approvals. While private companies are part of the defence sector in the US, the government is largely responsible for it in India. The two governments could select some private sector companies to collaborate with them in the initial stages. DTTI represents collaboration that assists in building an indigenous Indian industrial base and an opportunity to advance India-US security relationship.

## **b) Economic Relations**

Economic ties provide the two countries with the foundation to build stronger ties. The Indian government has made domestic reforms a priority and has expressed its interest to engage with foreign partner to promote economic growth. International economic ratings agencies have predicted that the Indian economy is poised to grow at the rate of 7.9 per cent for the year ending in March 2016 as a result of increasing investments and low oil prices.

The Indian economy is predicted to be the ‘bright spot’ in Asia as the Chinese economy faces a slower growth rate. The two countries would benefit by providing broader access to each other’s markets for both trade and finance. India is a rapidly growing market for high-technology products (and the technology itself) that the US can provide, while the US remains the largest market in the world, including for high-end services that India is developing a comparative advantage in. Both of these dimensions of bilateral trade could become part of the “Make in India” campaign, which would help boost productivity in the Indian manufacturing and services sector.<sup>iv</sup>

### c) Civil Nuclear Deal

The most highlighted announcement during President Obama’s visit was on the breakthrough achieved in commitment towards the full implementation of the civil nuclear agreement. While the government has yet to disclose full details of the negotiations, it is being stated that both India and the US have agreed to float the notion of an insurance pool to cover liabilities, leaving the decision with partner companies to share risks. Government officials have denied that the Indian civil nuclear liability law has been diluted, but it is being speculated that project based concessions may have been provided.

Nonetheless, the implementation of the much discussed and delayed deal could mean that the US companies can now provide reactor designs and equipment for building nuclear power plants in India and transfer technology to local firms. The deal in the long term would help boost Indian economic growth and reduce dependence on energy imports<sup>56011</sup>exports and coal based power plants. To continue with the momentum that has been generated by the announcement, both countries have to ensure that differences are resolved and projects are implemented. Nuclear power plants require heavy investments and any delay would ensure rise in costs.

India should also raise the issue of India's membership in the multilateral export control groups, especially the Nuclear Suppliers Group (NSG). While India does have the support of the US, membership in the groups requires a consensus among its members and, in the NSG in particular, there is no consensus on admitting India. India should play a more active role in gathering support for its candidature. While the NSG is important India could reserve the order and seek membership to other export control regimes such as the MTCR, the Wassenaar Arrangement and the Australia Group, which could help India in building consensus for membership to the NSG.

#### **d) Climate Change**

Climate Change has been an important issue in the India-US relations. The space given to the issue has increased considerably over the years as visible in the statements of the India-US Strategic dialogues. Even before his visit President Obama had stressed on the issue. The share of renewable energy in India's total installed power capacity has jumped from just two per cent in 2002 to 13per cent currently.<sup>v</sup>

While greater foreign investments would help boost India's renewable energy sector further, it needs to be complemented by government efforts to tackle regulatory barriers, resolve land acquisition issues, ease infrastructure constraints and mitigate storage and distribution losses. One of the first announcements during the presidential visit was an agreement on climate change. Whereas previously India had resisted the notion that developing countries who had contributed little to global greenhouse gas production in the past, should place caps on current emissions at the behest of developed countries, India has now committed itself to expanding its use of renewable energy and move toward joining an international deal on global warming that works towards an emission cap acceptable to both the developed and less-developed countries.

India, in its national climate action plan, has already stated that its goal is to ensure that 15 per cent electricity comes from renewable (non-hydro) by 2020. This could be increased, given that the new government has already announced that it plans big solar energy future for the country upping targets from 20 GW to 100 GW by 2022. In addition, India has also agreed to cut emission intensity by 25 per cent by 2020. Under a new agreement, the US will also provide funding for renewable energy development in India, it can also assist in building human capacity. India has to invest in the renewable sector and promote it to ensure that it becomes more popular and less expensive. India also has to develop a future energy mix that tilts towards lower carbon emission options. India has to develop but with less emissions.

**e) Cooperation in Education Sector**

With a huge youth bulge, India is struggling to provide its youth with world class higher education institutions, which is critical for its economic growth and social mobility. Even in primary education, India has made progress, but dropout rates, especially for the girl child and the poor quality of education continue to be a challenge. Infrastructure development is another area, which requires the much needed support. School and college buildings with basic amenities and facilities like playgrounds, well equipped laboratories and resource materials are requirements that are needed to make significant progress in ensuring access to schooling and higher education.

Improving learning and education would require investments and in this vital sector India and the US should cooperate. Cooperation could be in the form of direct financial investment to developing learning techniques that would help improve teaching quality and using technology not just to impart education but to make it engaging and productive and developing the skill sets to conduct quality independent research work. Teaching quality in Indian education has to be improved drastically to meet the challenges of this sector. India can learn from and

implement the good practises of the US education system. The idea of education is not just limited to the enrolled number of students, but the quality of education that they are receiving and in this, India and the US could work together to pool their experience and resources- both intellectual and economic- to achieve results.

**f) Political Relations**

Interpretations of the presidential visit have centred on the US efforts to make India its South Asian anchor and a strategic counterweight to China in its Asia policy. The joint strategic vision statement stressed ‘the importance of safeguarding maritime security and ensuring freedom of navigation and over flight throughout the region, especially in the South China Sea.’ It also called upon all parties to avoid the use of threat or force ‘and pursue resolution of territorial and maritime disputes through all peaceful means.’<sup>vi</sup>

For India, the need is not just to study the US-China cooperative relation, but also be aware of their differences. This could help India pre-empt any change in US or Chinese perceptions and policies. Neither India nor the US can control each other’s relations with China, but they share a common interest in managing its rise. To achieve this goal they can actively engage in India-China-US tri-lateral dialogues to ward off the suspicion of exclusion in Beijing and discuss issues of common concern. It would also ensure that both India and the US become aware of the achievable goals of their relationship vis-a- vis China. The relationship should also not be viewed in terms of balancing China as the main thrust. It is bigger and beyond just China.

India has to pursue its ‘Act East policy’ actively to build both strategic and economic relations. The importance to relations within the neighbourhood would support India’s development in the future. It would help India achieve two goals. Firstly, India would move beyond just working with the US in the region to countries important in the region, in building its strategic and economic relations. Secondly, it

would ensure that India becomes an intrinsic part of US, Asia and Pacific policy formulations. It could also assist in building better relations with China.

Pakistan and Afghanistan are of important interest to both India and the US. The expanding influence of terrorist organisations in Pakistan, the challenges to government authority are deeply troublesome. For India, the call by the terrorist groups to renew their activities in India is a matter of concern. The leniency shown in the case of Zakiur Rehman Lakhvi, the mastermind of the 2008 Mumbai attacks, is being viewed as proof of Pakistan government's inability to stem the growth of terrorist organisations. India is also concerned about the role Pakistan would play in Afghanistan. Stability in Afghanistan is desired by both India and the US, however, the road to achieving this goal has to be implemented together by these two nations with the help of the Afghan government.

India has a commitment to regional development but it could now define for the US how it could influence the States of the region to advance security interests of the nations and how India would like to use its leadership position for regional integration and take advantage of opportunities for economic and political cooperation. The US could support India in its endeavour for regional cooperation and seek views and counterview on its policy discussion with respect to region. It has to be understood that the relationship is no longer a zero sum game, which is based on certain select issues. It is based on long term gains and encompasses a range of issues.

## **Conclusion**

It has to be kept in mind that the relationship between these two nations is evolving at a time when cooperation is needed to address key international issues, such as the crisis in Ukraine and the tensions between 'the West' and Russia, the challenges in Afghanistan, the situation in Pakistan, the rise of the Islamic State, outbreak of epidemics like the Ebola virus that can spread quickly across borders. These varied events are proof that nations are individually ill prepared to address them and international cooperation is a necessity.



There is growing recognition within the Indian government that the US is a partner despite the differences that persist between the two countries and the questions about reliability. India is critical to the US as it is politically stable, and perhaps, is the only country that follows a very similar concept of democracy as the US in the subcontinent. Economically, India has a stable economy which is crucial for US trade, commerce and industry. The Obama administration, on its part, has repeatedly stated that even if India and the US may not always be on the same page, India's rise is in US interest—not least because a strong, prosperous, inclusive India could help manage global and regional disorder.

\*\*\*\*

*\*Dr. Stuti Banerjee is a Research Fellow at the Indian Council of World Affairs, New Delhi.*

---

<sup>i</sup> Office of the Press Secretary, The White House, “Remarks by the President to the People of India”, <http://www.whitehouse.gov/the-press-office/2015/01/27/remarks-president-obama-address-people-india>, Accessed on 28 February 2015

<sup>ii</sup> Office of the Press Secretary, The White House, “Statements by President Obama and Prime Minister Modi of the Republic of India”, <http://www.whitehouse.gov/the-press-office/2015/01/25/statements-president-obama-and-prime-minister-modi-republic-india>, Accessed on 28 February 2015

<sup>iii</sup> ----, “Text of the Speech of the Prime Minister at Aero India Show”, <http://www.narendramodi.in/text-of-address-by-prime-minister-at-aero-india-show/>, Accessed on 28 February 2015

<sup>iv</sup> Eswar Prasad, “Economic Ties: A Window of Opportunity for Deeper Engagement”, <http://www.brookings.edu/~media/research/files/reports/2015/01/20-building-the-india-us-partnership/the-second-modi-obama-summit-briefing-book.pdf>, Accessed on 28 February 2015

<sup>v</sup> Sumedh Deorukhkar, Alicia Garcia-Herrero and Le Xia, “India is becoming key for world energy demand: What are the main opportunities and challenges?”, [https://www.bbvaresearch.com/wp-content/uploads/2014/10/20141008\\_India-Energy\\_FINAL.pdf](https://www.bbvaresearch.com/wp-content/uploads/2014/10/20141008_India-Energy_FINAL.pdf), Accessed on 28 February 2015

<sup>vi</sup> Office of the Press Secretary, The White House, “U.S.-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region”, <http://www.whitehouse.gov/the-press-office/2015/01/25/us-india-joint-strategic-vision-asia-pacific-and-indian-ocean-region>, Accessed on 28 February 2015