

Presidential Election 2020: Charting the Future of India-US Ties



Image source: Economic Times

CPPR POLICY BRIEF

Prepared by
CPPR- Centre for Strategic Studies

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Introduction

Founded on the shared commitment to freedom, democratic principles, equality, human rights and rule of law, India-America relationship has undergone a transformative change over time from 1947 to 2020. Along with convergence of interests and democratic values, America is one of the strongest strategic partners of India. This relationship has become multi-dimensional by increasing cooperation in the fields of security and defence, trade and investment, science and technology, environment, agriculture, education, space technology, cybersecurity, nuclear energy, health, etc. Moreover, with China's growing footprint and flexing of muscles in the Indo-Pacific and the Indian Ocean region, the chances and need for both India and the US to collaborate and cooperate in order to contain Chinese uncontrolled and aggressive expansion in the region have increased. On the trade front, the overall US-India bilateral trade in goods and services reached US\$ 149 billion in FY19. US energy exports is an important area of growth in this relationship. Comparing the data, trading relationship is more consequential for India. However, cooperation in defence and security in the changing political and security architecture has brought the two countries to work together. This trade involving military hardware and defence cooperation highlights the overall engagement and has been a strong point of mutual agreement and benefit between the two countries. The main aim should be to strengthen cooperative research, co-production and co-development of capabilities required for the modernisation and long-term sustainment of military forces. This increasing cooperation and growing relationship have become even more important with the rise in non-traditional security threats and the rise of middle powers at the global stage.

Policy Recommendations for India-US Relations in the Context of New Administration

1. The ambitious target of US\$ 500 billion trade partnership that has been stressed upon since the Obama era is ambiguous in its timelines but at the same time is interesting and achievable. The trade has increased from US\$ 16 billion to US\$ 142 billion in the last two decades and the next 10 years will also be prosperous for both the nations in terms of their partnership provided:
 - a. India focuses more on technology and financial services as they are crucial for her growth but are often ignored in discourses and discussions. Moreover, both India and the US are service-driven economies and therefore the focus should be more on the service sector and subsequent reduction in protectionist policies.
 - b. Although the last two decades have seen holistic approach and engagement from both sides, India and the US need to work upon rebuilding trade relations and managing trade deficits with each other as well as the rest of the world.
 - c. Additionally, Indian states should have more transparency and accountability in order to attract Foreign Direct Investment (FDI).
2. A peaceful, liberal and democratic society that also upholds the principle of multiculturalism is one among the common shared values between India and the US. India views the US as a strong democracy and a role model for the rest of the world and therefore expects the US to promote pluralism and inclusiveness along with democratic and liberal values. This will in turn strengthen their ties that are founded on shared values.
3. QUAD, being a significant association in the changing dynamics of the Indo-Pacific region, should be

discussed more extensively.

- a. At the same time, the US should appreciate India's development in the region. Also, the geo-political threats and issues like China's expansionist policies in the region, and Pakistan being a fertile ground for terrorist activities, have to be acknowledged.
 - b. China, being aggressive and moving fast in the global race, should be handled tactfully with collaborative actions rather than unilateral ones.
4. The recently held 2+2 dialogue between India and the US has attempted to reinforce the bilateral ties with the signing of BECA (Basic Exchange and Cooperation Agreement) for geo-spatial coordination that would allow India and the US to share a wide variety of geo-spatial data with each other and enable Indian long-range missiles and drones to strike targets at greater distances, more accurately.
- a. India has to make sure that her data protection tools and frameworks are strong enough to make the most of this agreement and not end up getting the data used against her.
5. India with the idea of 'Atmanirbhar Bharat' might walk towards isolationist policies which could be counter-productive to its economy, especially when the times are uncertain as it could decrease business and trade exchanges with the rest of the world. Also, it could give wrong signal to the investors. Therefore, India should:
- a. Create an environment that would enhance and foster India's position in the global supply chain.
 - b. Consider relaxation in licensing and bureaucratic process and controls along with lowering the cost of doing business; this could give India a much-needed push.
 - c. Limit the scope of broader engagement with the US economy.
6. The US withdrawal from the Trans-Pacific Partnership (TPP), the advent of Regional Comprehensive Economic Partnership (RCEP) in the region and the eventual rejection of it by India will strengthen China. To counter this, India should:
- a. Consider building an India-led trade block and encouraging countries in its immediate neighbourhood to be part of it; this could help in countering China as well as changing trade equations in the region. For this, open and free trade with these countries should be the first step.
 - b. Trade policy makers should think strategically along the same lines as that of security policy makers, which had resulted in various important agreements such as Logistics Exchange Memorandum of Agreement (LEMOA) and most recently BECA, and should build consensus on Free Trade Agreement (FTA) as the only way to come together and contain Chinese dominance.

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The CPPR Centre for Strategic Studies (CPPR-CSS) aims to identify the strategic significance of India and the role it plays from a global perspective, unbiased and unhinged. International Relations being the key area of study, the Centre focuses on Foreign Policy, Strategic & Security Studies, Defence Studies, non – traditional security threats, maritime and climate studies and role of States in India in national security.



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