

## Natural Allies?

### The India-US Relations from the Clinton Administration to the Trump Era



**Aparna PANDE**

December 2018

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ISBN: 978-2-36567-964-0

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### **How to quote this document:**

Aparna Pande, “Natural Allies? The India-US Relations from the Clinton Administration to the Trump Era”, *Asie.Visions*, No. 104, Ifri, December 2018.

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# Executive Summary

In recent years, experts and onlookers have noted a convergence of geopolitical interests between the United States and India. Such an alignment seems natural and overdue. India has long shared striking similarities to the U.S. domestically, boasting a large multiethnic population, a democratic approach to governance and a strong feeling of national pride. Today, moreover, India and the United States face many of the same global threats. The rise of China challenges both American hegemony and Indian regional influence. Additionally, the United States currently shares India's skepticism about Pakistan's support for terrorist groups that operate inside Afghanistan and India and have a safe haven within Pakistani territory.

However, for two countries with such extraordinary domestic similarities and with such convergence of geopolitical interests, the United States and India have a perplexingly ordinary relationship. In fact, the two countries, which seem like they should be strong allies on paper, continuously find domestic factors and logistical challenges getting in the way of richer ties. Admittedly, over the past two and a half decades, they have worked to overcome these impediments and to build a stronger strategic partnership. In so doing, America's first three post-Cold War presidents learned two especially powerful lessons from their interactions with India. First, genuine diplomatic connections are essential. Because Presidents Clinton, Bush and Obama made a real effort to connect with Indian leaders and unquestionably recognized India as a core part of American grand strategy, they strengthened bilateral trust and cooperation. The second lesson is the need to compromise. Unsurprisingly, India's outlook on global affairs differs from that of the United States and India puts its own national interests first, which means the two countries are bound to disagree on certain issues.

The Trump administration would be well served to remember the lessons of its predecessors. Although Trump's relationship with Modi appears to be positive, it seems superficial when compared with the record of Presidents Clinton, Bush and Obama's engagement with their Indian counterparts. In the defense and security area, the Trump administration

has continued the tradition set by its predecessors of strengthening trade and cooperation with India, but the two governments face geopolitical challenges that necessitate a stronger partnership. Moreover, Trump's rhetoric and economic policies have put the growth of the partnership in jeopardy. Trump and Modi are both right wing nationalists who espouse some degree of political populism and a penchant for economic protectionism. To create a lasting diplomatic partnership, the two men should focus on their similarities and work toward compromise instead of standing firm where they differ.

The United States and India share a similar vision for the future security architecture of the Indo-Pacific, and have similar goals in the region. What remains to be seen, however, is how the United States deals with a country – India – that does not fit the category of a traditional American military ally and yet seeks to become a strategic partner, does not seek American security guarantees and visualizes itself as a future great power. Further, unlike other American allies, India never joined any alliance, so there is no multi-layer cross-institutional relationship between the two countries. With an American president who seeks to boost ties with India and stand up to China, this is a rare chance to re-align U.S. and Indian policy in the interests of both countries.

# Résumé

Ces dernières années, experts et observateurs ont constaté une convergence d'intérêts géopolitiques entre les États-Unis et l'Inde. Un tel alignement semble naturel et attendu depuis longtemps. L'Inde partage en effet des similitudes frappantes avec les États-Unis : une grande population multiethnique, une gouvernance démocratique et un fort sentiment de fierté nationale. De plus, aujourd'hui, l'Inde et les États-Unis sont confrontés à de nombreuses menaces similaires sur le plan international. La montée en puissance de la Chine défie à la fois l'hégémonie américaine et l'influence régionale indienne. De plus, les États-Unis partagent le scepticisme de l'Inde à l'égard du soutien offert par le Pakistan aux groupes terroristes opérant en Afghanistan et en Inde et trouvent refuge sur le territoire pakistanais.

Cependant, ces deux pays présentant des similitudes internes aussi extraordinaires, conjuguées à une telle convergence d'intérêts géopolitiques, entretiennent des relations étonnamment ordinaires. Alors qu'en principe États-Unis et Inde devraient être de proches alliés, des facteurs d'ordre interne et logistique entravent l'approfondissement de leur relation. Certes, depuis 1990, ils ont œuvré pour surmonter ces obstacles et créer un partenariat stratégique plus fort. Ce faisant, les trois premiers Présidents américains de l'après-guerre froide ont tiré de leurs interactions avec l'Inde deux enseignements particulièrement importants. D'abord, il est essentiel de créer des relations diplomatiques sincères. Les Présidents Clinton, Bush et Obama ont fait de réels efforts pour établir des liens avec les dirigeants indiens et ont incontestablement reconnu que l'Inde faisait partie intégrante de la grande stratégie américaine. Ils ont ainsi renforcé la confiance et la coopération bilatérales. La deuxième leçon est la nécessité de faire des compromis. Sans surprise, la vision indienne des affaires mondiales diffère de celle des États-Unis. Comme l'Inde privilégie ses propres intérêts nationaux, cela signifie que les deux pays se retrouveront nécessairement en désaccord sur certaines questions.

L'administration Trump aurait intérêt à retenir les leçons de ses prédécesseurs. Bien que les relations de Trump avec Modi semblent positives, elles paraissent superficielles au regard du bilan des présidents Clinton, Bush et Obama avec leurs homologues indiens. Dans le domaine de la défense et de la sécurité, l'administration Trump a maintenu la tradition établie par ses prédécesseurs consistant à renforcer le commerce

et la coopération avec l'Inde, mais les deux gouvernements sont confrontés à des défis géopolitiques qui nécessitent aujourd'hui un partenariat renforcé. De plus, la rhétorique et les politiques économiques de Trump ont mis en péril l'expansion du partenariat. Trump et Modi sont tous deux des nationalistes conservateurs qui épousent un certain populisme politique et un penchant pour le protectionnisme économique. Pour créer un partenariat diplomatique durable, les deux hommes doivent se concentrer sur leurs similitudes et rechercher un compromis plutôt que de rester fermes là où ils diffèrent.

Les États-Unis et l'Inde partagent une vision similaire de la future architecture de sécurité de l'Indo-Pacifique et ont des objectifs communs dans la région. Il reste cependant à voir comment les États-Unis traiteront avec un pays – l'Inde – qui n'est pas un allié militaire américain traditionnel et cherche pourtant à devenir un partenaire stratégique et une future grande puissance. En outre, l'Inde n'a jamais adhéré à une alliance. Il n'existe donc pas de relation fortement institutionnalisée entre les deux pays. La présidence américaine actuelle qui cherche à renforcer les liens avec l'Inde et à tenir tête à la Chine doit être une opportunité de réaligner les politiques des États-Unis et de l'Inde dans l'intérêt des deux pays.

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# Introduction

In recent years, experts and onlookers have noted a convergence of geopolitical interests between the United States and India. Such an alignment seems natural and overdue. India has long shared striking similarities to the U.S. domestically, boasting a large multiethnic population, a democratic approach to governance, and a strong feeling of national pride. Today, moreover, India and the United States face many of the same global threats. The rise of China challenges both U.S. hegemony and Indian regional influence. China is not merely another superpower, but one that sits on India's border and has been encroaching upon India's sphere of influence in South Asia. India fears that Chinese growth will spread illiberal practices and influence, undermining both Indian and American interests. Additionally, the United States currently shares India's skepticism about Pakistan's support for terrorist groups that operate inside Afghanistan and India and have a safe haven within Pakistani territory. After decades of hoping that Pakistan only needed more aid and assistance and a sympathetic hearing in order to reform, Washington now appears to have come around to the view that Islamabad, or more exactly Rawalpindi, where the army headquarter is located, is unwilling to reform. India and the United States also view terrorism from the Middle East and Central Asia as a serious security concern.

For two countries with such extraordinary domestic similarities and with such convergence of geopolitical interests, the United States and India have a perplexingly ordinary relationship. Bilateral trade has grown dramatically in recent years, as have defense ties and diplomatic relations, but it has continued to feel as if something is missing. For example, India still imports over four times more arms from Russia than from the United States.<sup>1</sup> The volume of trade between the U.S. and India is less than a fifth of U.S.-China trade; it has not even surpassed the levels of exchange between the U.S. and South Korea.<sup>2</sup> Even though the United States has established itself as a global superpower, India continues to approach its relationship with the U.S. cautiously and remains unwilling to commit to a formal alliance. In fact, the two countries, which seem like they should be

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1. R. Pandit, "With 12% of Global Imports, India Tops List of Arms Buyers," *The Times of India*, March 13, 2018, <https://timesofindia.indiatimes.com/>

2. A. Trivedi, "The U.S.-India Relationship Needs Work," *The New Republic*, May 15, 2018, <https://newrepublic.com/>

strong allies on paper, continuously find domestic factors and logistical challenges getting in the way of richer ties.

Admittedly, over the past two and a half decades, India and the U.S. have worked to overcome these impediments. Through the leadership of Presidents Clinton, Bush, and Obama, the United States has grown closer to India and overcome many barriers to trust. While obstacles remained when Obama left office in 2016, the relationship was certainly on the right trajectory. But the election of Donald Trump has inserted an unprecedented level of unpredictability into the equation. Trump's freewheeling approach to foreign policy, combined with his skepticism toward immigrants and his opposition to free trade, has made India anxious. Since early 2017, Trump and Modi have demonstrated that even though they share some level of ideological similarity, their views often beget disagreement on policy specifics. Thus, one of the most critical foreign policy questions for both countries is how the current administrations can improve the Indo-American strategic relationship. By examining previous administrations' strategies for forging constructive bilateral ties, this article hopes to produce feasible, mutually beneficial proposals for the Trump administration to strengthen the ever-crucial Indo-American partnership.

# **The Clinton Administration: the benefits of sustained negotiations with India**

India and Pakistan experienced some of their largest crises during the Clinton years. In these formative years immediately after the end of the Cold War, their forces continued to clash in Kashmir, but their conventional rivalry morphed into a nuclear one. The Clinton administration initially tried to avoid aligning itself with either South Asian power, but ultimately saw that U.S. interests more thoroughly matched those of India than those of Pakistan, and that the United States should pursue a stronger partnership with India going into the 21<sup>st</sup> century.

## **Old and new disagreements between India and the U.S.**

During its first four decades of independence, India approached the United States apprehensively. Indians disapproved of the Americans' robust alliance with Pakistan and questioned the United States for consistently aiding an illiberal dictatorship despite all its talk of spreading global democracy. Simultaneously, American leaders despised India's Cold War nonalignment doctrine and its cushy relationship with the Soviet Union. Additionally, domestic politics kept the two countries apart. India's most prominent Cold War leaders, Jawaharlal Nehru and Indira Gandhi, were skeptical of capitalism and chose to nationalize large industries instead of courting foreign investment, a decision which depressed Indo-U.S. trade through the end of the 1980s.

By the time Bill Clinton was elected President in 1992, however, conditions were ripe for the U.S.-India relationship to change from one of benign neglect to one of true partnership. As Indian security expert C. Raja Mohan explains, Indian leaders saw the end of the Cold War as an opportunity for a new Indian geopolitical doctrine, allowing India to "reinvent its foreign policy" and refocus its attention on collaboration with the United States.<sup>3</sup> The fall of the Soviet Union also made Indian leaders

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3. C. R. Mohan, "India and the Balance of Power," *Foreign Affairs*, July 1, 2006, [www.foreignaffairs.com](http://www.foreignaffairs.com).

rethink their domestic economic policy. One of newly elected Prime Minister P. V. Narasimha Rao's major initiatives was to liberalize India's economy, and promote trade with the United States. The Clinton Administration reciprocated, as it believed that India would play an important role in America's post-Cold War grand strategy. As Clinton's National Security Advisor Anthony Lake put it, "The successor to a doctrine of containment must be a strategy of enlargement, [the] enlargement of the world's free community of market democracies."<sup>4</sup>

But American attempts to play both sides of the India-Pakistan rivalry during the early years of the Clinton presidency repressed the growth of Indo-U.S. relations. In 1985, the U.S. Congress passed the Pressler Amendment, which banned American military assistance to Pakistan unless the President could definitively say that Pakistan did not have, and was not developing, nuclear weapons. Congress was suspicious of Pakistan's military dictator Zia ul-Haq and was committed to limiting the spread of nuclear weapons technology. By 1995, however, Pakistan was in the hands of the more charming and liberal Benazir Bhutto, who visited Clinton in Washington and presented a new image of Pakistan. This helped sway Congress to pass the Brown Amendment, which permitted the U.S. to deliver Pakistan USD 368 million worth of military equipment.<sup>5</sup> The Brown Amendment left many Indians feeling betrayed.

Indian objections to President's Clinton condemnation of counterinsurgency practices in Kashmir also stalled relations. In the early 1990s, Pakistani-backed militants maintained a fierce insurgency in the disputed territories of Jammu and Kashmir. The Indian government cracked down hard against the insurgency, killing around 5,000 militants between 1990 and 1994.<sup>6</sup> The Clinton Administration condemned the Indian Army for "significant human rights abuses" in Kashmir, although it did not act on the issue. This left both Pakistanis and Indians dissatisfied. Pakistanis wanted a more substantive intervention against India, while Indians wanted the U.S. to stop meddling in their affairs, arguing that their counterinsurgency efforts were necessary to quell a domestic uprising. Although Clinton was right not to sacrifice his values and beliefs to appease India, this disagreement drove a wedge between him and the Rao government.

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4. C. van de Wetering, "Policy Discourses and Security Issues: US Foreign Policy Toward India During the Clinton Administration," *Foreign Policy Analysis*, vol. 13, No. 2, April 1, 2017: 468.

5. A. G. Rubinoff, "Missed Opportunities and Contradictory Policies: Indo-American Relations in the Clinton-Rao Years," *Pacific Affairs*, vol. 69, No. 4, 1996.

6. S. Bose, "The Evolution of Kashmiri Resistance," *Al Jazeera*, August 2, 2011: [www.aljazeera.com](http://www.aljazeera.com)

The Indian government's continued nuclear proliferation efforts deepened the wedge between Washington and Delhi. By the time Clinton came to office, India hadn't conducted a nuclear test in nearly two decades, but it also hadn't signed the Non-Proliferation Treaty (NPT), and was suspected of adding to its nuclear arsenal. As Clinton's Press Secretary Dee Dee Myers put it before Clinton and Rao met in 1994, "nonproliferation will be an issue, a major security issue, between the two countries."<sup>7</sup> Both India and Pakistan proved Myers right when they each conducted nuclear tests in May 1998. Clinton remarked that he was "deeply disturbed" by the nuclear tests, as they undermined the goal of global peace, and could spark a "dangerous arms race" in Asia.<sup>8</sup> He also slapped sanctions on both countries, as a 1994 law required the U.S. to sanction any country that conducted nuclear tests. These sanctions were comprehensive. They cut off all non-humanitarian aid to India, prevented American companies from selling India certain weapons and technologies, and required the U.S. to oppose World Bank and IMF loans to India, which had amounted to more than USD 1.5 billion in 1997.<sup>9</sup> However, the sanctions did not seem productive, as they damaged ties with India and did not deter it from further developing its nuclear arsenal.

## Building trust despite disagreements

After the nuclear tests, Washington and New Delhi engaged in unprecedented levels of continuous engagement. U.S. Deputy Secretary of State Strobe Talbott and incoming Indian Foreign Minister Jaswant Singh conducted eight rounds of talks between June 1998 and February 1999. The talks may only have occurred because of the nuclear disagreement, but Talbott and Singh spoke about more than just nuclear weapons, broadening the discussion to the topics of terrorism, strategic cooperation, and the shape of the international system.<sup>10</sup> The Talbott-Singh talks helped convince American leaders that its sanctions against India were counterproductive to American goals, and they were lifted within the next couple of years.

The trust that was established during the 1998 talks also proved valuable when India was caught off guard by Pakistani advances across the Line of Control (LoC) in 1999. As Pakistani forces occupied the high ground at Kargil in northern Kashmir, Talbott and Singh convinced India

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7. C. van de Wetering, *op. cit.*, p. 468.

8. *Ibid.*, p.472.

9. "U.S. Imposes Sanctions on India," *CNN*, May 13, 1998: <http://edition.cnn.com>

10. S. P. Cohen, *India: Emerging Power*, Washington, D.C: Brookings Institution Press, 2002, p. 285.

to respond cautiously and wait to see if Washington and Islamabad could solve the conflict diplomatically.<sup>11</sup> The conflict was ultimately resolved when Pakistani Prime Minister Nawaz Sharif saw military defeat on the horizon, and flew to Washington to plead that Clinton negotiate a truce. Sharif acceded to Clinton's demands that his troops retreat behind the LoC, and the war was ended.<sup>12</sup> Clinton's actions in the Kargil Crisis were viewed by New Delhi as the United States finally coming around to the Indian viewpoint of Pakistan being the aggressor and India the status quo and mature country. Kargil also demonstrated the importance of establishing bilateral trust and diplomacy, through sustained negotiations as Talbott and Singh did in the years prior.

India-Pakistan disagreements were not the only features of the Clinton era – during that time, India and the U.S. also saw their relationship grow independently. In 1992, they participated in the Malabar joint naval exercises for the first time, which continue to occur through the present day. Additionally, trade between the U.S. and India more than doubled during the 1990s, growing from USD 5.3 billion in 1990 to USD 12 billion in 1999.<sup>13</sup>

At the very end of his term, Clinton visited India, making him the first U.S. president do to so in 22 years. The goal of his visit was to empower the Indo-American partnership and to display its importance to everyday Americans. While in India, Clinton visited many technology and commercial centers, showing Americans that India had a bright future and didn't fit the stereotype of a mere underdeveloped third-world country.<sup>14</sup> The length of Clinton's stay in India – 5 days – was also symbolic, whereas his visit to Pakistan on his way home lasted no more than 5 hours. Clinton's trip to India solidified his administration's commitment to improving relations with India, despite historical and ongoing disagreements. During the trip, Prime Minister Atal Bihari Vajpayee described the U.S. and India as "natural allies," a sentiment that Clinton returned happily.

The Clinton Administration's experiences in South Asia offer valuable insight for future American leaders, including Donald Trump and his advisors. The Clinton days elucidate the importance of deep, sustained diplomatic relations, as were developed between Jaswant Singh and Strobe Talbott. Such relations allowed the U.S. to realize that it had more to gain

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11. *Ibid.*, p.286.

12. A. Iqbal, "Clinton Adviser: Confusion Gripped Islamabad during Kargil Crisis," *Dawn*, October 23, 2006: [www.dawn.com](http://www.dawn.com).

13. S. P. Cohen, *India: Emerging Power*, op. cit., p. 288.

14. *Ibid.*, p.291-292.

from lifting sanctions on India than keeping them, and that it should back India at Kargil, even if it had consistently backed Pakistan in the past.

One other lesson that this administration can learn from Clinton-era events is that Indians care deeply for, what may appear to others, symbolism. When the U.S. went back on the Pressler Amendment and sold Pakistan weapons, many in India felt betrayed, even though the sale had nothing to do with India directly. When Clinton visited India for much longer than he visited Pakistan, many Indians felt vindicated, even though the length of a president's stay means little for substantive policy. As one final example, when the U.S. didn't appoint an ambassador to India for sixteen months between 1993 and 1994 due to bureaucratic complications, Indian officials were offended, as they saw this as a diplomatic slight.<sup>15</sup> The Trump Administration should take note of this – strong ties are not only about rhetoric and trade, but also about demonstrating a sustained commitment in more subtle ways.

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15. A. G. Rubinoff, "Missed Opportunities and Contradictory Policies: Indo-American Relations in the Clinton-Rao Years," *op. cit.*, pp. 508-509.

# **The Bush Administration: Treating India as a responsible global power**

If Clinton laid the foundation for strong U.S.-India relations, George W. Bush took on the responsibility of constructing the edifice itself. Under the Bush administration, the U.S. cemented multiple momentous agreements with India and committed to further bilateral cooperation. The most notable Bush era agreement was the civilian nuclear deal, in which he demonstrated his acceptance of India as a responsible global power despite its unwillingness to sign the NPT. Even though the two countries disagreed about how to approach the War on Terror and military intervention, they continued to advance their relationship by solidifying defense deals and strengthening trade.

## **The significance of the 2005 civilian nuclear deal**

Even before he was elected, Bush admired India and recognized its importance for America. In a speech in November 1999, he argued that “This coming century will see democratic India’s arrival as a force in the world” and that “We should establish more trade and investment with India as it opens to the world.”<sup>16</sup> A key element of the Bush administration’s successes in India came from its willingness to overlook India’s nuclear weapons program and establish formal civilian nuclear cooperation. This process began with the 2004 Next Steps in the Strategic Partnership (NSSP) agreement that established general guidelines for cooperation on four main issues: civilian nuclear technology, civilian space technology, high technology trade, and missile defense.<sup>17</sup> Many in India saw U.S. willingness to cooperate with India, a non-NPT nuclear-capable

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16. A. J. Tellis, “The Merits of Dehyphenation: Explaining U.S. Success in Engaging India and Pakistan,” *The Washington Quarterly*, vol. 31, No. 4, September 2008, p. 24.

17. S. Ganguly and A. Scobell, “India and the United States: Forging a Security Partnership?,” *World Policy Journal*, vol. 22, No. 2, 2005, p. 37.



country, on nuclear energy as a powerful symbol of American congeniality.<sup>18</sup>

A year later, in 2005, Bush and Prime Minister Manmohan Singh signed the 2005 civilian nuclear deal. The agreement was controversial within the United States; it was a clear endorsement of India's nuclear program only a few years after the U.S. had sanctioned it for that program. Yet the administration, led by Secretary of State Condoleezza Rice, Undersecretary of State Nick Burns, and Counselor Phillip Zelikow, committed to reversing the decades-old viewpoint that India, as a third world country, couldn't handle the responsibility of nuclear power.<sup>19</sup>

The deal offered many benefits to the United States. Rice persistently argued that the U.S. would experience many environmental, economic, and diplomatic gains, as American contractors would help build the facilities, which would help India move away from coal.<sup>20</sup> Furthermore, the deal placed restrictions on India's nuclear weapons program. As Burns put it, "in a de facto sense," the deal required India to follow the same measures as most NPT signatories, including allowing the IAEA to monitor its facilities.<sup>21</sup> Although the agreement took three years to finalize, it was signed into law before Bush left office.

## Continued commitment despite strategic differences

Defense relations between Bush and Singh were more complicated than economic ones. Although the two countries were interested in cooperation on the tactical level, they held fundamentally different perspectives on questions of grand strategy and the global order. During Bush's first term, the two countries signed the General Security of Military Information Agreement and the Master Information Exchange Agreement, both of which facilitated the exchange of information and weapons, and aimed to foster more integrated and exclusive cooperation.<sup>22</sup> When Bush asked India

18. D. Ollapally, "US-India Relations: Ties That Bind?," *Sigur Center for Asian Studies, Elliott School of International Affairs*, 22, 2005, p. 8.

19. S. P. Kapur and S. Ganguly, "The Transformation of U.S.-India Relations: An Explanation for the Rapprochement and Prospects for the Future," *Asian Survey*, vol. 47, No. 4, August 2007, p. 653.

20. C. Rice, "The U.S.-India Civilian Nuclear Cooperation Agreement," *U.S. Department of State, Bureau of Public Affairs*, April 5, 2006: <https://2001-2009.state.gov>.

21. N. Burns, "Briefing on the Signing of the Global Partnership Agreement Between the United States and India," *U.S. Department of State, Bureau of Public Affairs*, July 19, 2005: <https://2001-2009.state.gov>.

22. D. Ollapally, "US-India Relations: Ties That Bind?," *op. cit.*, p. 10.

to support the United States militarily in his War on Terror, however, India was much less willing to cooperate.

The Bush Administration saw foreign policy through a lens of American primacy and hegemony. It aimed to promote global democracy and combat terrorism through military intervention, as in the Iraq and Afghanistan wars. India also supported democracy and understood the threat of terrorism first-hand, but the Singh administration disagreed with Bush's methods.<sup>23</sup> Furthermore, on a more fundamental level, India prefers a multipolar world of 6 or 7 superpowers, each responsible for keeping the peace in their own regions, to the current system.<sup>24</sup> This is one of the main reasons why India declined the U.S. request that it send 15 to 20 thousand troops to support the American invasion of Iraq in 2003.

Many American policymakers saw India's refusal to send troops as evidence that India was not truly committed to the defense partnership. This forced the U.S. to search for support elsewhere, and it found that support in Pakistan. Just eight months after Singh told Bush that he wouldn't send Indians to Iraq, the U.S. declared Pakistan as a Major Non-NATO Ally.<sup>25</sup> Although American policymakers were hesitant to ally themselves with Pakistan's military dictator, Pervez Musharraf, they saw the strategic partnership as necessary to prevent another 9/11. Musharraf had offered valuable support for U.S. operations in Afghanistan against Al Qaeda, and Pakistan's strategic location made it a valuable asset for Americans.

Many Indians felt betrayed by the U.S.-Pakistan alliance. However, the Bush administration justified the alliance under its longstanding policy of de-hyphenation, the idea that the U.S. would interact with India and Pakistan individually and separately. In other words, the argument underlying de-hyphenation was that the U.S. would focus on the "intrinsic value of each country to U.S. interests rather than by fears about how U.S. relations with one would affect relations with the other."<sup>26</sup> As Nick Burns explained, "it's very important, I think to say again, that we have this unique relationship with Pakistan, which is vital to our country and the war on terrorism. We have another unique and vital relationship with India.

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23. *Ibid.*, p.2.

24. S. P. Cohen, *India: Emerging Power*, *op. cit.*, p. 295.

25. D. Ollapally, *US-India Relations: Ties That Bind?*, *op. cit.*, pp. 2, 4.

26. A. J. Tellis, "The Merits of Dehyphenation: Explaining U.S. Success in Engaging India and Pakistan," *op. cit.*, pp. 22-23, 26.

And as Secretary Rice has said many times before, there's no reason for us to have a hyphenated ... framework for South Asia."<sup>27</sup>

The Bush administration made a concerted effort to prove that its relationship with India was "unique and vital." In the commercial arena, the U.S. continued to expand its trade with India – by 2008, bilateral trade was growing at a rate of 20 percent per year.<sup>28</sup> In the defense arena, the U.S. sold India the *USS Trenton* in 2007, an amphibious assault vessel that would shore up holes in the Indian Navy's defense capacity.<sup>29</sup> Finally, in the arena of immigration, Bush was a strong advocate of H-1b visas, which allow highly educated foreigners, mostly Indians, to come to the United States. He was an outspoken critic of Congress's decision to cap the annual number of H-1b visas offered at 65,000.<sup>30</sup> Bush would be remembered positively in India for his continued commitment to a strong, sustained friendship.

Donald Trump can learn many lessons from Bush. First, action means far more than rhetoric. Bush and his advisors were able to advance the Indo-U.S. relationship because they proved their commitment to India through the nuclear deal. The deal allowed both Indians and Americans to see each other in a more positive light, facilitating further cooperation. Second, productive engagement with India required treating it as a rising power, deserving of respect. One of the greatest successes of the policy of de-hyphenation was that it allowed the United States to see India as an important actor in its own right, independent of its seemingly eternal struggle with Pakistan. Finally, the Bush administration somewhat accepted that India would not always agree with the American foreign policy decisions because it possessed a fundamentally different outlook on global affairs. Consequently, even if both countries could agree on the importance of fighting terrorism and promoting democracy, the U.S. would have to accept that India would rarely be interested in using foreign occupation to achieve those goals. But, as Bush and his advisors understood, that shouldn't prevent American leaders from trying to cooperate with India, all the while respecting its domestic goals and desires.

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27. N. Burns, "Briefing on the Signing of the Global Partnership Agreement Between the United States and India," *op. cit.*

28. K. F. Inderfurth, "U.S.-India Relations," Asia Foundation, 2008, 253–69: <https://asiafoundation.org>.

29. K. F. Inderfurth and B. Riedel, "Breaking New Ground with India," *Brookings*, 2008: <https://www.brookings.edu>.

30. S. Krishnaswami, "Bush Urges US Congress to Lift H-1B Visa Limit," *Rediff India*, February 3, 2006: <http://ia.rediff.com>.

# The Obama Administration: the art of compromise

American President Barack Obama and Indian Prime Minister Narendra Modi forged a partnership that no political analyst would have expected. Whereas Obama was America's first black president, and placed the protection of minorities at the center of his policies, Modi is a member of a Hindu nationalist party, the BJP. Prior to his ascension to the position of Prime Minister, Modi had been blacklisted by the U.S. for nearly a decade over his callous handling of the religious riots in Gujarat, the state he governed in the early 2000s.<sup>31</sup> However, the two leaders developed a deep, sustained friendship during the short period when their tenures overlapped. When Modi visited Washington in 2014, Obama gave him a personal 15-minute tour of the Martin Luther King Jr. Memorial. This led Modi to invite Obama to Republic Day in India, and Obama accepted, even though attending would force him to juggle the timing of his State of the Union address. As Obama explained in a speech to the Indian Parliament, he viewed the U.S.-India relationship as one of the "defining partnerships" of the 21<sup>st</sup> century, and this necessitated an American "pivot to Asia."<sup>32</sup> By the time he left office, Obama had met with Modi in person 7 times.<sup>33</sup>

## Developing the defense partnership, but not an alliance

Obama used his personal friendship with Modi, and his commitment to the Indo-U.S. partnership, to advance American interests in Asia, especially through defense cooperation. During Obama's Republic Day visit to India, he and Modi issued a *Joint Strategic Vision for Asia-Pacific and the Indian Ocean Region*, which consisted of a joint commitment to maritime security cooperation.<sup>34</sup> The document also spoke of how the two countries could seek "a closer partnership" to promote "peace, prosperity and

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31. E. Barry, "Obama and India's Premier See Mutual Benefit in Breaking the Ice," *The New York Times*, January 19, 2018: [www.nytimes.com](http://www.nytimes.com).

32. B. Obama, "Remarks by the President to the Joint Session of the Indian Parliament in New Delhi, India," *whitehouse.gov*, November 8, 2010: <https://obamawhitehouse.archives.gov/>; S. Kumar, "How Obama Revived U.S.-Indian Relations," *The National Interest*, June 6, 2016: <https://nationalinterest.org>.

33. A. Panda, "5 Takeaways on US-India Relations After Modi's Meeting With Obama," *The Diplomat*, June 8, 2016: <https://thediplomat.com>.

34. "India-United States Relations," *India Ministry of External Affairs*, January 2016: [www.mea.gov.in](http://www.mea.gov.in).

stability” by boosting regional economic integration, connectivity, and economic development.

Between 2006 and 2016, bilateral defense trade grew from zero to over USD 10 billion.<sup>35</sup> In fact, by 2014, India was the second biggest purchaser of American arms, accounting for over 11 percent of worldwide U.S. arms sales.<sup>36</sup> Furthermore, India conducted more military exercises with the U.S. than with any other country by 2016.<sup>37</sup> The two militaries continued to conduct the Clinton Administration’s Malabar navy exercises annually, but also added the “Yudh Abhyas” army exercises and “Red Flag” air force exercises in 2015, as well as the Rim of the Pacific (RIMPAC) multilateral navy exercises in 2016.<sup>38</sup> Finally, under Obama, both countries worked together on joint military projects to try to produce hybrid power sources and protective body suits.<sup>39</sup> Just before the Obama administration left office, India was declared a “Major Defense Partner” of the United States, a classification that granted it many of the same privileges as U.S. Treaty allies.<sup>40</sup>

Despite all of this progress, the Indian government maintained a number of barriers that Obama was unable to penetrate. For one, New Delhi remained uninterested in entering into a formal alliance with Washington or joining an American-led coalition where each member would commit to coming to the other’s defense. Many commentators suspected that this was because of the two countries’ troubled past and that India had not forgotten about Cold War tensions or the multiple sanctions regimes the U.S. had levied against it. As one retired Indian ambassador explained, “We don’t want to be identified with U.S. policy in Asia, even if we secretly like it.”<sup>41</sup> Hopefully that sentiment will continue to dissipate as Indo-American ties solidify, but Indians place a lot of value on the past and are not always quick to forget.

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35. K. H. Hicks, “U.S.-India Security Cooperation: Progress and Promise for the next Administration”, CSIS International Security Program, 2016: [www.csis.org](http://www.csis.org).

36. R. Weitz, *Promoting U.S.-Indian Defense Cooperation: Opportunities and Obstacles*, Strategic Studies Institute and Army War College Press, 2017: <https://purl.fdlp.gov>.

37. “U.S.-India Security and Defense Cooperation,” Center for Strategic and International Studies, accessed August 23, 2018, [www.csis.org/programs](http://www.csis.org/programs).

38. S. Kumar, “How Obama Revived U.S.-Indian Relations,” *op. cit.*

39. R. Borah, “5 Reasons Why India Agreed to a Logistics Agreement With the United States,” *The Diplomat*, May 6, 2016: <https://thediplomat.com>.

40. A. Panda, “5 Takeaways on US-India Relations After Modi’s Meeting With Obama,” *op. cit.*

41. T. E. Ricks, “Why India Is so Half-Hearted about the U.S. Rebalance towards Asia,” *Foreign Policy (blog)*, August 14, 2012: <https://foreignpolicy.com>.

## Cooperating on clean energy despite serious trade disagreements

India's domestic policy never fully rid itself of the protectionist tariffs and subsidies of the early decades, and posed a serious challenge for the Obama Administration, preventing it from realizing many of its bilateral commercial goals. Even though the 1990s saw Indian economy open itself to foreign corporations in an unprecedented fashion, India remained skeptical of full capitalism and Western multinationals. In fact, when Modi came into office in 2014, he furthered India's protectionism with his Make in India initiative, a comprehensive plan to attract foreign business and produce Indian goods domestically. On top of that, India has been hesitant to implement strong Intellectual Property Rights (IPR). In fact, Modi responded to accusations by U.S. Speaker of the House Paul Ryan about India's weak IPR regime by saying "SIRI tells us that India's ancient heritage of yoga has over 30 million practitioners in the U.S. It is estimated that more Americans bend for yoga than to throw a curve ball. And, no, Mr. Speaker, we have not yet claimed intellectual property rights on yoga."<sup>42</sup>

One of Obama's major bilateral goals was to make India a large export market for American goods. As Obama put it in a 2015 speech in New Delhi, "We all know that the U.S.-India economic relationship is also defined by so much untapped potential (...) Of all of America's exports to the world, just over 1 percent go to India -- 1 percent to over a billion people (...) So I think everybody here will agree, we've got to do better."<sup>43</sup> Yet Indians did not necessarily agree. The World Bank ranked India 142<sup>nd</sup> out of 189 countries in their 2015 "Ease of Doing Business" rankings, and the U.S. Trade Representative placed India on the American "priority watch list" for IPR in 2016.<sup>44</sup> It is thus no surprise that the American trade deficit to India grew from USD 7 billion in 2009 to nearly USD 30 billion in 2015.<sup>45</sup> And while bilateral trade did rise during the Obama years, it grew less than the U.S. had hoped. Despite a 90 percent increase in trade between 2009 and 2015, India was still only America's 11<sup>th</sup> highest trade partner in 2015.

42. "India Has Not Claimed Intellectual Property Rights on Yoga: Modi to US Congress," *Hindustan Times*, June 8, 2016: <https://www.hindustantimes.com>.

43. B. Obama, "Remarks by President Obama at U.S.-India Business Council Summit," *whitehouse.gov*, January 26, 2015: <https://obamawhitehouse.archives.gov>.

44. World Bank, *Doing Business 2015: Going beyond Efficiency: Comparing Business Regulations for Domestic Firms in 189 Economies*, Washington, DC: World Bank, 2014: <http://www.doingbusiness.org> ; S. Meetra-Jha, "US Report Puts India on 'Priority Watch List,' Raises Concerns over Pharma Sector," *Firstpost*, April 29, 2016: <https://www.firstpost.com>.

45. S. Kumar, "How Obama Revived U.S.-Indian Relations," *op. cit.*

Even if Obama struggled to get India on board with his commercial goals, he succeeded in cooperating with India on clean energy initiatives. Bush's nuclear energy deal had stalled for years due to disagreements about which country would be liable if the reactors malfunctioned, but in 2016, Obama and Modi overcame that issue and brought the nuclear deal back into the spotlight. They announced that U.S. contractor Westinghouse would build the reactors with financing from both countries.<sup>46</sup> Overall, the U.S. and India made a lot of progress in developing clean energy while Obama was in office. The two administrations worked to finance multiple initiatives, including the "U.S.-India Clean Energy Hub" and "US-India Catalytic Solar Finance Program." As former deputy assistant secretary of state for South Asia Alyssa Ayres put it, "From the beginning to the end of his two terms in office, Obama has made a bet on clean energy, and in Modi's India he has found an enthusiastic partner."<sup>47</sup>

The Obama Administration was characterized by compromise. Even though it was unable to accomplish its commercial goals, it made the most of Modi's willingness to cooperate on environmental issues. Though India was unwilling to commit to a formal alliance, it was willing to engage in dozens of smaller defense deals and exercises. By playing the long game and taking the defense relationship step by step, Obama strengthened bilateral security and ultimately was able to name India a Major Defense Partner. All the while, Obama made sure to give his personal relationship high priority, and work through their ideological differences to cement a meaningful interpersonal connection. Obama learned that compromise and personal commitment would allow him to strengthen America's relationship with India, and therefore enable him to achieve greater security and overall prosperity.

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46. A. Panda, "5 Takeaways on US-India Relations After Modi's Meeting With Obama," *op. cit.*

47. A. Ayres, "This Will Be Obama's Legacy to U.S.-India Relations," *Fortune*, June 10, 2016: <http://fortune.com>.



# Implications for the Trump Administration

The new U.S. government, led by Donald Trump, finds itself leading the world's most powerful nation at a critical moment in history. China is mounting a substantial threat to American hegemony, many states in the Middle East and Central Asia continue to be unstable, and there is a fear that countries are shying away from democracy as their chosen political system. To achieve its foreign policy goals and maintain America's status as the sole great power in the international system, the current administration should bolster its diplomatic, defense and economic relationships with India. This section will summarize the administration's past effort in those areas, and offer suggestions to facilitate greater cooperation.

## Interactions between Modi and Trump: positive but superficial?

Indian policymakers and citizens are nearly as divided in their reactions to President Trump as Americans are. This conflict reflects the odd balance that Trump has struck between explicitly promoting and appreciating India, but also disparaging immigrants and non-Western countries. Many of his administration's diplomatic efforts have quite positively influenced the U.S. relationship with India, yet people in India remain reticent about strengthening relations. Especially because China's rise poses a real threat to both the U.S. and India, and Pakistan and Afghanistan appear increasingly unstable, American policymakers should devote significant efforts to improving diplomatic relations and forming alliances with their most reliable ally in South Asia.

Trump devoted significant effort on his campaign praising India and courting Indian-American voters. At one 2016 rally organized by Shalabh Kumar, a prominent Trump campaign donor and founder of the Republican Hindu Coalition (RHC), Trump announced "I am a big fan of Hindu and a big fan of India."<sup>48</sup> He also ran campaign ads in which he spoke Hindi and wished viewers a happy Diwali.<sup>49</sup> When discussing Modi, Trump stressed that he had been "very energetic in reforming the economy

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48. M. Bearak, "At Hindu-American Rally, Trump Pitches India and U.S. as 'best Friends,'" *Washington Post*, October 15, 2016: [www.washingtonpost.com](http://www.washingtonpost.com).

49. M. Tani, "Donald Trump Speaks Hindi in Unusual New Campaign Ad Aimed at Indian-American Voters," *Business Insider*, October 27, 2016: [www.businessinsider.com](http://www.businessinsider.com).



and bureaucracy.” Trump finished his comments on Modi by saying: “Great man. I applaud him.”<sup>50</sup>

Trump’s praise of India and Modi extended beyond the campaign trail. In a clever diplomatic gesture, the Trump administration has consistently used the phrase “Indo-Pacific” instead of “Asia-Pacific.” As explained by one Trump official, “We talk about an Indo-Pacific in part because that phrase captures the importance of India’s rise.”<sup>51</sup> Furthermore, Trump’s two meetings with Modi have been friendly and positive. When Modi came to Washington to meet him for the first time in June 2017, they shared an awkward but meaningful hug.<sup>52</sup> They also released a Joint Statement called *United States and India: Prosperity Through Partnership*, in which they “pledged to continue the strong defense partnership between both nations and broaden military to military engagements.”<sup>53</sup> The two leaders met for a second time while attending the 2017 ASEAN conference in Manila, where they resolved that, “two of the world’s great democracies should also have the world’s greatest militaries.”<sup>54</sup>

Although the Trump-Modi relationship appears to be positive, it seems somewhat superficial. Reports from within the White House that Trump has been known to imitate Modi’s accent are unsettling.<sup>55</sup> Even though Trump has been cordial in his interactions with Modi, he has never gone out of his way to make time for him like Obama did, and he has not gone to India to meet Modi. In the first half of 2018, the Trump administration twice postponed the first “2+2” dialogue, a joint ministerial meeting of the top foreign affairs and military heads of the two countries. Regardless of the reason for this, it has sent a problematic symbol to the Indian leadership, suggesting that America’s commitment to India is just rhetorical.

Furthermore, although Trump and Modi consistently speak about the Indo-U.S. security partnership, they have clear disagreements on issues outside of the realm of defense. In his speech pulling the U.S. out of the

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50. “Indian-American Donates \$1.1mn to Campaign; Trump Pledges Strong Indo-US Ties,” *Firstpost*, October 25, 2016: [www.firstpost.com](http://www.firstpost.com).

51. L. Nelson, “In Asia, Trump Keeps Talking about Indo-Pacific,” *Politico*, November 7, 2017: <http://politi.co>.

52. A. Smith, “Indian Prime Minister Hugs Trump during Rose Garden Ceremony,” *Business Insider*, June 26, 2017: [www.businessinsider.com](http://www.businessinsider.com).

53. Donald Trump and Narendra Modi, “Joint Statement - United States and India: Prosperity Through Partnership,” Government of India Ministry of External Affairs, June 27, 2017: <http://mea.gov.in>.

54. A. Ayres, “Notes on the Indo-Pacific: Trump and Modi Reaffirm Defense Ties, ‘Quad’ Meets,” *Council on Foreign Relations*, November 13, 2017: [www.cfr.org](http://www.cfr.org).

55. G. Jaffe and M. Ryan, “Up to 1,000 More U.S. Troops Could Be Headed to Afghanistan This Spring,” *Washington Post*, January 21, 2018: [www.washingtonpost.com](http://www.washingtonpost.com).

Paris Climate Accords, Trump belittled Modi's commitment to the environment, remarking that, "India makes its participation contingent on receiving billions and billions and billions of dollars in foreign aid from developed countries."<sup>56</sup> Trump is also known for his opposition to pro-immigration policies like the I-squared bill, which would have raised the cap on H-1B visas, most of which are given to Indians from 65,000 to 195,000 visas per year.<sup>57</sup> As a result, the Modi government has been looking to diversify its diplomatic connections since Trump came into office, reaching out to other countries like Germany, France, and Japan to try to strengthen ties with them.<sup>58</sup>

Robust Indo-American diplomatic relations are especially important today because India and the U.S. may be the only countries that can mount serious opposition to China as it seeks to gain influence throughout Asia and spread illiberal norms. Two years after signing the US-India Joint Strategic Vision of 2015, India joined the Quad, a grouping in which it exchanges with the U.S., Japan and Australia to promote security and freedom in the Indo-Pacific. And there is talk about making the grouping something more than an annual talk shop. But strong U.S. leadership is necessary for other countries to buy in to the group and commit to opposing China. For example, India rejected Australia's bid to join the U.S.-India-Japan Malabar military exercises in May 2018, soon after Modi met with Chinese leader Xi Jinping.<sup>59</sup> It would be reasonable to assume that India's doubts in the Quad's effectiveness prompted this decision to appease China instead of working to contain it. All four Quad members must demonstrate their commitment for the loose alliance to be effective, and a likely prerequisite to this is goodwill and compromise among them. The current Indo-U.S. relationship does not seem strong enough to turn the Quad into a geopolitical powerhouse. Trump and Modi would have to develop a thick and sturdy relationship, which eclipses awkward hugs and rhetoric about military strength, for the two administrations to leave a long-lasting legacy in Asia.

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56. J. Chemnick, "How the World Is Coping 1 Year after Trump Abandoned Paris Climate Pact," *Scientific American*, May 31, 2018: [www.scientificamerican.com](http://www.scientificamerican.com).

57. P. Thibodeau, "Why Trump Believes His H-1B Plan Is Serious," *Computerworld*, August 20, 2015: [www.computerworld.com](http://www.computerworld.com).

58. B. Dutt, "Trump Meets Modi: America First Meets India First," *Washington Post*, June 25, 2017: [www.washingtonpost.com](http://www.washingtonpost.com).

59. A. Sundaramurthy, "India Keeps Australia Out of the Malabar Exercise -- Again," *The Diplomat*, May 8, 2018: <https://thediplomat.com>.

## Defense and security relations: substantial progress, but not yet sufficient

The Trump administration has continued the tradition set by its predecessors of strengthening defense trade and cooperation with India, but the two governments face dozens of geopolitical challenges that necessitate a stronger partnership. Insofar as the U.S. and India share goals of containing China, confronting Pakistan, and combatting terrorism, they should aim to build on their current progress and expand their strategic cooperation.

Since early 2017, Indo-U.S. defense cooperation has grown in both symbolic and substantive ways. In a symbolic nod to India, the U.S. changed the name of the Pacific Command (PACOM) to the Indo-Pacific Command (INDOPACOM) in May 2018.<sup>60</sup> The December before, Washington invited New Delhi to join the Vancouver Group where representatives from dozens of states would discuss how to quell the threat from North Korea.<sup>61</sup> Both decisions were significant, but not nearly as significant as Trump's decision to sell India 22 Sea Guardian drones, which he announced while Modi was visiting Washington. These state-of-the-art surveillance drones will enhance Indian naval credibility and allow for greater interoperability with the U.S. and its allies.<sup>62</sup> The sale is also important because it makes India the first non-NATO state to receive the Sea Guardian.<sup>63</sup>

In September 2018, India and the U.S. eventually held their first "2+2" dialogue, in which Secretary of State Mike Pompeo and Secretary of Defense Jim Mattis met with their counterparts, External Affairs Minister Sushma Swaraj and Defense Minister Nirmala Sitharaman. On this occasion, the two sides signed a Communications Compatibility and Security Agreement (COMCASA), the third of the four "foundational agreements" that the U.S. use to promote military cooperation with partner countries.<sup>64</sup> In August 2018, the Trump administration gave India STA-1

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60. I. Ali, "In Symbolic Nod to India, U.S. Pacific Command Changes Name," *Reuters*, May 31, 2018: [www.reuters.com](http://www.reuters.com).

61. "India to Be Part of 'Vancouver Group' of Countries, Discuss Nuclear Threat Emerging from North Korea in January," *Firstpost*, December 20, 2017, [www.firstpost.com](http://www.firstpost.com).

62. "US Looks Forward to Completing Sea Guardian Drone Deal with India' - Times of India," *The Times of India*, October 24, 2017: <https://timesofindia.indiatimes.com>.

63. "Indian Govt Seals Sea Guardian Drones Procurement Deal With US," *The Quint*, December 21, 2017: [www.thequint.com](http://www.thequint.com).

64. These agreements are: Logistics Exchange Memorandum of Agreement (LEMOA), COMCASA, General Security of Military Information Agreement (GSOMIA) and Basic Exchange and

(Strategic Trade Authorization-1) status to ensure that Delhi could have access to high-technology products especially in the defense arena.

Unfortunately, most of these developments are not at the operational level. While joint technology development is important, it does not substitute for tactical cooperation against real-world threats. The most operational-level cooperation that the U.S. and India have achieved is in fighting terrorism. The two countries entered into an agreement in 2016 to share information about suspected terrorists, and they have since expanded cooperation, now participating in joint efforts to improve border surveillance and security.<sup>65</sup> Furthermore, the Trump administration took a big step forward in formally condemning Pakistan for its covert support for terrorist groups in India and Afghanistan, an act that many former administrations were hesitant to take. In January 2018, the State Department announced that it would suspend USD 900 million in aid to Pakistan because of its inadequate action against the Afghan Taliban and other militant groups.<sup>66</sup> The aid cutoff will not be sufficient to force the Pakistani military and intelligence services to completely change their policies surrounding terror groups, but the Trump administration should continue working with India to apply pressure on them, given that the decades-old approach of appeasing Pakistan has clearly failed.

China is likely the greatest threat to American and Indian interests in Asia, and the joint Indo-U.S. response has been insufficient. Over the past year, dozens of countries across Asia, the Middle East and Africa have found themselves indebted to China, which gives billions of dollars in loans to countries around the globe as part of its Belt and Road Initiative. China has given special attention to India's South Asian neighbors, including Pakistan, Nepal, Bangladesh, Sri Lanka and the Maldives. Many of those countries that used to be unquestionably part of India's sphere of influence have quietly drifted to China's side. As Trump's first Secretary of State Rex Tillerson put it, "China subverts the sovereignty of neighboring countries." Therefore, he recommended that, "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."<sup>67</sup>

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Cooperation Agreement for Geo-spatial Cooperation (BECA). Of these India signed GSOMIA in 2002, LEMOA in 2016 and COMCASA in 2018.

65. "Future Very Bright for US-India Counter-Terrorism Cooperation: Trump Administration," *The Economic Times*, March 1, 2018: <https://economictimes.indiatimes.com>.

66. A. Mohammed and J. Landay, "U.S. Suspends at Least \$900 Million in Security Aid to Pakistan," *Reuters*, January 5, 2018: [www.reuters.com](http://www.reuters.com).

67. J. Landay and D. Brunnstrom, "U.S. Wants Stronger India Economic, Defense Ties given China's...", *Reuters*, October 18, 2017: [www.reuters.com](http://www.reuters.com).

The Trump administration has very effectively identified China as a country that could threaten the interests of democracies, but one would be hard pressed to name many substantive actions the U.S. and India have cooperated on to oppose China's growing influence since early 2017. Admittedly, current Secretary of State Mike Pompeo recently announced that the U.S. would invest USD 113 million in Asia.<sup>68</sup> But that won't be nearly enough to match Chinese investment in the region, which amounts to hundreds of *billions* of dollars. Prime Minister Modi seems to have resorted to hedging his bets: in a speech in June 2018, he announced that India and China must "rise above divisions and competition to work together" to secure collective Asian prosperity.<sup>69</sup> This should serve as a large warning sign to Americans who fear that China is mounting a challenge to U.S. hegemony – India, with its massive population and rapid economic growth, is the only Asian country that could mount a serious challenge to Chinese ambitions.

On defense and security issues, the Trump administration would be well served to remember the lessons of its predecessors. As Clinton learned with the Talbott-Singh talks, a sustained Indo-U.S. security dialogue is an especially powerful way for the two countries to stay on the same page and pose a united front against the threats they face. As Bush learned from his nuclear energy deal, sometimes the executive needs to step up and create international agreements where Congress will not. And finally, as Obama learned from his own interactions with Modi, personal commitment and willingness to compromise for the sake of strengthening ties go a long way. The Trump administration would be smart to study how past administrations have advanced joint interests with India, and craft its policy based on those lessons.

## Vain squabbles on economic relations

Donald Trump and Narendra Modi have both developed stances against free trade, positions that have created tension in bilateral relations. Both leaders have focused on maximizing national employment levels and domestic political support, through their respective America First and Make in India policies. In doing so, they have allowed bilateral trust and cooperation to suffer.

Modi's Make in India campaign, launched in 2014, aimed to raise manufacturing to 25% of GDP by facilitating domestic production of goods,

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68. L. Wroughton and D. Brunnstrom, "Wary of China's Rise, Pompeo Announces U.S. Initiatives in Emerging...", *Reuters*, July 30, 2018: [www.reuters.com](http://www.reuters.com).

69. G. Taylor, "U.S. Watching Closely as India in Balancing Act with China," *Washington Times*, June 1, 2018: [www.washingtontimes.com](http://www.washingtontimes.com).

improving infrastructure and encouraging foreign investments in India. Unfortunately, Make in India has not performed as well as Modi had hoped. Manufacturing accounts for barely more than 16% of GDP, and not nearly enough jobs have been created in the process.<sup>70</sup> Over the years, Modi has used Make in India to justify India's rising tariffs, arguing that India should focus on its own economic development instead of sending business overseas. This is an effective political tactic – about two-thirds of Indian voters are farmers –, protectionist policies prevent small farmers from having their prices undercut by multinational corporations.<sup>71</sup> To cater to farmers, Modi has also increased agricultural subsidies to levels far higher than is acceptable to the WTO.

Modi's tariffs may have appeased the Indian agricultural sector, but they provoked his American counterpart. Trump exclaimed in a press conference in June 2018, "We're like the piggybank everyone is robbing." He added, "We have India, where some of the tariffs are 100 per cent. A hundred per cent. And we charge nothing. We can't do that."<sup>72</sup> The 100 percent tariff comment was a reference to India's high tariff on American Harley Davidson motorcycles, which represent an insignificant portion of U.S. exports to India, but a significant injustice in the eyes of Trump.

Trump has responded to other countries' trade barriers, which he sees as a global effort to steal from the U.S., with a tariff regime of his own. In March 2018, he imposed duties on American steel and aluminum imports, at rates of 25 and 10 percent respectively. These tariffs deeply troubled Indian leaders who responded by filing complaints at the WTO and imposing retaliatory tariffs against dozens of American goods, including almonds, apples and some metal products. India expects its total revenues from such tariffs to be USD 241 million, the same amount that the U.S. will collect from Indian companies through its own tariffs.<sup>73</sup> That was only the most recent manifestation of Indo-U.S. quibbling over trade. By February 2018, before the steel and aluminum tariffs had even gone into place, India had launched ten lawsuits in the WTO against the U.S., and the U.S. had developed another eight against India.<sup>74</sup>

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70. S. Dutt D'Cunha, "PM Modi Calls The World To 'Make In India,' But The Initiative Fails To Take Off," *Forbes*, July 24, 2017: [www.forbes.com](http://www.forbes.com).

71. R. E. Vickery, Jr., "Is It Finally Time for a US-India Free Trade Agreement?," *The Diplomat*, February 24, 2018: <https://thediplomat.com>.

72. "Trump Accuses India of Charging 100% Tariff on Certain Imports," *The Hindu Business Line*, June 11, 2018: [www.thehindubusinessline.com](http://www.thehindubusinessline.com).

73. A. Gowen, "India Imposes Retaliatory Tariffs on U.S., Widening Global Trade War," *Washington Post*, June 21, 2018: [www.washingtonpost.com](http://www.washingtonpost.com).

74. R. E. Vickery, Jr., "Is It Finally Time for a US-India Free Trade Agreement?," *op. cit.*



The fact that American and Indian leaders continue to let themselves get caught up in such inane spats only serves to impair their relationship and distract them from the more consequential foreign policy questions that they should be worried about, like how to collectively respond to China, Pakistan and Afghanistan. It is no wonder that although both sides' economies continue to grow, and two-way trade has reached approximately USD 115 billion annually, many believe that trade numbers could be even higher.<sup>75</sup> For example, American bilateral trade with China is at about USD 650 billion, and America's core principles align with India far better than with China. As former U.S. ambassador to India Richard Verma put it, the India-US relationship has been "slightly underperforming" for decades. He continued, "We need a full-scale relationship, not just the defense relationship, not just the strategic relationship. We need to focus on the economic side too. We somehow need to navigate America First with Make in India."<sup>76</sup>

Another consequence of Trump's tariffs is that China and India have been cozying up in recent months. After China announced counter-tariffs against American products, India offered to export soybeans and sugar to China to help them recoup their losses.<sup>77</sup> China responded in kind: in July 2018, it slashed tariffs on thousands of products from India and other Asian countries as part of an agreement called the Asia Pacific Trade Agreement.<sup>78</sup> This should be very concerning to the U.S., as this tactic will likely help China capture a far higher proportion of Asian markets in coming months. Furthermore, China made a concerted effort to increase diplomatic and trade relations with India after the U.S. tariffs were implemented, in order to develop an "insurance policy" in case relations with the United States further deteriorate.<sup>79</sup> If these trends continue, and India and China grow closer out of mutual antipathy toward the United States, it is hard to imagine how the U.S. will achieve its goals of gaining influence and containing China in the Indo-Pacific.

There are two more hurdles that the Trump administration should seek to overcome in the next couple of years. The first pertains to nuclear energy. Bush's civilian nuclear deal has continued to face setbacks even though more than a decade has passed since it was negotiated. In early

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75. *Ibid.*

76. "India, US Cannot Be Fighting on Trade Issues but Cooperating on Defence: US Ambassador to India," *The New Indian Express*, April 24, 2018: [www.newindianexpress.com](http://www.newindianexpress.com).

77. "India Eyes Soybean Diplomacy With Beijing Amid China-US Trade War," *NDTV*, April 14, 2018: [www.ndtv.com](http://www.ndtv.com).

78. R. Iyengar, "China Slashes Tariffs for Asian Countries as US Trade Fight Escalates," *CNNMoney*, June 28, 2018: <https://money.cnn.com>.

79. R. Jennings, "China Eyes Improved India Ties In Case Of Sino-U.S. Trade War," *Forbes*, April 3, 2018: [www.forbes.com](http://www.forbes.com).

2017, the U.S. company contracted to build the power plants, Westinghouse Electric, filed for bankruptcy. The inability by either government to move ahead on the issue of American companies building nuclear reactors in India has led certain sections of the American corporate sector to argue that India is not fulfilling on the promises of the Bush administration.<sup>80</sup> If the two countries can move forward on this front, it will not only boost economic ties but also help India's turn toward clean energy, and would be beneficial to both the environment and Indo-U.S. relations.

Another major area of controversy has been on the topic of IPR. Four American lawmakers wrote a letter to President Trump before Modi's first visit asking that he address India's "inadequate" IP protection during their discussion. Additionally, India is still listed under the U.S. Trade Representative's "priority watch list" for "serious intellectual property rights deficiencies."<sup>81</sup> While Modi has announced that he aims to strengthen IP laws, the issue isn't clear-cut, as many in India worry that giving out more patents would stifle competition and raise drug prices above what most Indians can reasonably be expected to pay. While it is important that Trump advocates on the behalf of American business and send officials to New Delhi to discuss the issue, publicly shaming India may be counterproductive.

Overall, the Trump administration has put a lot of pressure on India to change its economic policies in ways that would advantage U.S. companies. While this is an important goal, its execution, through disparaging speeches and illiberal trade practices, has been questionable. The American government should make sure that its policies are targeted toward achieving its larger goals of maintaining U.S. influence throughout Asia and improving long-term economic growth. Coercing India to change its trade and IP practices may win the U.S. a couple of pyrrhic victories, but current practices are on track to hurt macro-economic growth, dampen bilateral relations and push India toward China. As previous administrations have learned, India approaches challenges in unique ways, and negotiation often works far better than brute force.

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80. "India Cuts Back on Nuclear Power Plants; Will Likely Turn to Coal," *Institute for Energy Research (blog)*, May 2, 2018: [www.instituteforenergyresearch.org](http://www.instituteforenergyresearch.org).

81. S. Mitra, "US Pressure on India to Grant More Patents on Pharma Products 'Appalling', Say Health Advocates," *Firstpost*, June 30, 2017: [www.firstpost.com](http://www.firstpost.com).



# Conclusion

American grand strategy for Asia and the Pacific, since the end of the Second World War, has centered on creating a diplomatic and security architecture for peace and stability. American preeminence ensured a rules-based order, which opposed notions of ideological dominance (such as the rise of communism) or arbitrary assertions of territorial claims and disputes (such as that relating to the status of Taiwan.) The post-World War Asian security structure has rested on U.S. economic and military might combined with a network of partners and allies across the region.

However, the economic and military rise of China over the last two decades poses a challenge to American pre-eminence. China is gradually creating a new Asian order with Chinese primacy at its heart. U.S. strategy needs to be one of renewed engagement with its partners and allies across the region --India, Japan and Southeast Asia-- to construct a configuration that will be able to counter the Chinese march. Currently, China's rise faces no structured challenge. Japan's military role is inhibited by its Constitution while many in Australia and the United States have, for years, assumed China to be a benign power and have invested in an economic relationship favoring their potential challenger.

Among Asian countries, India has consistently viewed China's expanding influence with suspicion. This is partly a function of historical experience. India engaged Communist China as an Asian brother in the 1950s, only to become victim of its military aggression over a border dispute in 1962. Since then, India has noted China's efforts to build close ties with countries on its periphery, thereby trying to possibly encircle it, as well as China's efforts to lay the groundwork for military and naval bases throughout the Indian Ocean. Moreover, India and the United States agree on the need for an open and inclusive Indo-Pacific and a rule-based liberal international order, as reflected by the January 2015 *U.S.-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region*. Thus, India should be central to any security architecture designed to contain China or aimed at ensuring that China does not transform its considerable economic clout into threatening military muscle in the Asia-Pacific.

Over the past two and a half decades, India and the U.S. have worked to build a strong strategic partnership. America's first three post-Cold War presidents learned two especially powerful lessons from their interactions

with India. First, genuine diplomatic connections facilitate a much stronger response to global challenges. Because all three presidents made a real effort to connect with Indian leaders and unquestionably recognized India as a core part of American grand strategy, they strengthened bilateral trust and cooperation. The second lesson is the need to compromise. Unsurprisingly, India's outlook on global affairs differs from that of the United States and India puts its own national interests first, which means the two countries are bound to disagree on certain issues. But Trump's rhetoric and economic policies have put the growth of the partnership in jeopardy. Trump and Modi are both right wing nationalists who espouse some degree of political populism and a penchant for economic protectionism. Make in India and America First represent consistent, yet incompatible viewpoints toward trade. To create a lasting diplomatic partnership, Trump and Modi should focus on their similarities and work toward compromise instead of standing firm where they differ.

Finally, even though the India-US relationship is much deeper and multi-dimensional today than it has ever been, there is still a gap in expectations of the other from both sides. First, India is still reticent to cede power to a collective security mechanism and to join any formal military alliance or any grouping that appears like a military alliance. India has consistently sought freedom from external pressures. While every country seeks this kind of autonomy, for India it has been a matter of policy. The colonial experience left an indelible mark on its collective personality. More than seven decades after Independence, seeking freedom from external pressures is as much at the core of India's external relations as it was when India was a colony. During the Cold War, the policy was referred to as nonalignment and after the Cold War it is defined as strategic autonomy.

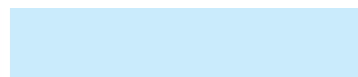
While retaining strategic autonomy, India seeks more global engagement. It is a member of the Brazil, Russia, India, China and South Africa grouping (BRICS), the Russia, India and China grouping (RIC), and the Asian Infrastructure Investment Bank (AIIB) where China is the main investor. At the same time India rejects China's Belt and Road Initiative (BRI), supports Japan's Quality Infrastructure Initiative, is a member of the Quad and views the United States as a natural ally, reflecting India's pursuit of maximum options in foreign relations. India seeks to be a part of multilateral organizations but prefers bilateral relationships. So, it would prefer bilateral relationships with the U.S. and all its allies and is not in favor of arrangements like the Quad becoming formal military alliances.

Second, Indians believe in the promise of India as an Asian power and future great power. They seek strong economic growth for socio-economic

development at home, not just to become China's rival. Their long drawn-out military modernization is not only directed towards China but also to ensure India's territorial integrity from both domestic and external threats. India wants recognition of its pre-eminence in the Indian Ocean region and South Asia, but is reticent to openly confront China. It understands the threat it faces on the land and sea border from China but knows the limitations of its economic and military capabilities. Further, in a realist Hobbesian sense, India believes it needs to fend for itself when it comes to the China threat and does not believe any country will come to its assistance. Finally, the immediate neighborhood remains paramount in the threat perception of its leaders and strategists. For India, South Asia is more important than South China Sea, so concerns about American willingness to help with respect to Pakistan and Afghanistan may create differences between Washington and Delhi.

All in all, this means that India is different from traditional American allies whether in Europe, Latin America or Asia for whom the United States was the key security provider. India would never want that kind of a relationship. Instead it seeks a relationship where Washington engages India as it engaged China decades ago, i.e., with the belief that helping build China's economic, technological and military might would make it a more responsible global player and maybe even a free market democracy. If the U.S. wants India to play a bigger role in the Indo-Pacific, New Delhi seeks more economic investment, technological expertise and the sale and manufacture of state of the art defense equipment.

What remains to be seen is how the United States deals with India, a country that does not fit the category of a traditional military ally and yet seeks to become a strategic partner, does not seek security guarantees and visualizes itself as a future great power. Further, unlike other American allies, India never joined any alliance, so there is no multi-layer, cross-institutional relationship between the two countries. Moreover, America's long and still convoluted relationship with Pakistan and its reluctance to include India in discussions of issues relating to the Greater Middle East need to be resolved. The Middle East is of critical importance for India, as it is home to a large Indian diaspora whose remittances boost Indian economy. Most of India's energy needs are sourced from this region and it is also critical for Indian security strategy. With an American president who really seeks to boost ties with India and stand up to China, this is a rare chance to re-align U.S. and Indian policy in the interests of both countries, an opportunity to be seized, but one that the two countries will need to carefully manage as well.



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