



GS FOUNDATION BATCH FOR CSE 2024

International Relations- 08

(India-USA Relations)

India-US Relations

The relationship has been influenced by various geopolitical factors. Presently, both nations enjoy closer **Global Strategic Partnership**, based on shared democratic values and increasing convergence of interests on bilateral, regional, and global issues.

Phases of Relationship:

Initially, USA saw India more valuable than the neighbour Pakistan. However, India's policy of neutrality and non-Alignment was perceived negatively. During 1949 USA tour of PM Nehru, **Truman administration** indicated that it would give India anything that it wanted. It also suggested to support for building up India's economic and military strength. But Nehru refused.

India rejected us advice of not recognising communist China. But it backed 1950 condemnation of North Korea aggression. India also got the food aid from USA. India was able to benefit from both blocks. However, **President Eisenhower** and **Secretary Dulles** criticised Non-Alignment as immoral and opportunistic.

Kennedy administration considered India as a strategic partner and counterweight to the rising communist China. It openly **supported India during 1962 Indo-China war** and even flew in arms and ammunition supplies to the Indian troops.

However, Pakistan's membership to **SEATO** and **CENTO** had pushed India closer to Soviet Union. **Lyndon Johnson administration** attempt to balance its relationship between both India and Pakistan backfired and it pushed Pakistan closer to China and India even closer to USSR.

Relations then hit an all-time low under the **Nixon administration** in the early 1970s. Nixon shifted away from the neutral stance which his predecessors had taken towards India-Pakistan hostilities. He established a very close relationship with Pakistan, aiding it militarily and economically. During 1971 war, USA supported Pakistan and India was supported by the USSR.

When India tested nuclear weapons in 1998, USA imposed sanctions on India. But sanctions proved ineffective and other nations continued to have trade with India. Soon, sanctions were lifted and **Clinton administration** started engaging with India. In March 2000, Bill Clinton visited India, which was the first US presidential trip to India. With coming off **George Bush administration**, the relations started improving gradually leading to signing of Civil Nuclear deal in 2005. After the September 2001 attacks, India and USA collaborated closely in South Asia and Indian Ocean Region.

Journalist Fareed Zakaria, in his book ***The Post-American World***, described Bush as "being the most pro-Indian president in American history." In November 2010, President Barack Obama during his address to the joint session of the Indian Parliament called the India-US relationship as a "defining partnership of the 21st century" and backed India's bid for a permanent seat on the United Nations Security Council.

The present state of Indo-US relations is strongest ever. PM Modi in his first address to the joint session of the US Congress said that India and the U.S. have overcome “**the hesitations of history**” and called for ever-stronger economic and defence ties between the two countries.

Convergences between India and the USA:

1. Both nations share common values of democracy and plurality and have commitment to Rule of Law, democracy, and stability.
2. Shared threat of China and resultant instability.
3. Stake in ensuring stability in the Indo-Pacific.
4. Common Geostrategic interests
5. Bipartisan consensus in both nations about importance of partnership.
6. Economic complementarities.
7. Common challenges of terrorism, Climate Change and Global Warming.
8. Deep people to people relations.

Examples of Cooperation:

1. Regular engagements at the higher level including 2+2 dialogue.
2. Signing of Four Foundational agreements (GSOMIA, LEMOA, COMCASA, BECA)
3. India recognised as Major Defence Partner and given STA-1 authorisation.
4. Membership of various groupings like QUAD, Indo-Pacific Economic Framework etc.
5. Regular Military exercised like Malabar, Yudh-Abhyaas, Vajra-Prahar etc.
6. USA accommodative stance on S-400 purchase, Ukraine crisis etc.

Economic Cooperation:

As per provisional data of FY-23, USA has emerged as the biggest trade partner of India at \$128.55 billion, surpassing China. India enjoys a trade surplus of \$28 billion.

The US is the 3rd largest investor in India, having invested \$45.55 billion between April 2000 and June 2021. This represents 8.3% of the total FDI into India during this period.

Opportunities:

1. Economic complementarities.
2. Market diversification: Alternative to China, Part of New Washington Consensus.
3. Democratic society, open economy, and Rule of Law.
4. Low labour cost and skilled manpower

Challenges:

1. **Absence of Free Trade Agreement** between both sides limits scope for expanding trade relations.
2. **Policy uncertainty and unpredictability** on both sides. While former US President termed India as Tariff King, USA has been critical of protectionism in India.
3. **Trade Protectionism** by the USA and high tariffs in Indian market

4. High cost of doing business in India
5. Absence of economies of scale in India.
6. **Differences over data localisation:** India's idea of data sovereignty goes against US idea of free-flow of data.
7. **India's removal from GSP list** is the recent bone of contention in the bilateral relations.

Political engagements:

1. India USA 2+2 ministerial dialogue.
2. India USA Commercial dialogue
3. India USA economic and financial partnership
4. India USA trade policy forum
5. India USA strategic energy partnership
6. India USA Homeland Security dialogue

Defence Cooperation:

- The US has become India's second-largest arms supplier (2011-15) and 4th largest (2016-20). India-US defence trade has increased from nearly zero in 2008 to over \$15 billion in 2018.
- The 2023 National Defence Authorization Act has called for expanding cooperation with India on emerging defence technologies, readiness, and logistics.
- India recognised as Major Defence Partner and given STA-1 authorisation.
- Important bilateral exercises: Yudh Abhyas, Vajra Prahar, Tarkash, Tiger Triumph, and Cope India. Other: Malabar Naval exercise.

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India-U.S. Defence Technology and Trade Initiative (DTTI): It was signed in 2012. DTTI initiative aims to bring into focus the bilateral defence trade relationship and create opportunities for co-production and co-development of essential defence equipment by both the USA and India. It is intended to focus senior U.S. and Indian leadership on real opportunities and challenges associated with strengthening the defence partnership. It aims at promoting co-development and coproduction efforts and expedite the scope of cooperation on defence technology that became narrow due to the presence of differing bureaucratic processes and legal requirements.

Significance:

- It will enhance the mutual trust and a commitment to the long-term strategic relationship between two nations.
- With the key defence pacts in place, cooperation between the US and India can take place in a more structured and efficient way, rather than in episodic bursts.
- It will help in cutting through the government bureaucracies on the two sides and expedite cooperation.

Achievement: In September 2021, first Project Agreement for **Air-Launched Unmanned Aerial Vehicle** under the Joint Working Group Air Systems was signed.

Indo-US Foundational Agreements:

India and the USA have signed **four foundational agreements** to further deepen the strategic cooperation. They are:

- **General Security of Military Information Agreement (GSOMIA)**- Signed in 2002. It paves way for greater technology cooperation in the military sector. It allows the sharing of classified information from the U.S. government and American companies with the Government of India and Défense Public Sector Undertakings (DPSU) but not with Indian private companies.
- **Logistics Exchange Memorandum of Agreement (LEMOA)**- Signed in 2016. It gives both the nations access to each other's military facilities. But does not make it automatic or obligatory. The agreement will primarily cover four areas — port calls, joint exercises, training and Humanitarian Assistance and Disaster Relief. Any other requirement has to be agreed upon by both sides on a case-by-case basis.
- **Communication Compatibility and Security Agreement (COMCASA)**- Signed in 2018. COMCASA is an India-specific version of the Communication and Information on Security Memorandum of Agreement (CISMOA). It would facilitate access to advanced defence systems and enable India to optimally utilize its existing U.S.-origin platforms. COMCASA allows India to procure or transfer specialized equipment for encrypted communications for US origin military platforms like the C-17, C-130 and P-8Is.
- **Basic Exchange and Cooperation Agreement (BECA)**- Signed in 2020. It will allow India and the US to share military information which includes maps, nautical and aeronautical charts, commercial and other unclassified imagery, geodetic, geophysical, geomagnetic and gravity data. Most of the shared information will be shared will be of unclassified category but classified information can also be shared.
The information will improve the military's accuracy of automated hardware systems and weapons like cruise missiles, ballistic missiles and drones. BECA will also help India and US counter the growing Chinese influence in the Indo-Pacific region thereby strengthening the Quad. The agreement will also help India at a time of standoff with the Chinese army in Ladakh.

Major Defence Partner: The United States declared India a Major Defence Partner (MDP) in 2016, putting New Delhi on par with Washington's closest allies and opening the door to Indian procurement of sensitive defence technologies. It institutionalises the progress made to facilitate defence trade and technology-sharing with India to a level

at par with that of the United States' closest allies and partners, and ensures enduring cooperation into the future.

STA-1 Authorisation: In August 2018, the US granted to India the designation of **Strategic Trade Authority Tier 1 or STA-1**, providing India with greater supply-chain efficiency by allowing US companies to export a greater range of dual-use and high-technology items to India under streamlined processes. This authorisation is the equivalent of NATO allying with Japan, South Korea and Australia.

STA-1 countries have license-free access to almost 90% of dual-use technology and are eligible to import items that are controlled for reasons of national security, chemical or biological weapons, etc., irrespective of whether the technology or item impacts regional stability or American national security.

Being part of STA-1 could open up doors for both sales and manufacturing in India as it is expected to lead to greater high-technology trade and commerce. According to US estimates, India's not being part of STA-1 has resulted in a lost opportunity worth \$10 billion over the last seven years since 2011.

Challenges to defence cooperation:

1. India's dependence in Russia for defence platforms and their maintenance. Since 2010, 62% of imports are from Russia.
2. Inability of USA to hold Pakistan accountable for terrorism and continued support to Pakistan.
3. Lack of engagement over issues like withdrawal from Afghanistan deepens distrust.
4. India not an ally or treaty partner of USA.
5. USA platforms come with conditionalities.
6. India's engagements with alternate suppliers like Israel and France.

CAATSA: Countering America's Adversaries through Sanctions Act". Under this federal law, the American government can impose sanctions on any country that has "significant transactions with Iran, North Korea or Russia". The law entails economic & financial penalties for any nation that transacts with Russia on arms.

- Create challenge because of India's dependence on Russia for defence equipments.
- There is fear of U.S. sanctions over India purchasing S-400 missile defence system.
- But there is also scope for waiver to India. USA has not provided clarity over whether it'll impose sanctions or not.

Climate Change

1. **India-US Climate and Clean Energy Agenda 2030 Partnership** launched at the Leaders' Summit on Climate in April 2021 by Prime Minister Narendra Modi and US President Joe Biden. It envisages bilateral cooperation on strong actions in the current decade to meet the goals of the Paris Agreement.

The Partnership will proceed along two main tracks: the Strategic Clean Energy Partnership and the Climate Action and Finance Mobilization Dialogue, which will build on and subsume a range of existing processes.

The Partnership aims to mobilize finance and speed clean energy deployment; demonstrate and scale innovative clean technologies needed to decarbonize sectors including industry, transportation, power, and buildings; and build capacity to measure, manage, and adapt to the risks of climate-related impacts.

2. **Climate Action and Finance Mobilisation Dialogue (CAFMD)** under India-US Climate Clean Energy Agenda 2030. The dialogue will strengthen India-US bilateral cooperation on climate and environment and also help to demonstrate how the world can align swift climate action with inclusive and resilient economic development, taking into account national circumstances and sustainable development priorities.
3. **US-India Strategic Clean Energy Partnership (SCEP)** helmed by Minister for Petroleum and Natural Gas and Housing and Urban Affairs Hardeep Singh Puri on the Indian side and the US Secretary of Energy Jennifer Granholm.

Challenge:

1. USA demand from India to continuously increase the commitment shows lack of understanding in USA about India's developmental needs.
2. USA leadership in fulfilling commitment under Green Climate Fund has been lacking.

Energy Cooperation:

- USA is India's fourth largest energy supplier (5% of total import).
- USA-India launched **Strategic Energy Partnership** in 2018, to enhance energy security, bolster strategic alignment.
- **U.S.-India Strategic Clean Energy Partnership (SCEP)**: The SCEP organises inter-governmental engagement across five pillars of cooperation: (1) Power and Energy Efficiency; (2); Responsible Oil and Gas; (3) Renewable Energy; (4) Sustainable Growth and (5) Emerging Fuels.
- In the second phase of the **Partnership to Advance Clean Energy (PACE)-R initiative**, the two sides agreed to expand the scope of the work to include smart grid and grid storage.

Key Challenges:

1. India's policy of strategic autonomy Vs. US demand of aligning with USA and West. - Iran, Russia-Ukraine
2. **Differences in world Views-** While USA wants an Unipolar world with its continued dominance, India's vision is that in a multipolar world, its interests will be better served.
3. **Differing conception of Indo-Pacific:** The United States continues to conceptualize Indo-Pacific as the area of operation for Indo-Pacific Command, spanning from the west coast of India in the Indian Ocean to the west coast of the United States in the Pacific Ocean. India, by contrast, regards it from East coast of Africa to the west coast of the USA.
4. **Withdrawal of GSP benefits to india:** It is expected to impact around \$6.3 billion worth of exports.
5. **Trust Deficit:** Difference over Afghanistan withdrawal and reliability of USA partnership.
6. Absence of FTA between India and USA.
7. USA's inability to hold Pakistan accountable for its sponsoring of terrorism against India.
1. **Frequent comments on India's internal issues** particularly related to religious freedom, Human Rights issues, and democracy. USCIRF has frequently made negative comments about religious freedom in India.

Recent Initiatives:

- **Initiative on Critical and Emerging Technologies (iCET)** launched between USA and India. It will be run by the National Security Councils of two countries.
- Pentagon has said that it was ready for any response to wean India away from Russia.
- Under **New Washington Consensus**, Jake Sullivan called for taking partners like India long and investing in India for resilient supply chains.
- During **US secretary of defence Lloyd Austin's recent visit**, a roadmap for **US-India Defence Industrial Co-operation**, aimed at galvanising technology co-operation and co-production in India's defence needs was concluded.

USA National Security Strategy 2022:

- Main goal of strategy is out-competing China and constraining Russia.
- India Being the world's largest democracy and a "**Major Defence Partner**," will continue to be a key partner in realising Washington's vision of a "free and open" Indo-Pacific.
- QUAD will now seek to deepen cybersecurity partnership and promote high standards for infrastructure and health security.
- China has ambition to "create an enhanced sphere of influence in the Indo-Pacific and to become the world's leading power".
- **Three pronged strategy to deal with China:** to invest, to align and to compete.
- Called Russia-Ukraine war as "**Putin's war**." The conflict has "profoundly diminished Russia's status vis-à-vis China and other Asian powers such as India and Japan."
- Russia's "aggressive behaviour has raised geopolitical tensions" also in the Arctic. Both Moscow, as well as Beijing, are looking to expand their influence in the Arctic region.

PM Modi state visit to the USA

In June 2023, PM Modi made a four-day state visit to the USA, where he addressed the joint session of the US Congress for a second time.

Key Outcomes:

- The India-U.S. **New and Emerging Renewable Energy Technologies Action Platform** launched to accelerate cooperation in green hydrogen, offshore and onshore wind, and other emerging technologies.
- India became the new member of the **US-led Mineral Security Partnership (MSP)**, which aims to ensure the supply of critical minerals.
- An interagency-led **Strategic Trade Dialogue** was launched to undertake efforts to address export controls and facilitate technology transfer between the two countries.
- An MoU on **Semiconductor Supply Chain and Innovation Partnership** was signed to promote commercial opportunities, research, talent, and skill development.
- **Indo-U.S. Quantum Coordination Mechanism** was established to facilitate collaboration among industry, academia, and government
- U.S.-India Science and Technology Endowment fund was launched for the joint development and commercialization of Artificial Intelligence (AI) and quantum between the countries.
- A new initiative called "Innovation Handshake" was started to connect the startup ecosystems of the two countries, to support the US-India Initiative on Critical and Emerging Technology (iCET).

Defence Agreements:

- An agreement to Co-produce the GE F414 jet engine was signed between General Electric (GE) and Hindustan Aeronautics Limited (HAL).
- India to procure 31 High Altitude Long Endurance (HALE) Unmanned Aerial vehicles (UAV) MQ-9B drones from the US.
- The **U.S.-India Defence Acceleration Ecosystem (INDUS-X)** was launched to facilitate joint defence technology innovation, and co-production of advanced defence technologies.

Space Cooperation:

- NASA to provide advanced training to Indian astronauts with the goal of mounting a joint effort to the International Space Station (ISS) in 2024.
- India signed the US led '**Artemis Accord**', which aims to establish a common vision via a set of principles, guidelines, and best practices to enhance the governance of the civil exploration and use of outer space.

Summit for Democracy

- First summit held in December 2021 by US President Biden which brought together leaders from government, civil society, and the private sector to set forth an affirmative agenda for democratic renewal and to tackle the greatest threats faced by democracies today through collective action.
- During the first Summit, President Biden announced the establishment of the **Presidential Initiative for Democratic Renewal**, a landmark set of policy and foreign assistance initiatives that build upon the U.S. Government's significant, ongoing work to bolster democracy and defend human rights globally.
- **Second summit** co-hosted by the USA with the governments of Costa Rica, the Netherlands, Republic of Korea, and Republic of Zambia in March 2023.
- Declaration called for commitments on banning or monitoring surveillance technology and improved democratic regulation of social media.

Reasons:

- Global Democratic Backsliding and Russia's invasion of Europe.
- Populist, autocratic government in places such as Hungary, Israel, Mexico, Turkey, and Venezuela.
- Attempt by USA to shore up its alliances in the face of a non-democratic China.
- USA attempt to project the competition with Russia and China as essentially democracy vs. authoritarianism.

China Factor in India-USA Relations:

USA views India as a **geopolitical counterbalance** and **economic alternative** to China. The declassified Documents of Trump administration have revealed the policy of a strong India in

cooperation with like minded countries, would act as a counterbalance to China in the Indo-Pacific region.

Biden administration strategy plan argues that that the USA would "steadily advance our Major Defence Partnership with India and support its role as a **net security provider**".

On Taiwan:

- USA has maintained "strategic ambiguity" on Taiwan. In line with One China Policy, it doesn't recognize Taiwan independence. But Taiwan Relations Act (TRA) asks US government to provide Taiwan with arms of defensive character.
- USA NDAA 2023 authorized increased security cooperation with Taiwan in the Indo-Pacific region. It has authorized up to \$10 billion in security assistance and fast-tracked weapons procurement for Taiwan.
- China has criticized the act arguing that it has provisions that cause serious damage to peace and stability in Taiwan Strait.

Commonality between USA and India on China

- Both look at China as a common adversary.
- Both India and USA have common goal of ensuring peace in the Indo-Pacific, with China as the biggest disruptor in the region.
- Shared Concerns about China's rise and resulting instability in the region and beyond.
- Common values of democracy, multi-cultural society and plurality, which is antithetical to Chinese world-view.
- Shared commitment to the rule-based international order.

Challenges:

1. India is not an alliance partner of the USA.
2. Compared to India, USA and China have deeper economic engagements. India-China bilateral trade was \$758.4 billion in 2022, while for India-USA, it was \$191.8 billion.
3. Compared to the USA, India is not very open in criticising China.
4. India has concerns about G-2 i.e., understanding between USA and China as two great powers.

Commonality:

1. China as a common adversary
2. Common goal of ensuring peace in the Indo-Pacific.
3. Concerned about China's rise and resulting instability.
4. Common values of democracy, multi-cultural society and plurality.
5. Commitment to rule-based international order.

Challenges:

5. India is not an alliance partner
6. Deeper US-China economic engagements
7. India is not very open in Chinese criticism.
8. India has concerns about G-2.

China versus USSR- challenge to the USA**With USSR:**

1. Ideological component more dominant
2. Limited economic engagement
3. Clear division across the globe
4. Technological race limited to defence and space domains.
5. Bipolar world
6. Strong support of European allies due to threat of USSR

With China:

1. Deeply integrated markets across the globe.
2. Ideological component not that much prominent.
3. China's economic engagement across the globe.
4. China's economic growth much faster than the USA.
5. Ambivalence among European nations.
6. A multipolar world.
7. Technological race involves all the domains of tech expertise.
8. Attempts to create alternative institutions.