

India-United States Relations - UPSC International Relations Notes

On 9th September, India and United States launched revamped U.S.-India Strategic Clean Energy Partnership (SCEP).

India's relations with other nations will always be an important part of India's Foreign Policy. One such important international relation is India-United States relations (India - US Relations). The topic, 'India-United States Relations' is an important topic from the GS Paper II, International Relations perspective of the IAS Exam. This article will provide you with a brief overview of Indo-American Relations, India - US areas of cooperation and more.

Latest Developments in India-US Relations

- In accordance with U.S.-India Climate and Clean Energy Agenda 2030 Partnership that was announced in Leaders Summit on Climate in April 2021, India and the USA have launched SCEP in September 2021.

India-U.S. Ministerial Meeting Developments (September 2021)

- A revamped version of the U.S.-India Strategic Clean Energy Partnership (SCEP) announced
 - India and the US engage across five pillars of cooperation:
 - Power and Energy Efficiency
 - Responsible Oil and Gas
 - Renewable Energy
 - Sustainable Growth
 - Emerging Fuels (**Latest Addition**)
- A new India-US Task Force on Biofuels was also announced
- Gas Task Force to be rechristened into India-US Low Emissions Gas Task Force
- 2nd phase of Department of Science and Technology's Partnership to Advance Clean Energy (PACE)-R initiative to include smart grid and grid storage

- Joe Biden defeated Donald Trump to become the 46th US President. Biden's running mate Kamala Devi Harris has become the first woman and first Indian- and African- American Vice President of the country. Biden and Harris swore into office on 20th January 2021.
 - There are several ways in which the US economy, its health, and the policy choices of its government affect India.

US Elections Impact on India

- **Economic Relations:** Under the Biden administration, India's trade with the US could recover from the dip since 2017-18.
 - **Trade Surplus:** India has always had a trade surplus (exports exceeding imports) with the US.
 - The trade surplus has widened from USD 5.2 billion in 2001-02 to USD 17.3 billion in 2019-20. Trade surplus had peaked at USD 21.2 billion in 2017-18 and has moderated to some extent.
 - In 2019-20, India exported goods worth USD 53 billion to the US - that's roughly 17% of all Indian exports that year and imported goods worth USD 35.7 billion in return - that's roughly 7.5% of all Indian imports.
 - **Trade-in Services:** India accounts for nearly 5% of the USA's services imports from the World.
- **Investment:** The US is the fifth-biggest source for Foreign Direct Investment into India. Only Mauritius, Singapore, Netherlands, and Japan have invested more FDI since 2000.
 - The US also accounts for one-third of all Foreign Portfolio Investments (that is, investment in financial assets) into India.
- **US' Generalized System of Preference:** India's exclusion from the US' Generalized System of Preference (GSP) could come up for reconsideration under Biden.
 - In 2019, President Donald Trump had terminated India's designation as a beneficiary developing nation under the GSP trade program after determining that it has not assured the US that it will provide "equitable and reasonable access" to its markets.
 - India was the largest beneficiary of the program in 2017 with USD 5.7 billion in imports to the US given duty-free status.
 - GSP is designed to promote economic development by allowing duty-free entry for thousands of products from designated beneficiary countries.
- **H1-B Visa Issue:** How a US President looks at the H1-B visa issue, affects the prospects of Indian youth far more than the youth of any other country.
 - Under President Trump, who severely curtailed the visa regime, owing to his policy of "America First", India had suffered the most.
 - H-1B visa is a non-immigrant visa that allows American companies to employ foreign workers in specialty occupations that require theoretical or technical expertise.
- **Other Issues:** Other points of contention between India and the US - such as the tricky issue of data localization or capping prices of medicines and medical devices - have a chance of getting towards a resolution.
 - Further, under the Trump administration, the US sanctions on Iran severely limited India's sourcing of cheap crude oil.
 - In China, it is more likely that a Biden administration will help India against China, instead of clubbing the two together.
- **Paris Climate Accord:** Biden has promised to rejoin the Paris Climate Accord, and this may help countries such as India in dealing with the massive challenges - both technical and financial - on this front.
- **Civil Liberties and Democratic Rights in India:**
 - Although some US Congressmen and women had raised red flags on the human rights situation following the revoking of J&K's special status under Article 370 and passage of the Citizenship (Amendment) Act alongside the proposed nationwide National Register of Citizens (NRC), the Trump administration had not taken any actions beyond making some perfunctory statements..
 - According to the Biden campaign's policy paper, Biden has been "disappointed by the measures that the Government of India has taken with the implementation and aftermath of the National Register of Citizens (NRC) in Assam and the passage of the Citizenship (Amendment) Act into

law”.

- On October 27th 2020, India and the United States signed the Basic Exchange and Cooperation Agreement - BECA. It was signed during the third round of 2+2 dialogue.

What is BECA?

BECA stands for Basic Exchange and Cooperation Agreement. It is a pact or communication agreement proposed for geo-spatial cooperation between the Ministry of Defence of the Government of India and the National Geospatial-Intelligence Agency of the US Department of Defence. It will enable the two countries to share military information and strengthen their defense partnership.

Way forward with BECA Agreement -

- The pact will allow the armed force of the US to provide advanced navigational assistance and avionics on US-supplied aircraft to India.
- India will get real-time access to American geospatial intelligence that will enhance the accuracy of automated systems and weapons like cruise missiles, ballistic missiles and armed drones.
- India gets access to topographical and aeronautical data through the sharing of information on maps and satellite images, this will be helpful in navigation and targeting.
- BECA will provide Indian military systems with a high-quality GPS to navigate missiles with real-time intelligence to precisely target the adversary.
- BECA is to help India and the US counter growing Chinese influence in the Indo-Pacific region.

BECA completes the “foundational pacts” for deep military cooperation between the two countries. India and the US have already signed three key foundational agreements -

1. General Security of Military Information Agreement - GSOMIA in 2002, that covered the area of areas of security and military information
2. The Logistics Exchange Memorandum of Agreement - LEMOA in 2016 covering logistics exchange and communications
3. Communications Compatibility and Security Agreement - COMCASA in 2018 which was for compatibility and security.

- In wake of the COVID-19 pandemic, President Donald Trump on April 7th, 2020, spoke of “retaliation” if India turned down his request to lift the hold on US orders of an antimalarial drug, hydroxychloroquine which he has touted as a “game-changer” in the fight against the coronavirus despite its untested efficacy.
- In February 2020, US President Donald Trump visited India. In his maiden visit to India, both nations significantly ramp up bilateral relations mainly in strategic ties and defence.
- In September 2019, Modi visited Houston and he addressed a large Indian American contingent in the Houston NRG stadium. Along with President Trump, he reaffirmed Indian American ties, with an emphasis on increased military cooperation with the initiation of the Tiger Triumph exercises.
- On 8 November 2017, the US announced a grant of nearly US\$500,000 for organizations that can come up with ideas and projects to promote religious freedom in India and Sri Lanka.

- On 3 August 2018, India became the third Asian nation to be granted Strategic Trade Authorization-1 (STA-1) status by the United States. STA-1 enables the export of high-technology products in civil space and defense from the US to India.

Overview of India-US Relationship

India-US relations have become increasingly multi-faceted, covering cooperation in areas such as trade, defense and security, education, science and technology, civil nuclear energy, space technology and applications, environment, and health.

Grassroot-level interactions between the people of the two nations provide further vitality and strength to this bilateral relationship. There have been regular contacts at political and official levels with a wide-ranging dialogue on bilateral, regional and global issues have taken place.

Major areas of cooperation in India-US relations

A "Strategic Dialogue" was established in July 2009 during the visit of US Secretary of State Hillary Clinton to India with the objective of strengthening bilateral cooperation across diverse sectors. The first round of the Strategic Dialogue was held in Washington DC in June 2010, followed by the second round in New Delhi in July 2011. The Minister of External Affairs led the Indian delegation for the Dialogue; US Secretary of State led the Dialogue from the US side. The third meeting of the Strategic Dialogue will be held in Washington in June 2012.

India-US Relations - Trade And Economic Relations

Trade and economic partnership between the US and India have been a key component of the bilateral relationship. A new US Financial and Economic Partnership to strengthen bilateral engagement on macroeconomic, financial, and investment-related issues was launched in New Delhi in April 2010 by the Finance Minister Mr. Pranab Mukherjee and US Treasury Secretary Timothy Geithner. The Second Meeting of India-US Financial and Economic Partnership was held in Washington D.C in June 2011. The India-US Trade Policy Forum (TPF) was established in July 2005 to discuss issues related to trade. The last and seventh meeting of the TPF took place in Washington DC from September 21- 22, 2010.

An Agreement on Framework for Cooperation on Trade and Investment was signed during the visit of Minister for Commerce & Industry, Mr. Anand Sharma to the USA in March 2010. As part of the Economic Dialogue, a separate Commercial Dialogue has been set up to cover:

- (a) Trade Defence Measures
- (b) Small and Medium Enterprises
- (c) Capacity building on Intellectual Property Rights (IPRs).

For greater involvement of the private sector in a discussion on issues involving trade and investment the bilateral India-US CEO's Forum was reconstituted in 2009. The fourth round of the reconstituted CEOs' Forum to facilitate a structured dialogue between the industry and the government was held on

22 September 2011 at Washington DC. Separately a Private Sector Advisory Group (PSAG) has also been created consisting of prominent Indian and international trade experts to provide strategic recommendations and insights to the US-India Trade Policy Forum.

In 2017, the US exported \$25.7 billion worth of goods to India, and imported \$48.6 billion worth of Indian goods. Major items imported from India include information technology services, textiles, machinery, gems and diamonds, chemicals, iron and steel products, coffee, tea, and other edible food products. Major American items imported by India include aircraft, fertilisers, computer hardware, scrap metal, and medical equipment.

India-US Relationship - PM Modi's Visit to USA (September 2014)

After a hectic, five days in the United States, it is time to take stock of the achievements of Prime Minister Narendra Modi's visit. U.S. businesses, clearly disaffected by the difficulties they face in doing business with India, had also signaled its desire to renew investments.

On issues where the countries differ, like the nuclear deal, trade, and World Trade Organisation (WTO), they seem to have deferred negotiations, indicating that no progress was made in resolving them. In that context, even the renewal of the strategic partnership, and reference to "joint and concerted efforts" to dismantle terror groups including al-Qaeda, Lashkar-e Taiba, Jaish-e-Mohammad, the D-Company, and the Haqqanis" do not indicate any particularly new action or formulation.

The statements seem most opaque when it comes to spelling out a shared worldview for India and the U.S.: while referring obliquely to China's aggression in the South China Sea, 'global crises' like the situations in Iraq and Syria, and cooperation in Afghanistan, and a confounding, long reference to North Korea (DPRK), they list no action or step that the two countries hoped to take together. And while both sides made it clear ahead of the talks that the U.S. would request, and India would discuss the possibility of joining the anti-Islamic State coalition, there was silence on where those discussions led. On all fronts of the 'comprehensive dialogue', that is, eight issues including energy, health, space, women's empowerment, trade, skills, strategy and security, Mr Modi's visit successfully brought India-U.S. ties, that were faltering for a few years, back on track.