An Agenda for India-US Relations in a Biden Presidency

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Abstract

The Biden administration has prioritized dealing with the pandemic, reviving the US economy, addressing systemic racism in US society, and responding to the challenge of climate change. To reduce the influence of the Trump constituency within, and that of China globally, it has also reiterated support for consolidating democratic norms and institutions and declared “America is back” in its international engagements and striving for leadership. Building on the bipartisan support for India in the US since 2000, and Biden’s own personal efforts in the past, the focus of the new US administration suggests a potentially active agenda for consolidating the relationship over the next four years: on climate, Indo-Pacific, Quad, trade, investment, defence cooperation, and addressing global challenges including that of terrorism. Both would need to manage inevitable differences on Russia, and possibly on Iran and Afghanistan/Pakistan.

Speaking at his “victory speech” on November 8 (IST) last year, President-elect Biden identified the priorities of his Administration as: dealing with the pandemic, reviving the economy, addressing systemic racism in US society, and responding to the challenge of climate change.¹ It was interpreted as the incoming Administration having to focus more on domestic issues, as against foreign policy challenges. Nevertheless, three of the four: pandemic, economy, and climate change, would require a measure of international cooperation for effectiveness.

The White House statement, after the February 8 call between Biden and the Indian Prime Minister Narendra Modi, said that “United States and India will work closely together
to win the fight against the COVID-19 pandemic, renew their partnership on climate change, rebuild the global economy in a way that benefits the people of both countries”. Other issues identified for cooperation included: standing “together against the scourge of global terrorism... continuing close cooperation to promote a free and open Indo-Pacific, including support for freedom of navigation, territorial integrity, and a stronger regional architecture through the Quad”.3

The Indian statement noted that “the India-US partnership is firmly anchored in a shared commitment to democratic values and common strategic interests”, and “reiterated the importance of working with like-minded countries to ensure a rules-based international order and a free, open and inclusive Indo-Pacific region”.4 After Secretary of State Blinken’s call with India’s External Affairs Minister Jaishankar on January 29, the Spokesman of the State Department said that “the Secretary underscored India’s role as a preeminent US partner in the Indo-Pacific and the importance of working together to expand regional cooperation, including through the Quad”, and that ‘both agreed to coordinate closely on global developments”.5

The Indian statement spoke of “commitment to consolidate and expand the multi-faceted strategic partnership”, and that “they appreciated the robust defense and security ties, growing economic engagement, productive health-care collaboration and strong people-to-people linkages as its important pillars”.6 US Secretary of Defense Austin7 and National Security Adviser Sullivan8 spoke along similar lines with their Indian counterparts Rajnath Singh and Ajit Doval.

These clearly lay out a significant part of the agenda for India-US relations over the next four years.

Climate

By rejoining the Paris Climate Agreement on his first day in office on January 20 this year, scheduling a Leaders’ Climate Summit on Earth Day April 22, canceling the Keystone XL pipeline despite neighbouring Canada’s concerns, naming former Secretary of State John Kerry as climate envoy with Cabinet rank and a seat at the National Security Council, and selecting a team that has been working for years in the environment domain, US President Joe Biden has made it clear that climate policy will be a central pillar of his foreign policy over the next four years. The White House February 8 read-out of his call with Prime Minister Modi inevitably spoke of renewing “their partnership on climate change”. Indian PM, in turn, “highlighted the ambitious targets India has set for itself in the area of renewable energy”.


US effort to engage is, no doubt, guided by their evaluation of India currently, and potentially, as a “major emitter”, and expectation of “ambitious commitments”, despite India’s historically low emissions, lower even at per capita levels, and low energy intensity of GDP. They believe this to be important for addressing the challenge as well as for getting “buy ins” in the US system, particularly among “climate deniers”. During his Senate confirmation hearing on January 19, Secretary of State Tony Blinken commented that India would soon pass China as the world’s largest carbon emitter on an annual basis.

The US relationship is important for India-- in many ways the most important country for levels of trade, investment, diaspora presence, growing significance in defense cooperation, and an important partner for dealing with the challenges the country faces on its borders and from terrorism. Given the new US Administration’s focus and priorities, climate related cooperation should be developed further. This would enable India to make stronger cases for its other concerns on trade, technology access and financing. Securing success at the Paris Climate summit in 2015 was one of the reasons that former President Barack Obama had engaged intensely with the Indian PM, and that had enabled the two countries to make progress in cooperation in many other areas. The US, for example, declared India a Major Defense Partner in 2016.

At the same time, India will need to manage American expectations to ensure that they do not unduly burden India. The government has been bold in its vision for the next stage of its policies and reforms on climate change. In November 2020, the Prime Minister declared that India is ahead of schedule on its target to deploy 175 GW of renewable power generation capacity by 2022 and he has set out a new target of creating 450 GW of renewable capacity by 2030. Unlike the United States, India has been unflagging in its support for the Paris Climate Agreement, and environmental analysts in India and abroad agree that New Delhi is on track to meet the objectives it has set out to achieve under the agreement. More can be done to build on this progress. India could make a further push on energy efficiency. Analysis by the IEA has shown that India can decrease its total energy needs by 18% by pursuing efficiency gains in industry, buildings, and transport sectors. Environmental policy so far has largely been driven by the Centre, and more could be done at State or lower levels.

At the same time, the deep political polarization in the US remains a matter of concern. Maintaining bipartisan support for India in the US should continue to be a priority. The mid-term 2022 Congressional elections, and the 2024 Presidential one could

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lead to shifts in US priorities. The Biden Administration has undone many of the Trump era decisions. So, the government needs to look carefully at other areas of cooperation of interest to other constituencies, including those that have been developed recently to strengthen the strategic partnership.

A look at the energy sector itself, for example, indicates that under the previous Trump administration India and the United States made progress on natural gas cooperation. This effort was effective because it balanced Indian and American objectives, helping to supply energy to underserved parts of India, and reduce carbon emissions and pollution compared to alternatives in use. In addition, despite the Trump administration’s unwillingness to drive global climate policy, in 2020 the US International Development Finance Corporation (DFC) agreed to provide financing for two Indian renewables firms, ReNew Power and Sitara Solar Energy.

India would also need to ensure security of its energy supply, as it looks inevitably at an ambitious growth agenda, to meet the aspirations of the large number of its youth, as well as the economic, technological and military challenge inherent in China’s five times larger GDP and continued significant growth. Other sources of energy, including domestically produced hydrocarbons, would provide that security, even as renewables are expanded. In its India energy outlook, the IEA notes that India imports 76% of its crude oil today, with reliance on imports expected to spike above 90% by 2030 as demand for crude doubles.

Many have argued that India has promising geology. It may need to look again at its framework for oil and gas exploration and if that has prevented major investments. Some of the next global leaders in oil and gas production, including Guyana and Suriname, had no promise as energy sources 10 years ago. Reports indicate cash constraints with Indian majors for significant new explorations, especially in “logistically difficult areas”. Scope for partnerships with established international companies could be looked at. This may add a further dimension to the US-India strategic partnership and provide opportunity for non-debt driven investment.

It is clear that for its own interest, India would need to engage with the Biden agenda on climate, while protecting its interests. At the same time, India’s wider needs, and the reality of a polarized US need not be overlooked.

Economic Ties

The economic relationship should also be looked at from a geostrategic perspective. Bilateral trade, at US $146 billion in 2019, made the US India’s largest trading partner,
accounting for 8% of its global trade. Goods trade stood at US $89 billion, services at US $54 billion. About 17% of India’s goods exports went to the US. India had surplus in both goods and services trade with the US. Investments from the US over 20 years preceding 2020 stood at US $37 billion, 7% of all foreign investment inflows into India over this period. Investment by Indian companies in the US are estimated to be around US $22 billion. Economic engagement is, therefore, significant, especially from India’s perspective. Even for the US, India is the 10th largest partner in the various categories. In services, the ranking is higher. Yet, the two countries have had difficulty in concluding even a “mini-trade” agreement. At the September 2019 meeting between Indian PM and US President Trump, on the margins of the United Nations General Assembly, in New York, it was indicated that an agreement, on which several rounds of discussions had already been held, would be finalized in a short time frame. It could not be concluded even by January 2021, when the Trump Administration left office. Clearly, existing interests on both sides are not prepared to permit concessions or accept those made, to permit a politically acceptable agreement. It may be more productive to look ahead, and create additional frameworks for interaction and technological partnerships, which would create new opportunities for trade and investment. It has been said that a “perfect storm” of technology is in the making. Artificial intelligence, quantum computing, cyber, digital, biotechnology, are going to completely transform the way we live and work. The US is also in search of secure, trusted and resilient supply chains, to reduce its current dependence on China.

The US and India need to set up a Strategic Commercial Dialogue. Within the framework of this dialogue, focused discussion on promoting cooperation in new and emerging technologies can be held. Parallel and separate from the CEOs Forum, a bilateral group of CEOs should be constituted of industries in the technologies of the future and Industry 4.0. Their discussions could feed into the government level discussions on the subject. It is only through a government-industry partnership on both sides that a fruitful structure can emerge to take forward such cooperation. This could also contribute to norm and standard setting in these technology areas, which would facilitate cooperation and work to mutual advantage. It could also have a wider impact on cooperation with European, Japanese, Australian, South Korean and some ASEAN economies. Earlier a Strategic and Commercial Dialogue had been established in 2015, for joint meetings of Foreign and Commerce Ministers. Now that a 2+2 of Foreign and Defense Ministers has been set up, a standalone Strategic Commercial Dialogue is recommended, so that trade and investment relations are looked at not just from the perspective of market access or reciprocity. US
leaders have said repeatedly that they see the rise of India to be in US interest, and that they see India as a net security provider in the region. The rise of India has, of necessity, to be predicated also on the economic rise of India. The US needs to keep this lens firmly on.

**Indo-Pacific and the Quad**

On February 4, 2021, deliberately choosing the Department of State for his first visit to any cabinet agency, to signal “America is back”, Biden had asserted that “American leadership must meet this new moment of advancing authoritarianism, including the growing ambitions of China to rival the United States”. In a subsequent interview to CBS, aired on February 7, he said that he was not going to handle relations with China “the way Trump did... but there is going to be extreme competition... we’re going to focus on international rules of the road.”

Following Secretary of State Antony J. Blinken’s February 5 telephone call with Yang Jiechi, Chinese Communist Party’s Director of the Office of the Central Commission for Foreign Affairs, the spokesperson of the State Department said that “Secretary Blinken stressed the United States will continue to stand up for human rights and democratic values, including in Xinjiang, Tibet, and Hong Kong, and pressed China to join the international community in condemning the military coup in Burma. The Secretary reaffirmed that the United States will work together with its allies and partners in defense of our shared values and interests to hold the PRC accountable for its efforts to threaten stability in the Indo-Pacific, including across the Taiwan Strait, and its undermining of the rules-based international system.” Each formulation: support for human rights and democracy, defense of shared values, stability in the Indo-Pacific, rules based international system, was clearly and deliberately chosen and projected to show, to both domestic and international audiences, that the incoming Administration would press China on these issues, as it worked out its approach to a “free, open and prosperous Indo-Pacific”. Blinken also himself tweeted after the call, highlighting that he had raised the issues of concern.

During their confirmation hearings on January 19, Blinken, Defense Secretary Austin and Treasury Secretary Yellen, had all sought to lay out the Biden administration’s approach to relations with China. Austin had said that China was “the pacing challenge” for the United States, and expressed support for the “Indo-Pacific” strategy and the Quad grouping (with Japan, Australia and India), activated during the Trump presidency. Blinken said that he agreed with the substance of the previous administration’s policies on China, including characterization of Chinese actions in Xinjiang as “genocide”, although there may appear differences in tactics and strategy. Yellen said that the US needed to take on China’s “abusive, unfair and illegal practices”, and accused it of “dumping products, erecting trade
barriers, giving illegal subsidies...stealing intellectual property, engaging in practices that give it an unfair technological advantage, including forced technology transfers...low labor and environmental standards”.

The Biden Administration clearly feels itself under pressure to be seen as taking a tough line on China. President Trump had, during his campaign over 2015-16, and Presidential tenure over 2017-2020, built up a narrative critical of Chinese economic, trade and intellectual property practices, and unilateral military assertions in the Indo-Pacific. A hard line on China could be a campaign issue in the 2022 mid-term Congressional elections, and the 2024 Presidential one. Competition with China could also provide the peg for some bipartisan support in Congress for Administration's preferred economic, technology or infrastructure spending measures.

There is unmistakably some convergence between Indian and US concerns on China. India has been victim of predatory Chinese trade practices: there is huge imbalance in China's favour, pattern is 'colonial' with India supplying raw materials and importing finished products, Indian exports face market access and non-tariff barriers. India had to stay away from RCEP to avoid another 'back door' entry for Chinese products. China has also, with some regularity, disturbed understandings and arrangements along the LAC and sought to change facts on the ground with a major standoff recently in Ladakh and loss of lives. It is establishing a growing presence and influence in South Asia, going beyond its post 1962 partnership with Pakistan, by taking a 99-year lease at Hambantota port in Sri Lanka, seeking to mediate in internal political differences in Nepal, and developing a port at Gwadar with military significance. It has a growing and continuous naval presence in the Indian ocean, with submarines, patrol ships, and a base at Djibouti.

India would inevitably seek partnerships to respond more effectively to the growing China challenge, without being subsumed by another country's agenda. Indian statements after Prime Minster Modi and External Affairs Minister Jaishankar's conversations with their US counterparts on February 8 and January 29 respectively, referred to the Indo-Pacific, but did not specifically refer to the Quad. The US statements on both occasions did. While recognizing the value of the Quad arrangement, gradually doing more in that framework, and enhancing the levels of the meetings, till recently India did not quite want to emphasize its role in the Indo-Pacific security architecture the same way as the US did. It was mindful of the sensitivities of ASEAN countries, who want to preserve the notion of ASEAN centrality.
It also perhaps wanted to signal to China that it is open to cooperation so long as Beijing respects a “rules-based order”. That situation has clearly changed in the wake of the Chinese ingress across the LAC in the Galwan and other sectors in Ladakh beginning April 2020 and the unprovoked attack on unarmed Indian forces on June 16 that led to the death of 20 soldiers. Its immediate impact can be seen in the Quad Foreign Ministers’ video conference on February 18, in which the Indian External Affairs Minister S Jaishankar specifically named and endorsed the Quad and underlined India’s “commitment to upholding a rules-based order, underpinned by respect for territorial integrity and sovereignty, rule of law, transparency, freedom of navigation in the international seas and peaceful resolution of disputes.”

The Indo-Pacific will provide convergence with the US and incentivize it to be more supportive of India’s interests. This is a framework in which India could look at doing more with the US, and expanding regional cooperation.

Defence

Cooperation in the Indo-Pacific, aside from financing, infrastructure, humanitarian assistance, disaster relief, post-COVID healthcare responses, will provide scope for furthering defense cooperation. India and the US already do more bilateral military exercises with each other than with any other country. These are army, navy, air force, special forces, and tri-services exercises of growing complexity. It has been said that interoperability is being strengthened. Both countries have already signed agreements providing for reciprocal logistics support, communications security, sharing of geospatial data, and enabling Indian companies to become a part of the global supply chain of US defence manufacturers. They have an agreement to promote defense technology collaboration.

Looking ahead, subject to political comfort level, especially in India, the armed forces could consider “interchangeability” to explore some flexible deployment on each other’s platforms when required. There could also be discussion on “burden sharing”. The US has said that it welcomes the rise of India, and it sees India as a net security provider in the region. The US should then look at making higher level technology releases to India and enhancing India’s capacity in defense manufacturing. Greater Indian capability in the Indian ocean region could enable the US to focus more on the Western Pacific. Enhanced US presence in South and East China sea would force China to deploy more in that region at the expense of its Indian ocean flag projection. An intensified 2+2 dialogue would provide the forum to advance these discussions.
Global Developments

Given their varying historical experiences and geostrategic locations, India and the US will inevitably have differing perspectives on many global issues. Both would gain from consolidating where there is convergence and allowing some space to each other on differences.

On Russia, differences are expected to persist. There is deep negativity in the US system based on Russia’s actions in Ukraine and Georgia, perceptions related to its interference in the 2016 elections, allegations of use of chemical agents against dissenters and rivals, and cyber hacking of US companies and government systems. US has imposed sanctions on Russian companies, officials, and is working actively to thwart the Nordstream 2 pipeline providing an additional route for energy from Russia to Germany. India has enjoyed political and military support from Russia, often when it was most needed. Nearly 60% of its defence inventory is still of Russian origin. The Indian Foreign Secretary visited Moscow for talks on February 17-18, at what was described by the Ministry statement as his first visit out in 2021. US CAATSA (Countering American Adversaries Through Sanctions Act) provides for sanctions for major defense purchases from Russia. US has already imposed some sanctions on its NATO ally Turkey for its purchase of S-400 missile defense system. It would be advisable that the US recognize that it is in its own interest not to sanction India in any way for this. Otherwise, it will be seen in India as an unreliable partner, negating many years of sustained effort on both sides. India has no option but to sustain its Russia relationship, given past history, need to maintain options, and to prevent Russia from going over to China on India-China issues. Russia’s linkage with China has in fact increased under US and European adversarial pressure.

India has joined the UN Security Council as a non-permanent member for 2021-22. This will be an interesting test. On many global issues, India has taken positions similar to Russia and China, and different from that of the US and its European allies, France and UK. Some calibration could be explored, given the strengthening of the India-US relationship and the important strategic and defense partnership with France.

India should also push US to be more actively supportive of its concerns on cross border terrorism, despite US dependence on Pakistan for pursuit of reconciliation with the Taliban. In the past, including during the Obama-Biden administration (2009-16), US policy on Pakistan had oscillated between pressurizing and incentivizing. Holding back assistance after finding Osama bin Laden in Pakistan in 2011, was followed by an attempt to supply F 16 aircraft in 2016, a move thankfully thwarted by the US Congress, due partly
to intense Indian effort. India should also seek to persuade the US to make its withdrawal in Afghanistan conditions based. The review ordered by the new Administration of the specific commitments made by Taliban and their ongoing linkage with terrorist groups, including Al Qaeda, and continuing resort to violence and killings, is a hopeful sign.

Myanmar should not really pose a problem. The US is critical of the recent military coup, and has imposed sanctions on several military leaders, and frozen access to US based funds. India would also prefer a democratic structure but is mindful of the need for continued engagement with the military to meet insurgency related concerns in the North East, as well as to avoid giving a free rein to China. US, while taking its own decisions, should be understanding of India's compulsions.

The Biden team had negotiated the Joint Comprehensive Plan of Action (JCPOA) with Iran in 2015. Their return to the agreement, however, has been made difficult by passage of time, opposition from Republicans, Israel, Gulf Arab partners, and Iran's actions in response to Trump sanctions. India would hope that the parties are able to find a way forward so that India gets access again to Iranian energy supplies, and the route to Afghanistan through Chabahar is used more.

In terms of cross cutting global issues, aside from climate change, Biden has prioritized consolidation of democracies. Early in his campaign, he had said that a Summit of democracies would be organized in the first year of his term. Part of the push is for domestic reasons: mobilizing against all that Trump and his hard-core supporters represented. There is also a perception that globally democratic norms have been in retreat, including in European countries such as Hungary and Poland, and in NATO ally Turkey. Consolidation around support for democratic values is also seen as a check against expansion of Russian and particularly Chinese influence. Norms for new technology, access to data, permissible surveillance capabilities would vary if they were dictated by authoritarian structures, as against the demands of people in freer societies. The post Biden-Modi call Whited House statement also asserted: “the President underscored his desire to defend democratic institutions and norms around the world and noted that a shared commitment to democratic values is the bedrock for the U.S.-India relationship. They further resolved that the rule of law and the democratic process must be upheld in Burma”. The Indian statement had also referred to shared commitment to democratic values. Nimble footwork will be required on both sides on account of negative perceptions in the US, including in the progressive wing of the democratic party about some decisions of Indian government on J&K, CAA, NRC, occasional internet shut-downs, etc. The US too faces the challenge of systemic racism, voter suppression, contrary to principles of equality and democratic norms.
There will be many opportunities for consolidating the India-US relationship in the Biden era. There will also be continuing challenges and differences. The growing habit of consultation and working together since 2000 should assist in seizing new opportunities and managing differences.

References


3. Ibid.


