



INDIA US TIES IN A NEW POLITICAL LANDSCAPE

Recognizing the power of ideas, Ananta Aspen Centre presents the 'Viewpoint'—a series featuring thoughtful opinions on current global and domestic developments.

We value your feedback and comments at admin@anantacentre.in

Ms. Meenakshi Lekhi
Member of Parliament (Lok Sabha)
Bharatiya Janata Party

Mr. Baijayant Panda
Member of Parliament (Lok Sabha)
Biju Janata Dal

India's foreign policy stance: Where does the U.S. fit in?

Meenakshi Lekhi: Since last year, we have been reaching out to our regional counterparts consistently to bolster India's regional foreign policy. Inviting SAARC members to the Prime Minister's swearing-in ceremony and reviving the Look East policy as the Act East policy was heralded as an important gesture in facilitating this regional cooperation. But in a globalized and shrinking world, the larger cooperation framework also extends to the US who is an important player in the Indian subcontinent. It has rightly been said that for too long we have looked at the US from across Europe and the Atlantic, we must now look east to see the western shores of the United States as well.

Baijayant Panda: There's some talk in India that "India's best foreign policy initiative would be to grow at 10% for the next 25 years". With India emerging as an economic power, it is inevitable that it will play a bigger role in geopolitics. Already as the world's largest importer of arms, and with the US having just become its largest supplier, the bilateral relationship is becoming crucial. Shared values of democracy and pluralism are leading to a continual coming together of shared interests.

Rebooting ties amid political change...

Baijayant Panda: The changed political landscape is no doubt the emergence of a single party majority after three decades. After a long time, important initiatives/policies are being communicated clearly and directly through a public platform by the Prime Minister. This is in contrast to the many voices that dominated in the previous government, creating confusion about the direction. Contrary to what many observers were

speculating, Prime Minister Modi has ignored previous slights by the various US administrations, and has put the focus on stepping up a very key bilateral relationship.

Meenakshi Lekhi: President Obama's visit to India in January was the first time an American President visited the country twice during his time in office and it was the first time an American President attended India's Republic Day. It was only a few months ago in September 2014 when our Hon'ble Prime Minister Modi's visit to the US resulted in successful talks between the two leaders and also saw a massive heartwarming reception from the resident Indian diaspora. These two watershed events in itself are an indication of how the India-US relationship has changed for the better in the short while that this new government has come to power. It shows that PM Modi's popular mandate is not contained within the bounds of this country - his vision is one that has connected successfully with other global leaders too.

The Balancing Act: Managing domestic issues in bilateral relations...

Baijayant Panda: One of the key domestic challenges is the outsourcing debate in the US. As per some estimates, further to the 2013 Immigration Reform Bill passed in the Senate, the passage of a similar looking Bill in the House of Representatives will hit the Indian software industry to the tune of \$30 billion. Then there is Modi government's big push to get India within the top 50 on the "Ease of doing business" parameter. Enhancing the business climate in India along with undertaking significant economic reforms will ensure that US investments into India become much more forthcoming. Another challenge is the Nuclear Civil Liability Act—it will be difficult to get past the stringent norms due to the memory of the Bhopal Gas Tragedy as well as the recent Fukushima tragedy.

Meenakshi Lekhi: It is unfortunate but true that India has ranked sixth in the 2014 Global Terrorism Index. The spurt of terrorist incidents has been a key issue which we are tackling both at home through robust counter terrorism strategies and abroad through effective diplomacy. The other two issues are intertwined in food security and global trade balances. The logjam over food stockpiling and India's food security concerns in WTO's Trade Facilitation Agreement has finally come to pass through the extension of the peace clause. Adhering to international farming practices and trade while at the same time assuring much needed food security for India's and other developing countries poor populace, was an important breakthrough.

Economic Ties: Opportunities to capitalize on?

Meenakshi Lekhi: The Defence sector and the Smart City project are the investment highlights at the moment for Make in India. As the world's largest importer of arms, it is clear that we must focus on building our indigenous capacity. Having increased our foreign investment cap from 26% to 49%, Defence production between the two countries can now be accelerated. Joint Defence cooperation via maritime exercises and intelligence-sharing mechanisms has been renewed and a Defence Trade and Technology Initiative has also been charted. Each smart city, on the other hand, offers an investment opportunity in excess of \$10 billion. Interest in the Smart City project has come from many quarters – Singapore, Germany, Japan and others. With the US, we have agreed on projects in the cities of Allahabad, Vishakapatnam and Ajmer. In this respect, affordable housing projects have also been given a boost inviting more partnerships. FDI upto 100% has been allowed through automatic route in development of townships and housing. Policy hurdles that slow down feasibility of construction projects, will also be looked into to ensure that progress can be made here as well.

Baijayant Panda: The U.S. will be a significant partner in India's economic growth. The recent easing of rules to facilitate foreign ownership in the Defence, insurance, construction, railways etc. are all big new opportunities. This, along with the new government's 'Make in India' initiative are a huge opportunity for American enterprises to tap the wide consumer base of the Indian markets, especially in sectors where the market in India is rapidly growing, such as high-technology products. Renewable energy will be a high potential sector.

Terrorism, nuclear cooperation and climate change: Existing synergies?

Baijayant Panda: Two areas of cooperation for the India and the U.S. are renewable energy and counter terrorism intelligence sharing. India is committed to reducing dependence on conventional energy sources. It has already set an ambitious target for renewable energy generation at 100,000 MW by 2022. Here, the United States can contribute by technology transfer apart from financing green energy investments to make renewable technologies affordable. In light of the U.S. troop withdrawal from Afghanistan, cooperation between the two nations is important to ensure stability in the region. There is vast potential for counter terrorism and intelligence cooperation, which could further strengthen ties between India and U.S. while improving the security apparatus in the region.

Meenakshi Lekhi: We have renewed our efforts in ensuring that peace and stability is maintained in the Asia-Pacific region and have also committed to work together on counter-terrorism strategies. Importantly, US has acknowledged support for a permanent seat for India in the UN Security Council. India's participation and contribution in the UN and corresponding multilateral objectives can be achieved more cohesively if this goal is realized. The effects of climate change have been of prime concern in India. The dangerously poor air quality and high levels of pollution in the city of Delhi is one example. We are looking at cooperation on air quality monitoring and climate friendly cooling technology. There are over 90 institutions working on renewable energy alone between India and US, which will considerably help in this cause. Our cooperation on the Montreal Protocol and expansion of the Partnership to Advance Clean Energy (PACE) are a couple of movements to watch in this arena. We are hoping that more progress will also be made on a multilateral level in the Paris Climate Change Summit.

Walking the Tightrope: Key challenges?

Meenakshi Lekhi: US foreign policy had made the "Asian pivot" years ago and yet we were not able to make sufficient progress in India-US relations due to political failures of the previous government. It is well known that the policy movements on domestic issues, let alone foreign policy, were at best snail-paced under the previous administration. Much has been said about how we are the two largest democracies in the world and how, on that footing, we should have shared excellent relations. The nuclear deal was no doubt an important moment in getting out countries together. However, the disposition then was mired in corruption and controversy to take such an important relationship on its path to fruition. Differences cropped up on the issue of liability and ten whole years had passed since the nuclear deal was signed in 2005, but no progress was made on this front. Our current Prime Minister is, very simply put, action-oriented. There is a clear realization that the big picture of this deal is essential for both our economies. In India, there is a need to expand our energy base through every possible avenue and to raise our civilian nuclear energy production from a mere 3% to meet our fast growing demands – and so it will be achieved now.

Baijayant Panda: I believe that the trust deficit between India and the U.S. was a result of global geopolitics beyond either's control, especially in the Cold war era, despite being "natural allies" with shared values as the world's two biggest democracies. India's shift to a market driven economy, along with a radical shift in foreign policy priorities of both countries have made the environment favourable for stronger relations. Over the last two decades, steps taken by both nations—for instance the US India nuclear deal—have gone a long way in bridging that trust deficit. Finally, present day geopolitics have pushed us very close.

Building an enduring India-US partnership: The Way Forward

Meenakshi Lekhi: There are two key factors that bear upon our foreign relations – political will and keeping up the momentum of good relations. Both of these factors are at an all-time high under the aegis of PM Modi. The manner and rate at which the relations between the two countries are developing, it is clear that it is not merely a matter of quid pro quos. Goodwill and cooperation will form the bedrock of international relations here. But this isn't limited to India-US relations alone. We must think beyond realist calculations of primacy,

whether in our neighbourhood or at the world stage, and build international relations along the same lines of geopolitical and economic goodwill with each of our global partners. There is much work yet to be done on the issues of climate change and easing the business environment in India. Keeping up this momentum, I have faith that we will achieve our future goals successfully.

Baijayant Panda: President Obama's visit to India for our Republic Day Celebrations has implications not only on our Foreign Policy, but also domestically. Internationally, President Obama is the first US sitting President to visit India twice and the symbolism itself is important. But significant progress is expected in some areas, especially defence. Finally, with a successful foreign policy yielding big breaks from the past, the Modi government will also be poised to push through significant domestic economic reforms as well. ✘

(Excerpts from interviews taken by Samarth Pathak, Program Officer, Ananta Aspen Centre)