

Associate Paper

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Modi and Trump: Possible Pathways?

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Key Points

- The leaders' Joint Statement and Rose Garden speeches are indicative of possible future directions for the bilateral relationship.
- Modi's pathway for the relationship saw convergence between his "vision for a new India" and the President's vision to "make America great again".
- Trump's focus was on developing a trading relationship that would be fair and reciprocal.
- Both Modi's and Trump's election campaign slogans framed areas of discord around US and Indian domestic policy priorities.
- The leaders' agreed international stance is "steady as she goes", with some notable omissions: no reference to a joint strategic vision for the Indo-Pacific, China is not named and climate change not mentioned.

Summary

The Joint Statements presented by President Trump and Prime Minister Modi in the White House Rose Garden were not intended to be a repeat of the triumphal Madison Square Garden event hosted in 2014 for Modi, but to establish the direction of Indo-US relations under the new American administration. The possible direction and pathways are extrapolated from the leaders' remarks in the Rose Garden and in the Joint Statement published by the Indian Ministry of External Affairs on 27 June 2017. Those documents are a guide to the topics discussed and relevant bilateral issues not addressed in the statement

are also assessed. Among the latter are the controversial H-1B work visas to the US that benefit India.

This paper will explore the domestic and international engagements agreed to by the leaders, and those that, by omission, raise concerns. “Make in India” and “America First” are contentious and speak of both leaders’ national goals, while their strategic partnership focus was on defence and security with reference to stability but not to a shared strategic vision for the Indo-Pacific region. The effect of the Indo-US relationship on global or regional trade may be limited, as Trump and Modi guard their countries’ economic interests.

Analysis

The Joint Statement as Context

The [Joint Statement](#) issued by the White House on 26 June, (*Rose Garden Remarks*), and by the Indian Ministry of External Affairs [Joint Statement](#) (MEA) on 27 June, titled *United States and India: Prosperity Through Partnership*, were released in different formats: the former as separate statements read to an audience and the press, the latter a negotiated document that captured the leaders’ and key advisers’ discussions since Trump became President-elect in November 2016.

The “traditional” Joint Statement issued by the MEA forms the frame for this study under two broad headings: first, domestic policies in both countries that display shared goals or a degree of underlying discord. Import-export policies, for example, as they affect each country, are raised in the MEA Statement as ‘Increasing Free and Fair Trade’ and as remarks in the Rose Garden speeches. Not included in the Joint Statements but intrinsically belonging in their domestic spheres, are Trump’s and Modi’s loosely like-minded approaches to citizenship and migration, secularism and discrimination. Those perspectives were established by election victories based on populist or people-centred policies and are understood as being integral to their nations’ paths.

Policy direction and agreements in the international sphere referred to in the Joint Statement, frame the second area: the leaders’ regard for each other as ‘priority partners’ in the Indo-Pacific, a roadmap for co-operation, collaboration against extremist threats, defence ties and, to a limited extent, regional relations.

There are also elephants in the room: the immigration issue around the H-1B visa system that benefits Indian technology firms is yet to be directly discussed by the leaders, and there will be tight negotiations in the months ahead. The India-US Civil Nuclear Agreement that has continued to disadvantage the United States in terms of commercial benefit, needs stronger resolution than the Prime Minister and President, who ‘looked forward to its conclusion’ in terms of contractual agreements (MEA Joint Statement, p.3), rather than continuation of the lengthy waiting period for American contracts to be finalised. A [prospect for progress](#) was flagged after the release of the Joint Statement. The US Bush Administration put great effort into the nuclear agreement’s legislative arrangements and, while bilateral relations have expanded, it was in essence a political arrangement to advance

US security interests that included reducing the likelihood of nuclear confrontation in South Asia. While India has an established civil nuclear industry as a result, the security gained is a significant benefit for the US. President Trump, however, has stated his intention to monitor American benefits from agreements with strategic partners and allies.

Membership of the Nuclear Suppliers Group (NSG) is high among Modi's foreign policy objectives and is supported by Trump. Although not raised in the Rose Garden speeches, the MEA's *Prosperity Through Partnership* (p. 2) includes a statement to that effect. The NSG decision to again exclude India from membership at its meeting on 22-23 June has not yet seen any published discussion between the US and India on this outcome. China has put forward a convincing argument for the exclusion of India, along with Pakistan, with a proposed two-step process that aims to set a standard for NSG admission for any states that apply and are not Nuclear Non-proliferation Treaty (NPT) signatories, leaving a difficult and unanswered question. Might India at some stage see it as a failure of American diplomacy that the US has not overcome China's objections to India's membership, as it did in gaining an NSG "waiver" for India in 2008 over Chinese opposition? Thus, issues and questions remain on the table, and may have future ramifications for the US-India-relationship.

Domestic Policies

The leaders' Joint Statement that was released by the White House Press Office was, as presented, two speeches titled *Remarks by President Trump and Prime Minister Modi of India in Joint Press Statement* (hereafter, "Rose Garden Remarks"). Modi's was translated from his delivery in Hindi. Although dated 27 June in deference to the time difference, the Indian MEA published a conventional Joint Statement titled *United States and India: Prosperity Through Partnership*, drawing together and formalising the remarks made by each leader, and including elements of officials' prior discussions.

Trump and Modi, speaking in the Rose Garden, each commenced predictably with admiration and appreciation that included the President's congratulations to India on celebrating the seventieth anniversary of its independence in August, a 'magnificent milestone in the life of your very, very incredible nation'. The Prime Minister, who had been among the first leaders to congratulate the President-elect, on 9 November 2016, and called him again on the second day of the President's first week in office, on 24 January 2017, thanked him for the friendship he extended to him and the people of India on this 'very important page in the history of India-US relations', noting their mutual trust and the convergence and similarities of shared values that had underpinned their discussions. Perhaps remarkable was the frequency with which each emphasised their accord, rapport and esteem throughout their remarks, arguably ameliorating elements of domestic policy discords beneath the surface.

On the domestic front, Trump enumerated likely shared pathways that embedded his concerns with Indian policies that affect American outcomes. In illustration, the President's emphasis on working together to create employment and develop 'a trading relationship that is fair and reciprocal' (Trump, *Rose Garden*), publicised a problem area. Modi's pathway for the bilateral relationship saw skilful convergence between his 'vision for a new India' and the President's vision for 'making America great again' (Modi, *Rose Garden*). His own vision

also included the development of trade, commerce and investment links as a priority. He next raised technology, innovation and the knowledge economy, diplomatically placing his Rose Garden remarks to draw focus away from Trump's obvious references to the contentious issue of India's protectionist barriers, and America's trade deficit with his country. Modi concluded that suite of remarks with his clear view that 'India's interests lie in a strong, and prosperous, and successful America'.

The MEA's *Prosperity through Partnership* (p. 3) was direct: the leaders 'resolved' to pursue increased commercial involvement 'in a manner that advances the principles of free and fair trade ... with the goal of expediting regulatory processes ...', would appear to have been the subject of discussion in officials' talks over the months prior to their meeting. Trump's desire is to see the removal of barriers that impede the flow of American goods into Indian markets, while Modi is similarly disquieted by aspects of the US regulatory process on some exports to the United States.

Trump welcomed the recent US\$22 billion order by Indian airline Spicejet of 'new American planes'¹ that will support thousands and thousands of American jobs (Trump, *Rose Garden*) and referred to prospective long-term contracts to sell natural gas to India.

Thus, underlying the Rose Garden speeches and the MEA's *Prosperity through Partnership*, was Trump's "America First" campaign platform, its message also visible in the President's "Buy American, Hire American" policy. Such slogans were the ghosts in the garden, along with Modi's "Make in India" which has been cast in media debates as protectionist. While it is Modi's *modus operandi*, it was [noted](#) by former Foreign Secretary Kanwal Sibal that the Prime Minister's ability to develop a rapport with the President will assist in future business agreements with the White House.

The "Hire American" slogan was unnerving for the highly-skilled Indian immigrants who are arguably the main beneficiaries of H-1B work visas, employed primarily in the US technology industry, and made vulnerable by the President's executive order in mid-April commissioning the Department of Homeland security to review the way the visas are awarded. Modi argues that the expert workers are needed to fill an American skills shortage. Trump's executive order, however, reflects a widely held view on unemployment among his voters, while "Make in India" is an attempt to create work through investment there. Employment, as well as equitable trade regulations, are priorities for both administrations.

International Policies

The MEA's *Prosperity Through Partnership* began the formal Statement, after a brief summary of international issues, with 'Democratic Stalwarts in the Indo-Pacific Region', while positioning 'Increasing Free and Fair Trade', discussed above, in the final section. This was a reversal of its headline position at the start of the Rose Garden speeches.

There appear to be two omissions from the Rose Garden remarks and the *Prosperity Through Partnership* document. First, there is no reference to a joint strategic vision for the

¹ Also on order are US *Sea Guardian* unmanned aerial systems, MEA *Prosperity Through Partnership*, p. 2. Their sale had not been cleared by the Obama Administration.

Indian Ocean or Asia-Pacific regions implying, as suggested by Sibal in his article in *The Tribune*, that the US wants to pursue its own China policy acting independently while acknowledging that ‘a close partnership between the United States and India is central to peace and stability in the region ... as responsible stewards in the Indo-Pacific ...’ (MEA, p. 1).

Second, there is no direct mention of China beyond a broad ‘call upon all nations to resolve territorial and maritime disputes peacefully and in accordance with international law’ (p. 1), which is clearly directed at China. There is some consequent [debate](#), however, that suggests that the settlement of ‘territorial’ disputes may justify India’s refusal to attend China’s “One Belt, One Road Summit” in May 2017. Although speculative, it is of interest, and commented on in Sibal’s *Tribune* assessment. While India objects to a section of the China-Pakistan economic corridor, Trump’s Secretary of Commerce, Wilber Ross, had noted, also in May, that the US recognised the importance of the “One Belt, One Road” initiative. That divergence does not appear to have been officially noticed.

The MEA statement strongly reflected the leaders’ commitments to take further measures to strengthen their partnership, to agree to a set of common principles for the region, and a resolve to increase co-operation and diplomatic engagement. Their commitments in this context reflected their separate strategic partnerships with Afghanistan, the need to increase collaboration with partners in the Middle East and their condemnation of North Korea. In perhaps another thinly veiled reference to China, they pledged to ‘holding accountable all parties that support these programmes’; for example, weapons of mass destruction programmes (p. 2).

Those commitments, while discussed during their meetings, have been agreed over time, as has the *Shoulder-to-Shoulder Against Terrorism* declaration (MEA, p. 2) that reiterated their intention to work together against terrorist threats from recognised groups. Support for a UN Comprehensive Convention on International Terrorism was also re-affirmed.

The leaders called on Pakistan to ensure that its territory was insulated from use in cross-border terrorist attacks, and the reference in the Statement to the Mumbai attack specifically reflected India’s concerns (MEA, p. 2). The Rose Garden remarks by each leader did not name Pakistan, but included the other states and intentions towards them, and were neither new nor unexpected.

Drawing to a close in *Growing Strategic Convergence* (MEA, p. 2), their collaborative international agenda pledged to build on America’s recognition of India as a Major Defence Partner and, through this recognition, deepen defence and security co-operation, and to similarly expand their maritime co-operation.

While expanded Indo-US ties theoretically give more breadth to India’s foreign policy, there are areas where their paths diverge – on China’s expansion, which encircles India with its “One Belt, One Road”, with India’s ownership of Pakistan-sponsored terrorist activities against India, or over Kashmir. India does not see the US as ‘arbiter between it and its adversaries’. More blunt and direct, perhaps particularly on terrorism, than the [Modi-Obama Joint Statement](#) of June 2016, the June 2017 Joint Statement nonetheless follows a similar direction towards a closer security partnership.

Concluding Observations

Obama and Modi in 2016 proffered completion of a roadmap for co-operation under Point 13 (“Securing the Domains”) of the [2016 Joint Statement – The United States and India: Enduring Global Partners in the 21st Century](#), now no longer recognised, but still very illustrative of the different emphasis described above. Maritime and terrestrial security, however, strongly emphasised by Trump and Modi, and the repeated acknowledgement of India as a Major Defence Partner, evidences continuity.

Obama also supported India’s application to join the NSG, as did the Trump-Modi statement (MEA, p. 2), but, in a major shift, President Trump’s planned withdrawal from the Paris Agreement leaves a prominent gap between the two Joint Statements. *Advancing US – India Global Leadership on Climate and Clean Energy* (Obama-Modi Statement 2016, Point 4), moved in the space of one year to the 2017 MEA Statement (p. 1), where ‘support for bolstering regional economic connectivity ...’ includes ‘the environment’ as its sole, oblique reference. India’s commitment to the Paris Agreement has not wavered.

The effect of the Indo-US relationship on global or regional trade may be limited. Trump and Modi are guardians of their countries’ economic interests, and multilateral agreements inevitably require flexibility. This may be in the form of work when different capabilities are offered by the multiple States involved, work that might now be undertaken by America’s under-employed workforce. Trump has removed the US from the Trans-Pacific Partnership, arguably on the basis that it will cost too much. Modi’s determination is to bring investment to India, creating work for Indians. Free trade is viewed with some suspicion, and one-on-one bilateral negotiations have obvious benefits.

A pathway for the United States and for India that was set out in both the Rose Garden Remarks and the MEA-released *United States and India: Prosperity Through Partnership* was to increase free and fair trade by negotiating to reduce export barriers on the one hand, and tariffs on imported goods on the other. Such progress on a global scale would be very welcome.

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