

Strategic Analysis Paper

2 June 2020

India and the United States: A Bi-polar Bilateral Relationship?

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Key Points

- There is increasing strategic congruence in the context of the Indo-Pacific between Washington DC and New Delhi.
- There are likely to be irritants in the relationship, however, including Indian defence purchases from Russia.
- Similarly, while US-Iran tensions are deteriorating further, India cannot afford to ignore Iran given that it is India's only link to Afghanistan and Central Asia.
- Economic divergences between both countries are also likely to continue over trade issues.

Summary

In a post-Covid-19 world, the India-US relationship is likely to be important, not just in the context of South Asia, but also for the Indo-Pacific region as well as globally. The two countries have strategic commonalities as well as issues related to the pandemic, including not just co-operation on developing a vaccine, but also the push for an inquiry into the origins of the virus. The US and India have assisted each other to deal with the pandemic. While India provided US with hydroxychloroquine, the US provided India with ventilators. In recent months, Washington and Delhi have signalled that they will strengthen defence co-operation. India has signalled that not only would it go ahead with defence purchases of F-21 fighter aircraft and joint [defence production](#), but that it would also progress its defence co-operation with the US, which was initiated when it signed the Logistics Exchange

Memorandum of Agreement, by also entering into the Basic Exchange and Cooperation Agreement with Washington.

Yet, there are likely to be differences between the countries on other strategic and economic issues. It is important to understand that, as in any bilateral relationship, there are bound to be differences, since each country emphasises its own national interest over all other factors.

Analysis

Some of the likely areas of convergence between India and the US include:

India-US Ties and the Afghan Issue

Apart from strong defence ties between New Delhi and Washington, there are clear strategic convergences in India and US in the context of South Asia. Washington has reiterated the point that New Delhi has an important role in Afghanistan (US special envoy to Afghanistan, Zalmay Khalilzad, during his short visit to India earlier this month, made this point, while also urging India to engage with the [Taliban](#)). While the US is keen that India becomes involved in the Afghan Peace process, New Delhi has said that it will only talk to the [Taliban](#) if it recognises the democratically-elected government in Kabul.

Checking the Growing Influence of China in South Asia

Apart from stabilising Afghanistan, the US and India can also work together, to check the growing influence of China in South Asia, which has increased in recent years through the loans provided for Belt and Road Initiative-related projects).

While all eyes in recent days have been on recent border tensions between India and China across the Line of Actual Control on the Ladakh Border, there are other reasons to worry with regard to the China factor.

Recent tensions with Nepal over India's construction of a road and the aggressive statements by the Nepalese PM are a clear demonstration of how China is creating tensions between India and Nepal behind the scenes. Tensions between India and Nepal began when, on 11 May, the Nepalese Government summoned the Indian envoy to express its disappointment over and to protest the construction of a road from Uttarakhand in India to Lipulekh on the China border. Lipulekh is in the far west of Kalapani, the sovereignty of which territory India and Nepal dispute. The road is the route taken by pilgrims during the annual Kailash Masarovar [Yatra](#) (pilgrimage), and was inaugurated on 8 May 2020 by Indian Defence Minister Rajnath Singh, who said that it was important for '[strategic, religious and trade](#)' reasons.

India stated that Nepal should not object to the construction of this road, since it is within Indian [territory](#). India also suggested that Nepal's objections were at the behest of [China](#). Tensions between both countries rose further when the Nepalese Prime Minister, K.P. Oli, stated in parliament that the '[Indian virus](#)' is worse than the Chinese or Italian virus and that India was trying to spread the coronavirus in Nepal. The Nepalese PM also produced a map

that showed the disputed territories of Limpiyadhura, Lipulekh and Kalapani within its borders. Several Indian commentators have linked Nepal's aggressive stance to the current tensions between India and China on their border, and believe it to be an attempt by China to pressure India.

Similarly, even in the midst of the pandemic, China has provided further loans to Sri Lanka, despite Colombo's insistence in recent years that it was reducing its dependence on China. In reality, Sri Lanka has no option but to borrow from China. So far, China has granted an urgent loan of US\$500 million (\$765 million) to fight the coronavirus, while Sri Lanka has sought assistance of [US\\$80 million](#) (\$122.5 million) to improve its infrastructure.

New Delhi cannot counter China's activity in the region alone, but needs to find common ground with Washington DC and Tokyo to come up with an alternative vision for economic linkages and connectivity.

Outside South Asia, India and the US are likely to work closer in the context of the Indo-Pacific, and have already been pro-active in the Quad grouping (the US, Australia, Japan and India). On [13 May 2020](#), the Foreign Ministers of the US, India, [Japan](#) and Australia held a video conference. While the focus of the virtual meeting was on dealing with the impact of the pandemic, the US Secretary of State also spoke about 'greater transparency' with regard to the origins of the virus and a 'rules-based international order'.

In the global context, Washington and New Delhi are likely to work closely on a number of issues. In the midst of the coronavirus pandemic, New Delhi has extended support, to the demand for an [inquiry](#) into the origins of the coronavirus without adopting an aggressive approach.

Despite the above convergences, there are a number of thorny issues.

Possible Irritants in the Relationship

In the strategic context, India's defence relationship with Russia could be an irritant. In October 2018, India signed a US\$5 billion (\$7.6 billion) deal with Russia, to purchase five regiments of the [S-400 air defence missile system](#). The US warned India that it would impose sanctions on it under the "Countering America's Adversaries Through Sanctions Act". India went ahead with the deal, nevertheless.

India also cannot afford to alienate Iran. When India stopped purchasing oil from Iran in 2019, their bilateral ties soured. Iran is important to India; apart from being a close source of energy, it is also India's gateway to Afghanistan and Central Asia. During the pandemic, India shipped [medical supplies and humanitarian aid](#) to Afghanistan through Chabahar Port in Iran. India financed phase one of the port. New Delhi will need to adopt an independent stance regarding Iran, just like the UK, Germany, France and Japan, which provided assistance to Iran during the pandemic.

There will likely be differences over not just market access of US goods to India, but the issue of H1-B visa holders. There are growing calls in the US to cancel H1-B visas (some Congressmen have even presented a proposal to Trump). If that were to happen, Indian IT professionals and companies would likely be the biggest losers. Over [250,000](#) foreign

workers (a large percentage of whom are Indians) have applied for permanent residency in the US, over 200,000 of those travelled to the US on H1-B visas. The Modi Government is concerned that those professionals may be deported (although the Trump Administration has given them until June to settle their affairs in the US and leave). Compounding the matter, due to the more stringent rules imposed by the Trump Administration, around 30 per cent of H1-B visa applicants from India were rejected in the first quarter of 2020. The rejection rate for Indian IT and consultancy firms is higher than for US-headquartered firms. Also, in 2019, the number of non-immigrant visas issued to Indian applicants dropped for the fourth consecutive year. While in 2015, nearly 11 million visas were issued, that number fell to 8.7 million. If the professionals currently in the US on H1-B visas have to return to India, that could pose another challenge to the relationship.

Also, India would like to attract American manufacturing companies that wish to relocate from China; the Trump Administration is likely to provide incentives for those companies to shift back to the [US](#).

The Trump Administration's View of Ties with India

Principal Deputy Assistant Secretary of State, Bureau of South and Central Asian Affairs, Alice Wells has been dealing closely with key strategic and economic developments in South Asia in recent years. During a virtual [media interaction recently](#), she highlighted the complex nature of the Indo-US relationship. She emphasised the increasing strategic convergences especially in the context of the Indo-Pacific and the co-operation between both countries in the midst of the pandemic. Said [Wells](#):

As President Trump has noted, India is a vital partner for vaccine development. And India is also a crucial cog in the global supply chain for ventilator components. We were pleased to be able ourselves to donate ventilators to India and other partners earlier this month.

Wells also criticised China for its 'disturbing behaviour' and role in promoting tensions across the border. She also pointed to the country's aggressive behaviour while citing the South China Sea Disputes.

Differences between the US and India

Wells also noted some of the likely differences between both countries, including the possible imposition of sanctions on India for its purchase of [S-400 missiles](#) from Russia.

That aside, she highlighted India's economic potential and spoke about the possibility of shifting supply chains. She did not hide the differences between both sides on crucial economic issues, arguing that so far both sides have not allowed them to overshadow the numerous convergences between both countries. Said [Wells](#):

Our maturing relationship has allowed us to develop a new degree of resiliency and self-confidence and that does allow us to navigate differences on issues like trade sanctions and visas.

Wells also pointed out that India had been unable to finalise trade deals not just with the US but even with other countries. She also spoke about the need for greater access for American goods into the Indian market.

In conclusion, the Washington-New Delhi relationship is likely to be important in the strategic and economic contexts. While both countries are likely to find common ground on a number of issues, US insularity on economic issues and its tensions with Iran and Russia will mean that New Delhi may have to chart its own course on crucial economic issues and also act independently on crucial strategic issues. While New Delhi cannot be submissive to China, it needn't echo Washington's line on all issues.

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