

Webinar Report

Ties that Bind: The India-U.S. Relationship in 2023 *Strategic, Transactional or In-between?*

Webinar | Thursday, June 15, 2023

Time: 1830 hours - 1930 hours (IST) / 0900 hours – 1000 hours (EST)
(Virtual)

SUMMARY

This webinar throws light on the State Visit of the Indian Prime Minister to the U.S. on 22nd June, 2023. The Topic of the webinar was “Ties that Bind: The India-U.S. Relationship in 2023 Strategic, Transactional or In-between?” The webinar highlighted all the key aspects that can help conceptualise a strategic relationship between India and the U.S. It helped to create an open forum that facilitated a meaningful discussion among panellists from diverse yet interconnected platforms concerning the India-U.S. ties. The panelists acutely touched upon different opportunities and prospects of the India-U.S. bilateral relations and its impact on the Indo-Pacific region. The enthusiastic participation of around 50 people joining from different parts of the world rewarded the objective of this virtual webinar.

PANELISTS

- **Jyoti Malhotra**, *Senior Consulting Editor, The Print (Moderator)*
- **Pradeep S Mehta**, *Secretary General, CUTS International (Opening Remarks)*
- **Meera Shankar**, *Former Ambassador of India to the United States of America*
- **Michael Kugelman**, *Director of the South Asia Institute, The Wilson Center, Washington DC*
- **Seema Sirohi**, *Columnist, The Economic Times, Washington DC*

BACKGROUND & CONTEXT

The CUTS International Washington DC Center was established in 2018 as a nonpartisan, independent think and action tank dedicated to promoting closer U.S.-India Trade, Energy, Innovation, Technology, and Strategic cooperation in a continuously evolving global scenario. Besides reaffirming the deep and close partnership between the two nations, the State Visit is expected to elevate the bilateral global strategic partnership including in technology, defence, clean energy, and space. As the two countries look to update their “Major Defence Partnership”, the focus will be on enhancing defence-industrial cooperation, innovation and defence co-production in India, among other aspects.

INTRODUCTION

The onset of the webinar was marked by welcoming the Panelists, Moderator and Participants followed by a brief layout on the India-U.S. strategic relationship in 2023. The Moderator set the floor open for discussion by asking a question that India-U.S. relationship or ties that bind is it strategic, transactional or in-between? Adding to which Meera Shankar replied that India has a formal strategic partnership with the United States but it has taken a while to build a degree of trust that India can move forward substantively. From a position where India bought no defence equipment from the U.S, India is moving towards gradually buying the defence equipment. The discussion further advanced keeping the broader perspectives of the India-U.S. strategic relationship in the context of the upcoming State Visit of the Prime Minister of India.

KEY TAKEAWAYS

The panel discussion began with an intriguing question on the current state of the India-U.S. strategic partnership in 2023. Whether it is transactional or in-between? **Pradeep S Mehta** in his opening remarks mentioned on the future convergences that will follow in supply chain resilience, enhancing energy security, advancing inclusive digital trade and robust defense partnership among others.

He added that there is a need to restore the two-tier dispute settlement system, which was the major issue discussed in the 12th WTO ministerial conference in Geneva June, 2022. This will give edge to countries in the global south that face challenges and have disputes with rich countries. As India and U.S. are key stakeholders in rule-based trade multilateralism they need to join hands and find solutions to the global problems.

The structural foundation of the U.S.-India Strategic partnership is in the diverse experience cultural,

ethos, communities, and common approach towards a functional democracy. He highlighted the importance of U.S. as the largest trading partner of India and soon to be the largest defense partner as well. This can only be possible subject to the technology transfer, enhanced Make in India and co-producing at reasonable prices.

Adding to it, he expressed that India and the U.S. can cooperate in assisting the African countries under trilateral development mode with the participation of civil society, business chambers, academia etc. for various issues which can help grow and reduce poverty. As already India has had relationship with U.S. in terms of trilateral trade development projects in Africa. India also has many such projects running in some of the European countries. He underlined the role of CUTS International being active in Africa since 2000, and having three offices there.

The problem with most of the African countries especially Zambia, has been the conditionality imposed by China, through investment and huge amount of loans administered on the African countries.

He hoped that India's aspiration to be a developed nation by 2047, be fulfilled by utilising trade multilateralism.

Jyoti Malhotra, introduced the panel and apprised the audience on the vitality of the topic of discussion "Ties that Bind: the relationship between India and US". She put some thought provoking questions about the India-US relationship. Is it becoming a strategic relationship or is it merely a transactional one that is going see co-production of a jet engine between Hindustan Aeronautics and General Electric. She emphasised that though it is a big-ticket deal but is it something that is just that we buy from the Americans or is it going to be more than that? Or is it in between?

Meera Shankar, mentioned that U.S.-India relations proliferated from buying no defence equipment from the U.S. to later buying equipment and then turning out to be the closest allies of the U.S. The major deals related to the manufacture of GE 414 engines in India with the Hindustan Aeronautics which will not just relate to buying wholesale U.S. platforms but will upgrade Indian capacities.

Secondly, she mentioned that the decision to purchase MQb-9 Predator armed drones, till now we have been buying mainly surveillance aircraft and transport aircraft from the U.S. and this deal would be an upgradation in technology and trust.

Furthermore, it is the initiative on critical and emerging technologies, and areas such as semiconductors, quantum computing, artificial intelligence, telecommunications and space, and off course, renewable energies. India and the U.S. should this opportunity to create resilient supply chains de-risking over-dependence on China providing a substantive leap to their relationship.

She further mentioned that the U.S.s' outreach is to strengthen the alliance system in Indo-pacific, and to strengthen its strategic partnership in Indo-Pacific especially with India. With India, it is driven because of the convergence of interests around the challenge posed by China. It is not one-dimensional and it is a broad based one. In past U.S.-India had the business relationship which is thriving in both goods and services. US does \$54bn worth of investments in India and about US \$40bn of Indian investment in the U.S. India is having a strong trade surplus with the U.S. The NRI community and the bipartisan consensus whether it is the democratic or republican, all build a healthy relationship with India.

India is a strategic partner and not an ally. If India plans to upgrade its capacities then it needs to build harmonious relations with the border country China. India and none of the member countries of the QUAD can get into direct conflict with China. On a similar note, the QUAD is also having certain areas of strategic ties. One is sharing information on maritime domain awareness. Second is to work together on critical and emerging technologies and building resilient supply chains and now is the need to look at creating this alternative technological framework, where we can work together in areas of frontier technology which does provide a strategic element and then there is the economic framework which has been launched that provides inter-country convergence.

Michael Kugelman, He mentions that it's a strategic partnership. Also, U.S.s' outreach with India is a shared concern. As U.S. see India as an important country to work with and in fact measures up to counter China power for many reasons. India is also having its own rivalry and strategic competition with China. The India-U.S. partnership has been evolving from last many years. After India's liberalization policy and reforms, there was strengthening in commercial partnership and so on. The U.S. engagement with India is certainly driven by the China issue. The U.S.s' definition of strategic is high degree of defence cooperation, intelligence, goodwill and so on. With India, the defence cooperation has increased significantly during past years. For instance, the working of foundational agreements that allowed both militaries to work closely. He added that, the U.S.s' intelligence sharing with India helped New Delhi to deal with challenges posed by China at the border.

Further answering the question on India's engagement with Russia, he mentioned that India and the U.S. will talk on the Russia-Ukraine as it is a crucial issue. The U.S. can only request India to align with it as Russia could become a difficult security partner for India because of lack of availability of weapons and commercial products.

Seema Sirohi, who has been following the U.S.-India relations for the past three decades, and in context to U.S.-China-India trajectory, asserted that it is the Biden Administration taking forward the Trump Administration's Indo-Pacific policy. So, the meetings between the U.S. officials and Chinese officials are meant to prevent any kind of breakout and to put what they call guardrails. The Americans after 20-25 years have finally woken up to the Chinese threat and are going to actually help India develop a defense industrial base. However, they were openly selling the decoupled technology earlier in the 90's to the Chinese in lieu of money. Gradually India has evolved as a strategic partner to the U.S. mainly because of the China factor. ICET emerged as the overall arching framework for much further collaboration.

On the question of whether transfer of technology is going to take place between India and the U.S., she said, yes and we could see up to 60% of ToT happening in the GE-HAL deal. Though, it will be in stages, it will not be overtime, and the MOU that will be announced during Modi's visit will highlight this. India earlier also lost on a defense technology deal in 2012 which was later suspended as India sought 100% technology transfer.

Adding to her remarks, to be realistic, there won't be a 100% technology transfer, this is a crown jewel, and no country is going to transfer the inner core engine, the metallurgy everything which is very, very advanced. They will probably assist and train Indian technicians and workers. This all happened because with the rise of the Chinese power Americans realised they can't stand alone. The clarity and commitment that they showed with regard to India is commendable.

The panel discussion was followed by a Q&A session. The participants posed some very intriguing questions such as effect of PM Modi's visit to the U.S., on the upcoming elections in both countries and on "democratic backsliding in India" and will India-U.S. have talks and agreements on outer space and related agreements etc. Further, questions on Pakistan-U.S. relationship and its effect on India-U.S. relationship, and views on will India signing the Artemis Accord when PM Modi visits the state.

The session concluded with **Pradeep S Mehta** making brief closing remarks and also recognised the presence of **Harsh V. Shringla**, Chief Coordinator for India's G20 Presidency and **Capt. Michael Farmer**, U.S. Navy, Chief, Office of Defense Cooperation at the U.S. Embassy in New Delhi, who were present among other illustrious participants.