



## India's Perspective on Cooperation with the U.S. under Donald Trump's Presidency

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*It is likely that U.S. President Donald Trump will continue strengthening American engagement with India. Despite some differing views on international affairs, including globalisation and policy on Pakistan, an expected change in the U.S. approach to China and Russia, together with an intensified fight against terrorism, will further solidify cooperation between the U.S. and India. India also counts on Trump's presidency hastening global governance reforms, helping New Delhi strengthen its regional and global position.*

On 24 January, India's Prime Minister Narendra Modi became the fifth world leader to have a phone conversation with Trump. Trump emphasised that the U.S. considers India "a true friend and partner in addressing challenges around the world." The two leaders exchanged invitations to pay official visits later this year. Trump used to invest in properties in India, and during campaign meetings with the Indian diaspora in the U.S. he reassured them that he was "a big fan of India and Hindu" and saw both countries as "natural allies." Despite this positive attitude, the future of relations could be influenced by U.S. policy on Pakistan, Russia and China, as well as the Trump Administration's positions on global challenges.

**Solid Foundations of Ties between the U.S. and India.** The change of administration in the U.S. comes at a time when relations between Washington, D.C. and New Delhi are the best they've been. Much progress had been made during the second term of President Barack Obama, especially since Modi took power in India in May 2014. These leaders paid reciprocal state visits and met nine times at multilateral summits over the last two years. Bilateral cooperation is developing through over 40 different sectoral dialogues. Trade in goods and services passed \$108 billion, making India the tenth largest trade partner for the United States. The U.S. is India's second-biggest trade partner, after China. A renewed 10-year defence framework agreement was signed in 2015, and The Logistics Exchange Memorandum Agreement (LEMOA) was concluded in 2016, allowing, among other things, U.S. ships to refuel at Indian ports. Joint military exercises became more frequent, and increased U.S. arms exports to India (some \$15 billion over the last decade) made the U.S. the second biggest supplier of military equipment to India, after Russia. The U.S. supports India's bid to join the UN Security Council as a permanent member and to accede to the Nuclear Supplier Group and other non-proliferation regimes. The U.S. sees India as a valuable partner in a changing international system, and wants to tap the vast potential of the Indian market.

The U.S. and India have a bipartisan agreement about the benefits of closer cooperation. Rapprochement was initiated by Bill Clinton at the turn on the new millennium, and was enhanced by subsequent administrations. The commitment to democracy and stronger people to people links helps to strengthen relations. The Indian diaspora in the U.S. (some 3 million people, or approximately 1% of the population) has increasing influence on American culture, business and politics. There are five representative of Indian origin in the U.S. Congress, more than ever before. Moreover, Trump and Modi both stand out as robust personalities with strong positions on the right of the political spectrum and focusing on economic interests, which could have a positive impact on their cooperation. A more pragmatic and business-oriented approach to foreign relations might help to increase mutual understanding and cooperation.

**Pakistan and the Fight against Terrorism.** For India, which accuses Pakistan of supporting cross-border terrorism and strives to see its neighbour isolated internationally, the Trump Administration's position on Islamabad could be crucial. The Indian government could have been counting on Trump's strong commitment to fight Islamic extremism translating into a hardening of U.S. policy on Pakistan, forcing it to eliminate anti-Indian terrorist organisations operating from its territory. These hopes were undermined by reports of a cordial conversation between then President-elect Trump and Pakistani Prime Minister Nawaz Sharif on November 30, and by the nomination of James Mattis, a retired general with vast contacts in Pakistan, to be defence secretary. During his confirmation hearings by the Senate committee, Mattis emphasised building trust and using more incentives to improve "Pakistan's cooperation on issues critical to our interests and the region's security." Some concerns were raised in India when Trump signalled during the campaign his willingness to mediate in the conflict in Kashmir between India and Pakistan. The Indian government traditionally rejects any attempts to internationalise this issue through third-party involvement.

Unlike Obama, who considered South Asia as a foreign policy priority, Trump has no clear-cut strategy on how to deal with the region's complex challenges. Increasing criticism of Pakistan's policy in Congress (such as a bill to name Pakistan as a state sponsor of terrorism, tabled in the House of Representatives in 2016) and prioritisation of the fight against terrorism could lead the U.S. to change its policy. Among Trump's advisors were those who suggested cutting off aid to Pakistan if it continued to help jihadist groups. The recent house arrest of Hafiz Saeed, allegedly the head of Lashkar-e-Taiba and mastermind of the 2008 terrorist attacks in Mumbai, could be seen as a pre-emptive move by Pakistani authorities to lessen American pressure. Yet the ability of the U.S. to influence Pakistani policy is constrained by the latter's ever closer alliance with China and its possession of nuclear weapons. Regardless of the eventual shape of U.S. policy on Pakistan, a shared focus on the fight against international terrorism will strengthen cooperation between the U.S. and India. In addition, the U.S. is seeking ways to limit its engagement in Afghanistan, which could lead to an enhanced role for India there.

**Globalisation as Source of Friction.** For India, which considers itself to be a beneficiary of globalisation, the Trump Administration's actions targeting free trade could be the biggest challenge. India was, along with China, accused by Trump during his campaign of stealing American jobs. The U.S. deficit in trade in goods and services with India stood at almost \$30 billion in 2015, and was fifth biggest (though far behind that of China, at \$334 billion or the EU, at \$103 billion). Trump's promises to protect the domestic market and move factories back to the U.S. go against India's flagship project *Make in India*, which aims to transform India into the world's factory. Restrictions on the issuance of U.S. H1B visas for highly skilled professionals, of which up to 70% were utilised by Indians, may prove especially contentious. It cannot be excluded that Trump may try to boost economic cooperation and push for more balanced trade by negotiating a bilateral free-trade agreement with India. The U.S. move towards protectionism and away from tackling climate change while also limiting development assistance could lead to disagreements in multilateral forums.

**Expected Change of Policy towards Russia and China.** In India, unlike in Europe, Trump's perception of Russia and China is welcome. Normalisation of relations between the U.S. and Russia would be particularly good news for India. It is in India's interests to develop closer engagement with the United States, while continuing good relations with Russia, still New Delhi's most trusted global partner. It was observed with growing apprehension that the recent deterioration in cooperation between the U.S. and Russia has pushed Moscow into China's arms. India could also benefit if improved ties between the U.S. and Russia lead to stronger counter-terrorism cooperation in Syria, Iraq and Afghanistan. It could possibly weaken the rationale for Russia's recent opening of talks with the Taliban, which was a worrying development for India.

In contrary to Obama, who started his presidency with an attempt to engage China, Trump perceives Beijing as a major rival of the United States. This is in line with India's concerns about China as strategic competitor, even though it is a crucial partner at the same time. If the U.S. continues its confrontational trend with China, the significance of India as a counterbalance and stabilising force in the Indian Ocean will rise. This could be valuable in increasing pressure on China to respect international maritime law and free access to shipping lanes in the South China Sea. At the same time, India would be reluctant to side openly with the U.S. in any open crisis involving China, in line with its "strategic autonomy" principle in foreign policy.

**Prospects.** Optimism and positive expectations prevail in India regarding its relations with the U.S. under Trump. Although there may be some tension about economic cooperation (such as trade barriers and visa restrictions), growing synergy on strategic issues such as attitudes to China, Russia and terrorism and the solid basis of relations will support further strengthening of political and security cooperation. U.S. policy towards Pakistan and South Asia in general remains a major unknown, which could have a transformative influence on relations. Some of Trump's actions which weaken the current international system (for example, criticism of the UN, the EU and free trade, and withdrawal from the TPP) could hasten reform of global governance. India, which postulated such change for many years, could use this opportunity to become a beneficiary of the transformation. As the seventh-largest and fastest-growing major economy in the world (with about 7% GDP growth in 2016), and with strong political leadership, India could emerge as a strong pole in a multipolar world. At the same time, India could seek better cooperation with other partners, including the European Union, on issues such as protecting free trade, tackling climate change and the achievement of sustainable development goals, on which it disagrees with the United States. This could be a good time for the EU to restart negotiations with India on a free trade agreement.