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# Building India-U.S. Relations: A Partnership for the 21st Century

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***Abstract***

"As he prepares to visit India in last years, President Obama faces criticism that his administration has done too little to enhance Indian-U.S. relations. Pundits of this persuasion in Washington and New Delhi complain that Obama's team has tried too hard to cooperate with China in addressing regional and global challenges and has not done enough to bolster India. In reality, the United States can only contribute marginally to India's success or failure. The actions of Indians at home and abroad will determine which path India takes. The United States will have much more influence on vital global issues—international finance and trade, the future of the nuclear order, peace and security in Asia, climate change—that also shape the environment in which India will succeed or fail. Therefore, the United States can best serve its interests and those of India by ensuring that its policies toward India do not undermine the pursuit of wider international cooperation on these global issues. The imperative to strengthen the international system would obtain even if India had the capabilities and intentions of working closely with the United States to contest China. Yet, India's interests, policies, and diplomatic style will often diverge from those of the United States, including in relation to China. Washington and New Delhi both want their share of economic, military, and soft power to grow relative to China's (or at least not to fall), but both will also pursue cooperation with Beijing. For the foreseeable future, the three states will operate a triangular relationship, with none of them being close partners of the others. This is another reason why promoting multilateral institutions- building is a sound U.S. strategy, and why India should be valued in its own right, not as a partner in containing China. This paper analyzes Indian and American interests in a range of policy domains in order to evaluate how the United States should balance its policies toward India with its other priorities and responsibilities."

***Key Words:-*** *Strategic partnership, Trade ties, Investment, Security & Counter Terrorism, Nuclear Agreement, Indo-Pacific Economic Corridor, Future expectations.*

## 1.Introduction

The toward realistic of India-U.S. relations has been, arguably, one of the most significant developments in American foreign policy in the past decade. From a prolonged pattern of estrangement during the Cold War and well into the $1990_{s,}$ the world's most powerful and most populous democracies are now pursuing a strategic partnership that incompasses deepening economic ties, unprecedented joint military exercises, and most recently, an exceptional bilateral nuclear agreement that effectively accepts India as a nuclear power outside the nuclear Non-Proliferation Treaty (NPT) and allows for nuclear trade previously prohibited under the NPT and U.S. expert laws. Former U.S. President George W.Bush once put it, "*India and the United States are separated by half a globe. Yet, today our two nations are closer than ever before.*" In Indian Prime Minister Manmohan Singh's words, "*India and the U.S. share the common goal of making this one of the principal relationship of our countries*." And Undersecretary of State Nicholas Burns predicts that, "*within a generation many Americans may view India as one of our two or three most important strategic partners."*

However, Indo-U.S. relations have not always been so cozy. Indeed, the two countries increasing closeness represents a major transformation of their past relationship. Below, we describe the nature of Indo-U.S. relations from the time of Indian independence through the end of the Cold War. As we explain, although the countries shared a number of important interests and values, their relationship was historically characterized more by suspicion and resentment than by cooperation. We then show how a convergence of structural, domestic and individual leadership factors and foreign policy matter has transformed Indo-U.S. relations.

## 2.Cold War Background

In the past, the Indo-U.S. relations had been occasionally abrasive and frequently soured by divergent perceptions. Historically, America remained indifferent to India's freedom struggle. When India became independent, the world was largely bipolar, divided in two blocks. India did not join any block or alliance instead; She took a leading position in the Non-Aligned movement, and attempted to pursue even-handed policies with both USA and Soviet Union. For the most of the period after India achieved independence, the U.S. viewed South Asia as a region largely peripheral to its central strategic needs. This said, various American administrations did consider India to be a potentially important front in the Cold War contest, viewing the country as a fledgling democracy emerging in China's communist shadow. They surmised that India's fate could have important implications for other Asian states struggling to be free. To this end, the U.S. gave India substantial economic assistance, particularly as the latter's ties with China deteriorated. During the 1962 China-Indian war, the U.S. publicly supported India's interpretation of its border with China in the eastern Himalayas and even ferried military equipment to India. However, despite its potential importance and occasional periods of Indo-U.S. cooperation, it was clear from early on that India would not serve as an active U.S. ally in the battle against global communism. For its part, India refused to join either the American or the

Soviet side in the Cold War conflict and instead charted its own "Non-aligned" course largely independent of either superpower.

On the level U.S. policy makers sympathized with India's position of non-alignment. After all, India risked becoming a target of the opposing camp if it openly took sides in the Cold War struggle. This was the reason that the U.S. had been averse to joining military alliance for the first 150 years of its history. It was not surprising that India—a newly established and relatively weak country—had to do the same. From the U.S. perspective, the main problem with Indian policy was that non-alignment, in practice, did not translate into genuine neutrality. Instead, India tilted away from the U.S. and more into the Soviet Union's ambit, especially after the early 1970s.

India's affinity for the Soviet Union was rooted both in subjective preferences and objective strategic factors. At the preferential level, Indian admired the Soviet Union's economic success. This also appealed to the socialist proclivities of Prime Minister Jawaharlal Nehru and subsequent generations of Indian elites, who deeply distrusted American- style free-market capitalism. Indians also believed that the Soviet Union would not become a colonial power in the future because it lacked a colonial history; thus, it would not seek to expand its territory or influence at India's expense.

At the strategic level, the Soviet Union afforded India crucial protection against regional adversaries. In 1971 New Delhi and Moscow signed a treaty of "peace, friendship, and cooperation" under which the two parties promised to aid one another in the event of a perceived military threat. After that, India came to rely on the Soviets to help protect it against the People's Republic of China, with which it had fought a bloody border war in 1962 and had an ongoing territorial dispute. During the early 1970s, China also began to enjoy improved relations with the U.S., further exacerbating perceptions that Beijing was a threat to India. The Soviets responded by bolstering their relationship with India, providing sophisticated arms under highly favorable terms and taking supportive positions in the U.N. Security Council, particularly over the disputed territory of Kashmir.

In return India continued to support the Soviet Union on a variety of controversial international issues. New Delhi withheld criticism of the Soviet invasion of Afghanistan in 1979, just as it had done with the Soviet invasion of Hungary in 1956 and Czechoslovakia in 1968. India also denied that the Eastern Bloc's military capabilities endangered Western Europe. India's non-aligned foreign policy thus became a source of considerable irritation to the U.S. Not only did the Indians refuse to assist the U.S. in containing Soviet power, but they also actively cooperated with the Soviet Union in significant ways. In the end, India was not useful in achieving America's grand strategic goals and, in fact, was perceived as actually helping the Soviets to undermine them.

Beyond these strategic problems, India was economically unattractive during the Cold War. Given India's chronic underdevelopment, the U.S. did not view it as a potentially serious trading partner, target for investment, or source of skilled labor. Thus, the U.S. could reap few economic benefits through engagement with India. This economic weakness , in turn, severely

constrained India's military capabilities and limited its ability to pose a direct threat to American interests in South Asia, further reducing India's relevance from a U.S. standpoint. In essence, during the Cold War India refused to promote U.S. grand strategic goals and offered few economic benefits, while posing little direct military threat to American interests. India therefore was largely ignored.

Any strategic interest that the U.S. perceived in South Asia lay primarily with India's arch-rival Pakistan. Pakistan, at least notionally, supported American grand strategic goals, including participation in anti-communist military alliances such as the Central Treaty Organization (CENTO) and the South East Asia Treaty Organization (SEATO). Pakistan also allowed Washington to use its territory as a base for overflights to eavesdrop on the Soviet Union, in addition to serving as a vital conduct for American arms shipments to anti-Soviet forces in Afghanistan during the 1980s. In return, the Pakistan is received substantial American economic and military assistance. Also, American support allowed the Pakistanis to adopt a confrontational approach, confident that their superior equipment, training, and doctrine would enable them to wring concessions from the Indians and, if necessary, prevail in any military conflict. Finally, American aid helped to reinforce the dominant position of the army in Pakistani politics, decreasing the livelihood that Pakistan would make serious efforts to settle its differences with Indian diplomatically. In the eyes of many Indians, America's support for Pakistan reached its zenith during the 1971 Bangladesh war, when President Nixon "tilted" toward the Pakistanis and dispatched the aircraft carrier Enterprise to the Bay of Bengal. India viewed this move as a naked attempt to deter it from taking further action against Pakistan. This incident continued to engage and infuriate Indians for decades. The close relationship between the U.S. and Pakistan thus had an exceedingly negative impact on Indo-U.S. relations, convincing the Indians that the U.S. sought to undermine their country by supporting its sworn enemy.

Finally, India and the U.S. spent several decades during the Cold War at loggerheads over the issue of nuclear weapons proliferation. In the wake of India's 1974 "Peaceful nuclear explosion," the U.S. made South Asia a centerpiece of its non-proliferation efforts, in part by crafting legislation such as the 1978 Nuclear Nonproliferation Act, the Pressler Amendment, and the Symington Amendment, designed to thwart India and Pakistan from acquiring nuclear weapons. Indian deeply resented this policy, which they viewed as discriminatory and hypocritical. If nuclear deterrence worked for the West, Indians reasoned, why should it be any less effective in South Asia? In 1998 then Foreign Minister Jaswant Singh famously labeled the U.S. non-proliferation policy "nuclear apartheid."

Thus, for most of the past six decades, relations between the U.S. and India were frosty. Why then has their relationship changed so radically in recent years? Soon after the end of the George W. Bush presidency, many longtime observers in India and Washington charged his successor with abandoning the cause of elevating U.S.-India relations to the pinnacle of American foreign policy priorities. So a sound and sustainable U.S. policy toward India should accurately reflect multiple American, Indian and global interests. We argue that a confluence of Democracy and Values, strategic partnership, Trade Ties, Economically investment in India,

Politics toward China and Defence cooperation, Counter-terrorism, Pakistan, and Afghanistan, Vital issues of global governance: Nuclear cooperation and nonproliferation, Climate Change, U.N. Security Council and future prospectus of India-U.S, relations. Below we address each of these issues in turn.

**Forging a new Indo-U.S. Relationship**

**3.Strategic Partnership**

In the past, U.S. expressed concerns on India's nuclear programme and slow peace of economic liberalization, but today the U.S. views India as a growing world power with which it shares common strategic interests. After September 11 attack in 2001, India supported the Global War on Terror and shared with U.S. significant information on Al Qaeda and other terror groups in Pakistan and Afghanistan. Thereafter, accepting the futility of sanctions, in late September 2001, President Bush lifted sanctions imposed under the terms of the Nuclear Proliferation Prevention Act 1994 following India's nuclear tests in May 1998. After a meeting between President Bush and Prime Minister Bajpayee in November 2001, concrete cooperation between the two countries increased during 2002 and 2003. In January 2004, the U.S. and India launched the Next Steps in Strategic Partnership (NSSP), which was a blueprint for co-operation. This partnership was further strengthened with President Bush South Asia tour in March 2006 and November 2009 visit to P.M. Manmohan Singh to United States. In July 2009, Secretary of State Hillary Clinton travelled to India to launch the "Strategic Dialogue," which called for collaboration in a number of areas, including energy, climate change, trade, education, and counterterrorism. The inaugural session of the U.S.-India Strategic Dialogue was held from June 1, 2010 in Washington D.C., which showed progress in the U.S.-India relationship. Now the President Obama is expected to visit India in November 2010 during which he will hold discussions with Indian leadership to allay any negative perceptions of U.S. policies. The visit has a potential to take our relationship to next level.

The current Indo-U.S. relationship is in consonance with common strategic goals of both countries i.e. tackling global terror, security concern in the Indian Ocean region, climate change and containing China's challenge among other things. India's pivotal position in South Asia, its location between West Asia and South East Asia as well as its emergence as an economic power places it at a special place in United States calculus toward achieving its strategic goal. India's role has been clearly spelt out both in the Pentagon Quadrennial Review of 2010 and national security strategy 2010 and is valued as a hedge by the United States against China's economic and military prominence. This also suits India as a China's role figures prominently in her security appreciation. According to Raja Mohan, *"Convinced that India's influence will stretch beyond its neighbourhood, Bush reconceived the framework of U.S. engagement of India. He had removed many sanctions, opened doors for high-tech cooperation, lent political support to India's own war on terrorism, ended historical tilt over Kashmir to Pakistan and repositioned U.S. in Sino-Indian equation by coming closer to New Delhi."*

With regard the strategic partnership with the U.S., it is important to note that the strategic dimentions of the bilateral relationship has moved from its politico-strategic attributes to taking

on economic-strategic ramifications. This transition is likely to have a challenging manifestation for the new government in India. It will be more of a challenge to India than to the U.S. because in the effort to stick to the tenets of "strategic autonomy" and non-alignment, India tends to separate the strategic from the economic, particularly in relation to China.

As the direct objectives of the U.S. against China with India as a bargaining chip have been undercut by the strategic limitations of India's own foreign policy vis-à-vis China-- the compulsions of its "strategic autonomy"-- the U.S. has subtly infused the strategic with economic agendas in Asia.

The new Modi government's of India astuteness will lie in how forthcoming it will be in taking this mutually beneficial agenda forward. Economic agenda will have to be seen as part of strategic ones and vice versa. The only fear is that the new government in India risks a possible decoupling of the strategic objectives with the economic objectives in its cooperation with the U.S., in its desire not to appear strategically offensive China. In this regard the new government in India could focus on two specific economic- strategic imperatives propounded by the Obama administration**:** the new Silk Route and the Indo-Pacific Economic Corridor. The Obama administration has "placed a strategic bet on regional economic connectivity through its New Silk Road and Indo-Pacific economic corridor initiatives."

Although India has categorically stated that its strategic deterrence is not directed against any particular country, this should not govern its maritime policy. India has been rankled of late by the inceasing Chinese presence in the Asia-Pacific and the Indian Ocean. It is after long that India has shown signs of building its own strategic deterrence against threats from maritime aggression. The development of the Andaman & Nicobar Islands Command (ANC) as a strategic outpost is part of this strategy. It is also in this area that the next government could focus on in cooperating with the U.S.

Maritime cooperation, frequent visits and exercises between India's ANC, and the U.S. presence in Diego Garcia, Guam and possibly the U.S. Pacific Command could provide the required leverage that India needs for erecting a credible maritime deterrence. This will help in honing the security and disaster management skills of the Indian Navy. However, it will not be without the risk of being co-opted in unintended and undesired international conflicts on behalf of the U.S.

**3.1.The New Silk Road**

The U.S. through its 'Silk Road Strategy Act Of 1999' floated the concept of the 'New Silk Route' that intended to make Afghanistan a transcontinental trade and transit hub by linking it with the West and the Far East. The Obama administration has put special emphasis on geopolitical concept vis-à-vis its relationship with India. The U.S. understands that India is going to be a constant presence in Afghanistan even after the U.S. withdrawal in 2014. The strong presence of India in Afghanistan together with its domestic support can prove to be a lynchpin for the U.S. to realize its 'New Silk Route' dream.

India for its part has also shown strong interest in maintaining its presence to support developmental work in Afghanistan, If the Indian presence in Afghanistan provides stability, the

U.S. could very well be successful in building a safe, secure and operational transcontinental 'New Silk Route' that crosses Afghanistan.

**3.2. Indo-Pacific Economic Corridor**

Protection of Sea Lines of Communication (SLOC) has been treated as a priority area of cooperation, especially due to the rise of sea piracy and international terrorism. While the Bush administration started the initiative of maritime cooperation between the two countries, the Obama-UPA period failed to capitalize on it adequately. Despite the last government in New Delhi facing the heat from rising maritime concerns in its neighbourhood, little was done to offset them. It could thus be a priority for the Modi government in India to counter-balance these maritime concerns. This can best be done by a two-pronged approach: economic and strategic. In the economic dimension, the nascent concept of the Indo-Pacific should fine greater acceptance in that the Indian government should match global expectations by taking a lead role.

During a recent Congressional hearing, Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel said, "India is the world's largest democracy ; and given its strategic place in Indo-Pacific geography, has an important role to play, an important contribution to make." The significance of the geopolitical edge that is associated with the Indo-Pacific region is likely to be recognized by the new government in India at a higher scale. Its acknowledgement could include an increased participation of India in both maritime security and trade within this area.

Both India and the U.S. can focus on the security and safe passage of maritime trade that passes through this area, and the U.S. has shown interest that India takes lead in this. The ball is in the present governments court and it will be in India's long-term strategic interest to respond in a manner that project a more responsible role for the especially in protecting SLOCs. The U.S. has been pressing for a 'code of conduct' in the South China Sea against the Chinese push for their version of laws. Drawing from the South China Sea experience and the problems that have arisen between China and its neighbours, India along with the U.S. could push for a universal 'code of conduct' for the Indo-Pacific area and the larger Pacific Ocean. The reconnaissance aircraft P-81 Poseidon that India has imported from the U.S. could be used for the same and the U.S. bases in Guam and Diego Garcia could provide support facilities in such joint operations.

The UPA government in India opened up a credit line worth U.S. $1 Million to Vietnam to buy four patrol boats that is likely to guard the Indo-Pacific corridor. The last government also initiated the U.S.-2 Amphibious aircraft deal with Japan. Both these deals are intended for the Indo-Pacific economic corridor but have not been fully accomplished. A uniform international law in this area would serve the Indian and the U.S. governments well to implement a coherent maritime security paradigm.

Corroborating the expectations of Indo-U.S. cooperation in the strategic area of the Indo-Pacific, Admiral Jonathan Greenert said that the U.S. would like to see this cooperation extend to India's participation in exercises in the Western Pacific region, where China is becoming more assertive. This expectation stems from U.S. understanding that the new full majority government in India with a leader like Modi at the helm will ensure that the security agencies are well-

controlled and monitored would mean the likelihood of new forays by its security agencies backed by an outreaching government.

## 4. Vital Issues of Global Governance

### 4.1. Nuclear Cooperation and Nonproliferation

Strategies toward China, India, and Pakistan intersect in the field of nuclear nonproliferation, which also bears on economic development and climate change. The single most important policy change in this area was the Bush administration's initiative to exempt India from global nonproliferation rules that had prevented the United States and other states from doing nuclear commerce with it. India officials have for decades insisted that Washington must lift nuclear cooperation restrictions if it wishes to transform relations with India. The Bush administration acceded to this demand in 2005 and subsequently lobbied the U.S. Congress, the 45- nation Nuclear Suppliers Group (NSG), and the International Atomic Energy Agency (IAEA) to follow suit. As a result, Russia, France, and other countries are now doing nuclear business with India. American firms had been kept on the sidelines awaiting the balky Indian Parliament's passage of legislation limiting liability for nuclear accidents, without which U.S. companies cannot risk building nuclear power plants in India. The bill was finally pushed through Parliament on August 30 to create a more propitious climate for President Obama's visit, but its terms fall short of the benchmark international liability conventions. American companies, unlike those whose home governments will insure them, are still unable to risk building in India.

The nuclear deal provided benefits to India and potentially to foreign exporters of nuclear power plants, but on balance I has harmed the nuclear nonproliferation regime and the United States credibility as its leader. The nuclear deal exemplifies the liabilities of a strategy to privilege India in policy domains that lie at the core of global governance.

Advocates of the deal—from President Bush to congressional Republicans and Democrats—claimed it would strengthen nonproliferation. India would have to designate each of its nuclear power plants and other facilities as either military or civilian and put civilian facilities under IAEA safeguards. However, India designated only 14 of 22 power plants as civilian and put its plutonium Fast Breeder Reactor (FBR) program in military category. India thereby added vastly to the potential stock of plutonium that it could separate from spent fuel and use for weapons, even if it is unlikely to do so. India's electricity producing plants and breeder program had previously been perceived as civilian. India also promised to adopt tight nonproliferation controls on nuclear exports. Yet the legally binding UN Security Council Resolution 1540 already obligated India and all other states to implement strong export controls.

The nuclear deal did not obligate India to sign the Comprehensive Nuclear Test Ban Treaty or put a moratorium on further production of fissile materials for weapons. These are two key measures of commitment to the global nuclear nonproliferation and arms control agenda favored by the vast majority of states. This position stemmed from the Bush administration's "antipathy to nuclear arms control," in Ashley Tellis's words, and its desire, shared by New Delhi, to see India expand its capacity to balance China's nuclear weapon capabilities.

The U.S. move to privilege India's nuclear program and balance China deepened Pakistan's determination to resist negotiations to ban further production of fissile materials for military purposes. China, which could have used the NSG consensus decision-making process to block the India deal, is now less susceptible to international pressure to refrain from similar cooperation with Pakistan. These and other negative repercussions of the India deal outweigh its benefits. India may increase beyond 3 percent the share of power that nuclear plants provide to its economy, but the costs, time lags, and controversies involved in doing so will keep nuclear power from being a panacea to India's development or carbon emission-reduction needs.

**4.2. Trade/Economic Ties**

India is one of the main trade partners of U.S. The trade has grown from $1.3 billions in 2001 to $38.5 billions in 2009. The U.S. is India's second largest trading partner, and India is its 11$^{th}$ largest trading partner. In 2015, the U.S. exported $21.5 billion worth of goods to India, and imported $44.8 billion worth of Indian goods. However, the balance of trade is in favour of USA. Major items imported from India include information technology services, textiles, machinery, gems and diamonds, chemicals, iron and steel products, coffee, tea, and other edible food products. Major American items imported by India include aircraft, fertilizers, computer hardware, scrap metal, and medical equipment.

The United States is also India's largest investment partner, with a direct investment of $9 billion (accounting for 9 percent of total foreign investment). Americans have made notable foreign investments in the Asian country's power generation, telecommunications, ports, roads, petroleum exploration and processing, and mining industries. On August 9, 2010 India and U.S. signed a framework for cooperation on trade and investment to further build on bilateral trade that has more than doubled in the past five years. U.S. is looking forward how India can contribute to U.S. economic recovery and job creation in the U.S. and continued economic growth in India. There is no reason as to why India can not become a trade partner as Japan and China. China's trade is in the region of about $400 billions in last few years with balance of trade heavily in favour of China. This speaks of high growth potential for India U.S. trade which is in the region of about $40 billions. In 1991, U.S. identified India as one of the emerging market however, a number of factors continue to hamper economic ties between the two countries. U.S. criticizes India for maintaining high tariff rates on imports (especially on products that compete with domestic products), and levying high surcharges and taxes on a variety of imports and imposing non-tariff barriers on U.S. exports to India. International trade can contribute to India's growth and development, albeit modestly compared with domestic-driven growth. U.S. policies can help create rules of global trade that could benefit India.

Bilateral trade between India and the U.S. reached US$ 63.7 billion in 2013, registering a growth of about 1.7% over the previous year. Indian exports accounted for US$ 41.8 billion; whereas, US exports stood at US$ 21.9 billion. India -U.S. bilateral merchandise trade during the period January-October 2014 amounted to $55.86 billion with a trade surplus of $20.97 million in favour of India. During this period, India's merchandise exports to the U.S. grew by 6.8 from $35.97 billion in the corresponding period in 2013 to $38.42 billion, while U.S. exports of

merchandise to India fell by 5.36% from $18.43 billion to $17.44 billion. During Modi's visit to the U.S. in September 2014, he and Obama pledged to deepen economic cooperation by setting a five-fold jump in Indo-U.S. trade to US$500 billion. The collaboration in setting up a joint programme to boost business investment is also a welcome initiative. In the sixth session of the U.S,-India East Asia Consultations, a State Department spokesperson said, "The delegations exchanged views on a variety of issues including maritime security, combating nuclear proliferation, and expanding regional trade opportunities in the Indo-Pacific economic corridor and beyond." This approach is backed by the realization that India has emerged as a dominant actor in the region and can be counted as the only credible counter-balance to China.

According to the U.S. Bureau of Economic Analysis, U.S. direct investment in India is estimated at $24 billion. As per Indian official statistics, the cumulative FDI inflows from the U.S. from April 2000 to September 2014 amounted to about US$ 13.19 billion constituting nearly 6% of the total FDI into India, making the U.S. the sixth largest source of foreign direct investment into India. In recent years, growing Indian investments into the U.S., has been a novel feature of bilateral ties. More than 65 large Indian corporations, including Reliance Industries Limited, Essar America, Tata Consultancy Services, Wipro and Piramal, have together invested about US$ 17 billion in the U.S.

After September 2014, Modi government was decided to establish an India-U.S. Investment initiative, with a special focus on facilitating FDI, portfolio investment, capital market development and financing of infrastructure. The newly established US-India Infrastructure Collaboration Platform seeks to deploy cutting edge U.S. technologies to meet India's infrastructure needs. U.S. firms will be lead partners in developing Allahabad, Ajmer and Vishakhapatnam as Smart Cities. USAID will serve as knowledge partner for the Urban India Water, Sanitation and Hygiene (WASH) alliance with to help leverage business and civil society (Gates Foundation) to facilitate access to clean water, hygiene and sanitation in 500 Indian cities.

Yet in WTO negotiations the U.S. and Indian positions have clashed in the two areas most important to India: agriculture and services. Roughly two-thirds of India's population earns its livelihood from agriculture, often of the subsistence type. India does not yet have a market for low-skilled wage labor that could absorb large volumes of agriculturalists who could be displaced as a result of trade rules that too indiscriminately ease imports of foodstuffs. Accordingly, India, along with many other developing countries, demands trade rules that would allow it to protect indigenous farmers by erecting tariffs higher than allowed maximums under prospective new rules in the event of a sudden and potentially price- destabilizing influx of imports. Similarly, Indian negotiators in service sector talks bridle at U.S. resistance to new rules that would grant employees of Indian firms more permission to travel to the United States and other countries to perform contracted services. This is especially important in the fields of information technology, law, accounting, and research and development. In general terms, India understands the interests of the United States and other advanced countries in protecting their labor markets, but labor-abundant countries like India find it inequitable that the WTO privileges

freer trade in goods to the advantage of rich countries, while resisting liberalization of trade in labor.

India's Top-05 largest trade partners with their total trade (sum of imports and exports ) in millions of US dollars for financial year 2014-15 were as follows:-

| **Rank** | **Country** | **Exports** | **Emports** | **Total Trade** | **Trade Balance** |
|---|---|---|---|---|---|
| **…..** | All Countries | 310,338.47 | 447,964.38 | 758,301.08 | -- 137,625.92 |
| 1. | China | 11,934.25 | 60,413.17 | 72,347.42 | --48,478.91 |
| 2. | U.S.A. | 42,448.66 | 21,814.60 | 64,263.26 | 20,634.05 |
| 3. | U.A.E. | 33,028.08 | 26,139.91 | 59,167.99 | 6,888.17 |
| 4. | Saudi Arabia | 11,161.43 | 28,107.56 | 39,268.98 | --16,946.13 |
| 5. | Switzerland | 1,068.58 | 22,133.16 | 23,201.74 | --21,064.58 |

The largest Top-11 US partners with their total trade (sum of imports and exports) in millions of US dollars for financial year 23014-15 are as follows:-

| **Rank** | **Country** | **Exports** | **Emports** | **Total Trade** | **Trade Balance** |
|---|---|---|---|---|---|
| ---- | World | 1,620,532 | 2,347,685 | 3,968,217 | -727,153 |
| ---- | E.U. | 276,142 | 418,201 | 694,343 | -142,059 |
| 1. | Canada | 312,421 | 347,798 | 660,219 | -35,377 |
| 2. | China | 123,676 | 466,754 | 590,430 | -343,078 |
| 3. | Mexico | 240,249 | 294,074 | 534,323 | -53,825 |
| 4. | Japan | 66,827 | 134,004 | 200,831 | -67,177 |
| 5. | Germany | 49,363 | 132,260 | 172,623 | -73,897 |
| 6. | South korea | 44,471 | 69,518 | 113,989 | -25,047 |

| | | | | | |
|---|---|---|---|---|---|
| 7. | U.K. | 53,823 | 54,392 | 108,215 | -569 |
| 8. | France | 31,301 | 46,874 | 78,175 | -15573 |
| 9. | Brazil | 42,429 | 30,537 | 72,966 | +11,892 |
| 10. | Taiwan | 26,670 | 40,581 | 67,251 | -13,911 |
| **11.** | **India** | **21,608** | **45,244** | **66,852** | **-23,636** |

**Source:- https://en.m.wikipedia.org/wiki/India-United_States_relation.**

### 4.3. Climate Change

Climate change is perhaps the most globally important environmental threat to economic development and Security. To the extent that volatile, extreme weather reduces agricultural productivity and increases migration pressures, India could be especially susceptible to its effects. The August 2010 floods in Pakistan are an overwhelming example of the sorts of effects climate change models predict.

Indian representatives correctly note that the rich countries led by the United States are responsible for most of the carbon now in the atmosphere. It follows, Indians say, that this rich minority should bear the bulk of the burden of reducing rates of emissions and abating the effects. Indian officials also point toward their low emissions per capita as another reason they should be exempt from pressure. In 2010 India produced only 1.7 tons of Carbon dioxide per capita, compared with 16.6 tons per capita from the United States. For this See table-01 list of countries by Carbon Dioxide Emissions of top 10 countries in the world. However, to the extent that India's economy will grow, its 1 billion-plus citizens will emit more and more carbon into the atmosphere. Thus, India is simultaneously a potential major "victims" of the effects of climate change caused largely by others and a potential major exacerbator of the problem.

**List of Top 10 Countries by Carbon Dioxide Emissions**

| **Country** | **$Co_2$ emissions (kt)** | **Emission per capita** |
|---|---|---|
| World | 35,270,000 | -- |
| China | 10,330,000 | 7.4 |
| U.S.A. | 5,300,000 | 16.6 |
| European Union | 3,740,000 | 7.3 |
| **India** | **2,070,000** | **1.7** |
| Russia | 1,800,000 | 12.6 |
| Japan | 1,360,000 | 10.7 |
| Germany | 840,000 | 10.2 |
| South Korea | 630,000 | 12.7 |
| Canada | 550,000 | 15.7 |

| | | |
|---|---|---|
| Indonesia | 510,000 | 2.6 |

***Source:- Trends in Globle Co2 Emissions Report 2014, PBL Netherlands Environmental Assessment Agency Accessed on 20 Oct. 2015 at http://edgar.yrc.ec.europa.eu/news_docs/jrc-2014 trer.***

The United States is looking to reach a global agreement on binding emissions targets where developing countries such as India are tied to specific requirements on emissions with strong measurement, review, and verification (MRV) protocols to ensure compliance. India is looking toward increasing energy efficiency per unit of GDP and, at the Copenhagen conference in 2009, it articulated a nonbinding ambition to cut domestic emissions intensity 20-25 percent by 2020, excluding agriculture. Although India has been open to some discussion of MRV, it believes that developed countries must be subject to similar verification of their targets, and that equity between developed and developing powers is key. India understandably cares deeply about ensuring that any movement toward cutting emissions does not unduly harm its economic growth and potential. The United States is more focused on wringing concessions from developing countries both to pursue a policy of reducing carbon emissions globally and to aid in the passage of domestic climate change legislation by reducing the perceived competitive disadvantage that might result.

Critics of the Obama administration's policy toward India do not engage the particulars of the climate change issue. Rather, they argue it should not be given the importance that Obama has given it, notwithstanding the object lesson of the floods in nearby Pakistan. For example, derides "henpecking about global warming" as an example of Obama's losing "sight of the strategic possibilities that are at hand with India." It would be better, such critics argue, to focus on defence cooperation to balance China. This is another example of the atavism of these critics' trilateral balance-of-power focus.

**4.4. U.N. Security Council**

For all of shortcomings, the U.N. Security Council still occupies an important place in global governance. India makes a strong claim for permanent membership in the Council, even if no one knows practical ways to expand the number of the Council's permanent seats. This body can hardly claim to represent international society in any dimension if it does not include India. Imagining India in the Security Council can illuminate and extend the foregoing analysis.

The most important actions the Security Council takes are to identify threats to international peace and security, authorize action to make or keep peace, impose sanctions when international norms and rules are broken, and, more recently, adopt resolutions requiring states to implement laws to prevent terrorism and proliferation. In each of these areas, India has expressed positions contrary to those taken by the United States. Along with other developing countries, India objected to Security Council Resolution 1540, which requires all states to adopt and enforce national laws to prohibit the transfer of nuclear, biological, or chemical weapons for terrorist purposes and to establish effective domestic controls to prevent proliferation. India supported the

objective but opposed the Security Council's mandating such action. India has quietly dissented from U.S. and U.N. Security Council sanctions on Iran and has opposed initiatives to condemn or sanction Sudan for its atrocities in Darfur. The broadest indication of India's divergence from U.S. positions in the United Nations is its record in the U.N. General Assembly, where it has voted with the United States approximately 20 percent of the time.

In the words of former Mexican foreign minister Jorge G. Castaneda, India—like Brazil, China, and South Africa---is not just a weak supporter "Of the notion that a strong international regime should govern human rights, democracy, nonproliferation, trade liberalization, the environment, international criminal justice, and global health." India opposes efforts to strengthen such an international system today "more or less explicitly, and more or less actively." India has its own historical motivations and political- economic interests for taking the positions it does, and it does not threaten the sovereignty or territorial integrity of others in the international system. On some issue that inter the U.N. agenda relating to human rights, India favors state sovereignty over solidarity with victims of human rights violations in order to protect its positions on Kashmir. India also does not wish to alienate states such as Sudan, which are potential suppliers of oil and natural gas. The crux of the issue here is that India is not yet prepared to partner with the United States in strengthening many of the rule-based elements of the international system—the project that has been the objective of American leadership since the end of Cold War II and, with renewed vigor, in the era of globalization. India continued to stand apart. The United States should try to draw it into collaborative global institution—building, as President Obama has, but with realistic expectations and a recognition that when trade- offs must be made between India's expressed interests and those of the common good, it is not unreasonable for the United States to favor the latter.

**5. Counterterrorism, Pakistan, and Afghanistan**

South Asia—particularly Afghanistan, Pakistan, and India—is bedeviled by groups who act violently not only against the United States but, more often, against residents of South Asia. Pakistan is the epicenter of extremist violence. The strategic challenge for the United States, India, and Afghanistan is to motivate Pakistani authorities to act decisively against violent extremists. Pakistan must be persuaded and helped to end the distinction between "good" jihadis who fight India (and the United States and India in Afghanistan) and "bad" jihadis who have turned against the Pakistani society and state.

Pakistan's relationship with violent extremists links the terrorism problem to the broader challenge of stabilizing and demilitarizing Indo-Pak relations and of preventing nuclear war in the subcontinent. The 2001 and 2008 attacks on the Indian Parliament and Mumbai demonstrated that the most likely trigger of war between India and Pakistan will be a sub-conventional attack on India by actors that the Indian government will associate with the Pakistani state. Indian military and national security leaders have said that "next time" they will not hold back military reprisals against Pakistan. Accordingly, they are developing a "Cold Start" military doctrine and the (prospective) ability to mount rapid military incursions into

Pakistan to punish it, take limited amounts of territory, and then negotiate to compel Pakistan once and for all to eradicate the sources of violence against India.

Pakistani military leaders counter that if India begins military hostilities with "Cold Start," Pakistan will respond with "Hot End," the use of nuclear weapons. The connections between violent extremism (sub-conventional war), conventional war and nuclear war are apparent through such a scenario. Pakistanis implicate the United States in this continuum of conflict by arguing that has helped India to increase its nuclear and advanced conventional armories, leaving Pakistan no choice but to rely more extensively on nuclear deterrence, especially if it must reject subconventional warfare. Here, the Pakistanis dangerously mistake effects for causes.

The primary underlying threat is the growing number of violent extremists in Pakistan. Many Pakistanis blame this danger on American policies and India's unwillingness to resolve the Kashmir conflict. This knot of issues is among the world's most difficult to untie. Neither the Bush administration nor critics of the Obama approach to India know how to do it. The knot cannot be cut, nor does a strategy focused on partnering with India to balance China's rising power solve the Pakistan challenge. Indeed, it can make it worse by intensifying China's propensity to bolster Pakistan's ability to trouble India. Pakistani governance—particularly its civilian institutions and personalities—is too weak to provide the security and political-economic mobilization necessary to modernize the society. But the Pakistani military and intelligence network are too strong for India and the United States to ignore.

Therefore the United States and India share an interest in devising a mixture of inducements and pressures to persuade the power centers in Pakistan to cooperate in rooting out sources of violent extremism. The United States can reasonably ask New Delhi to understand that Washington will seek a lasting positive relationship with Pakistan. Criticizing U.S. leaders for words and deeds that do not always and exclusively favor India over Pakistan is neither realistic nor wise. The United States and India would also augment the prospects for Indo-Pak stability by avoiding military sales that Pakistan could reasonably find provocative.

Kashmir is a challenge that the United States can neither avoid nor resolve. India has the power to rebuff unwelcome U.S. involvement. Successive American administrations have recognized this. Washington can do more than it typically has to hold the Pakistani military and the ISI to pledges that they will not abet violent actors in Kashmir. At a minimum, the United States should expose Pakistan publicly whenever it fails to act to prevent infiltrations across the line of control, shut down jihadi training operations, or arrest leaders of organization that foment attack on India. But our leaders must also do more to correct the misgovernance and human rights abuses that are remobilizing Muslims in the Kashmir Valley. Indian may reasonably expect the United States to heed their demand not to try to mediate the Kashmir issue with Pakistan, but they should not expect it to say silent about large-scale Indian human rights violations or other policies that undermine conflict resolution there. The United States has legitimate strategic interests in urging both India and Pakistan to explore all prospects for normalizing Indo-Pak relations and reducing the threat of violent extremism in South Asia and elsewhere.

Pakistani elites are adapting to the reality that Pakistan cannot wrest the valley away from India, and that it must negotiate a formula to recognize the territorial status quo and improve the quality of life of Kashmiris on both side of line of control. But if Pakistani perceive that resolving the Kashmir issue will merely make the environment safer for India to bolster its conventional military advantage over Pakistan, they will balk. This is another reason that the United States and India must take great care to manage their defence cooperation in ways that reassure Pakistan that India's aims and capabilities are defensive, not offensive. Conventional military dialogue and Confidence- Building Measures (CBM) deserve greater attention for this purpose.

One reason why Pakistanis are turning their attention away from Kashmir is that many see Afghanistan as the hotter front for Indo-Pak competition. Pakistanis, especially the military, perceive an Indian effort to extend influence throughout Afghanistan and Pakistan's expense. Pakistan has fought this influence in many ways, including attacks on the Indian Embassy and other targets in Afghanistan. The United States is caught in the middle. Pakistan demands that Washington use its influence on its "new best friend" India not to use Afghanistan as the western side of a vise to squeeze Pakistan. India demands that the United States fight the Pakistani-backed Taliban more robustly and eschew temptations to negotiate with the Taliban. The United States cannot avoid disappointing either Pakistan or India, or both. Afghanistan therefore demonstrates the limits of U.S. partnership with India and Pakistan.

**6. Future Prospectus of India-U.S. relations**

The United States is, and for the foreseeable future, will remain a pre-eminent power. However, India perceives the world where the global agenda would be set by a constellation of nations including the United States, the EU, Russia, China, Japan and India. Earlier global politics where relation with one is at the cost of relation with other is now decisively behind us therefore, a lasting relationship of India with United States is foreseen in future.

A second aspects of the current global polity is that national power is judged by a much broader criteria that includes economic, technological, and managerial and knowledge capabilities in addition to military capabilities. India is fast growing in this arena which United States will find hard to ignore.

Globalisation has thrown up challenges that are trans-national and cross-cutting in nature. They require coordinated responses. These challenges include terrorism, energy security, pandemics, natural disasters and environment degradation. America for historical reasons must appreciate our role in Afghanistan, where India is engaged in a massive development and reconstruction programme to stabilize that society. Our new defence framework is another reflection of this vision and the expansion of our military contacts and the prospects for equipment procurement and co-production are two important signs of the future direction of our ties.

The economic convergence between us has accelerated since the opening of the Indian economy a decade and a half ago. India's integration with the global economy has created greater opportunities and prospects for Indo-U.S. trade, investment and technology transfers. Amore

prosperous India with a growing middle class-already estimated at 300 million plus will inevitably make more demands of U.S. goods, technology and services; which U.S. could hardly ignore and this would be a precursor to further strengthening of Indo- U.S. ties.

Our greater purchasing power has already led us to currently become the fastest growing export market for the U.S. The demand for industrial machinery that already constitutes one-third of total U.S. exports, and of high technology, is bound to increase as the Indian economy becomes more sophisticated. We are currently focused on making major investments to modernize our infrastructure including airports, ports, railways, and roads, and to ensure greater energy availability. Many of these areas are traditional American strengths and should certainly generate greater business for U.S. companies. Further, the growth of agriculture prosperity in India would bring many more rural consumers into the market. The demographics of India are the clearest proof that the demand pattern would continue to grow exponentially in the future.

India and the U.S. are also in the forefront of the global effort to meet the challenge of terrorism fuelled by intolerant and fundamentalist ideologies. Our very existence as plural and secular societies poses the most effective challenge to such ideologies and offers opportunity for further cooperation.

Another area of convergences is of full civil nuclear energy cooperation. India, with only 3% of its energy production currently from nuclear sources, has put so much emphasis on civil nuclear cooperation. While we meet the energy requirement we also avoid the emission consequences of greater consumption of fossil fuels. It brings great business opportunity to the American business.

Another important aspect of India-U.S. economic relations in Indian Diaspora's contribution in growth of America. According to survey in U.S., these people contribute a lot to U.S. economy and are among the most highly educated class in America. Relaxations in Visa norms by the U.S. administration are considered as a vital step to boost the existing relations between the two countries.

USA is now focusing more on India as a regional partner in terms of political, economic, military cooperation. USA has declared that it will not mediate between India and Pakistan as for as the settlement of Kashmir issue is concerned. In fact, Pakistan has been warned against its support to "External forces" operating in Kashmir still incongruence is observed in declarations and actions for it still continues to supply weapons to Pakistan which it claims are needed to fight terror outfits in Pakistan but most of these as in the past have been diverted and used against India.

The issue of nuclear proliferation on South Asia has gained a greater significance in the USA foreign policy agenda. It has entered in civil nuclear deal which U.S. is not inclined to sign with Pakistan because of its poor nuclear proliferation track record. U.S. military experts however, still express concern about the spectre of the nuclear war in the region due as neither country possess sophisticated intelligence system or a workable command and control.

Unlike bygone era, different perception on international issues do not mar our relationship but in truly matured relationship it is now well appreciated that differing views on various issues

is natural and in fact provide an opportunity to appreciate the problems from different perspectives which helps in finding lasting solutions.

## 7. Conclusion

India's strategic location and geographic proximity to the Indian Ocean, its vibrant and growing economy provides unenviable opportunities for developing special relationship United States. Washington however, often complains about India's unwillingness or ambivalence to assume a global role or think strategically beyond its immediate neighbourhood. U.S. wants India to act on three draft agreements: the Logistics Support Agreement, the Communication Interoperability and security agreement and the basic change and cooperation agreement besides the civil liability and nuclear damage law. Latter however, has been formulated. Washington must realize that India is still facing complex domestic challenges from poverty that effects a third of its population to its growing Maoist insurgent threat and that it lives in a dangerous neighbourhood with a terrorism threat from Pakistan and unresolved border issue with China. Such domestic and regional issues undoubtedly restrict its ability to assert a global presence. However, both in principle and on specific issues, a strong basis for cooperation exists between the United States and India. If the two countries hope to forge a truly strategic partnership in the 21st century, they will have to navigate past disagreements over important issues and bridge perception gaps. This would require political will, sagacity and consultations on all major regional and global issues. The successful visit may signify emergence of India as a big player on the world stage.

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