

Indo-US Trade & Defence Relations: Opportunities & Challenges for Narendra Modi Government

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Abstract

Foreign trade is always an important factor for the economic growth of any economy in this global business scenario. And India is not an exception to this statement. Indo-US trade relations changed radically after the economic reforms introduced in the year 1991. The trade between India and the US has risen sharply in the present decade. India and USA account for about 27 per cent of the world production and play a major role in shaping the global economy. It has resulted in increased competitiveness, expanded business opportunities for domestic markets. After removing unnecessary barriers, export and import made easier for India and the US. The last decade witnessed increased economic relations between these two resulting in four-fold increase in trade and investment making India the twelfth largest trading partner of USA.

This paper is an attempt to analyse the challenges and opportunities lies for Modi government to boost this Indo-US bilateral trade and ripe the advantages both Economic and strategic before and after the election of Donald Trump as the President of USA.

Keywords: Foreign trade, India, US, Biletral Trade, Modi Government, Donald Trump, Economic, Strategic

Introduction

The bilateral relationship got a new direction after the July 2009 joint statement by the US Secretary of State Hillary Clinton and the Government of India highlighting the areas that the two countries would focus on. The bilateral relationship rode on immense confidence in the aftermath of the framework agreement of the Indo-US Civil Nuclear Deal for at least more than half a decade.

With a new government at the helm, and with Prime Minister, Narendra Modi having made the first crucial visit, it is opportune to analyse and prioritise the issues that are current or potential opportunities and roadblocks in the bilateral relationship. Such a perspective assumes importance vis-à-vis the 2013 diplomatic row between New Delhi and Washington, when many thought the government-to-government relations had reached its nadir. It was certainly a setback that brought the mutual relationship and confidence to a halt. Resultantly, there has been a limbo in many areas of mutual partnership, including the defence and trade

sectors that have formed the bedrock of the bilateral relations for some time now. With the recent developments, the diplomatic row of 2013 now seems to be history.

In the middle of this tumultuous diplomatic phase, Washington seems to have made a conscious effort to establish good diplomatic faith with New Delhi. The US took a big step in asking one of its most experienced and senior diplomats to step aside in the interest of better relations with India. Modi's promise that he would not let the history of his personal equations with the US get in the way of better bilateral relations was another mature political enunciation.

The new government in New Delhi provides the US and India the chance to turn "areas of contention into areas of collaboration," to quote a US official. However this is not going to be so easy. Both governments will have to walk a tight rope in securing political and economic confidence while making certain compromises. However, there has been a breakthrough with Prime Minister Narendra Modi's visit to the US. The challenge now is to consolidate this breakthrough.

PM Modi not only delivered on the above expectations and promises but also took them forward in a smooth way during his US visit. One of the compelling factors that drove PM Modi's visit to the US was the intention to get the economy on a resurgent path by wooing investors. It was the result of this intention that on the eve of his visit, his government put forward the pitch, "**Come, make in India.**" In essence, PM Modi's visit was hinged on two prospective rationales: wooing investors to India and providing momentum to bilateral defence cooperation, which has virtually been on a standstill for some time. The general warmth in the US reception of PM Modi went a long way in putting behind the tumultuous diplomatic row of the recent past. In what was an unprecedented step, the release of the joint vision statement called "Chalein saath, saath: Forward together we go" was a crucial step.

This vision document is being seen as a new agenda that will allow the two countries to find ways to expand collaboration in trade, investment and technology. Sealing the intention of a cooperative framework between the two countries being adopted was the joint editorial in a US newspaper where Obama and Modi together resolved that "Our natural and unique partnership can help shape international security and peace for years to come."

India and The United States of America

India's profile and interests are increasing globally. India's economy and society are highly integrated with the world. It has a large diaspora—particularly in the United States, Europe, and Middle East—that contributes \$69 billion in remittances and is a major source of incoming investment. Its state-owned energy enterprises now have global investments, as far afield as Russia, Vietnam, Mozambique, and South Sudan. India's trade as a percentage of GDP is 42 percent, higher than China's. It is the world's largest importer of defense

equipment. From almost every point of view—economics and trade, social integration, political sensitivities, security, or energy flows—the rest of the world matters for India, arguably more than it ever did.

Despite its positive growth trajectory and widening international interests, India still confronts significant challenges at home. Its development requirements—whether economic, social, or technological—are vast. India now has a rating of over 0.624 in the United Nations' Human Development Index, marking a major improvement over the past quarter century. But it still ranks only 131 out of 188 countries. Literacy rates are rising, but it is still home to over one-third of all illiterate adults. The potential for urban development is immense, but the process of urbanization has been haphazard. While life expectancy and infant mortality have reduced, even in the last few years, spending on public health is remarkably low. India's infrastructure needs, including in power, transportation, and telecommunications, are incredible. It remains a difficult place to do business, ranking 130th out of 190 countries. And creating jobs for India's burgeoning youth population will remain a challenge, although the prospects may be less precarious than they are often believed to be.

Trade and Economic Issues

To quote Nisha Desai Biswal, Assistant Secretary of State for South and Central Asia, "Our collaboration on energy, science and technology, environment, space, education and counterterrorism continues to deepen." Even as economic interdependence continues to grow Bilateral trade between India and US has been a driving factor. Both countries expect the larger bilateral relationship to enforce on commercial relations. Investment and trade flows will define the limits of the relationship. During Prime Minister Modi's visit, he and Obama pledged to increase economic cooperation by setting a five-fold jump in Indo-US 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 US-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 realisation that India has emerged as a dominant actor in the region and can be counted as the only credible counter-balance to China.

The regional stakes for India have increased with the Modi government's focus on its neighbourhood. The expansion of regional trade could be a part of the government's agenda in a big way. Expansion of trade will necessitate its protection through cooperation in maritime security. Taking forward the promise of the last government, the Modi government cleared a US\$100 million line of credit to Vietnam for four patrol boats. These boats are

likely to be used for trade and coastal security by Vietnam and hence fall under India's strategic investments. Apart from these, one of the defining characteristics of this government has been improving regional cooperation by boosting trade and laying emphasis on the transition from Look East Policy to Act East Policy. In this regard, Japan's commitment to double its current investment in India to US\$35 billion over the next five years along with substantial Chinese investments is a win-win situation for India. Besides, Modi's ten-day three-nation tour of Myanmar, Australia and Fiji shows that his administration takes Act East policy seriously with an understanding that small countries are also crucial. The US is a resident power in the Asia Pacific and India's cooperation with its eastern and extended neighbours will also require a tacit understanding with the US in this region.

Defence Trade

In recent trends USA has overtaken Russia as the largest arms supplier to India in the last three years. The USA stands first, followed by Russia, France and Israel.

Indo-US defence relations are largely poised on trade in defence, comprising mainly of imports from the latter to the former. Towards the last leg of the previous government's tenure in India, trade in defence was almost stalled due to two reasons: budgetary concerns and the impending elections. The new government still shares some budgetary concerns with the previous government but the intent has been clearer. Clearing pending defence projects in India worth about US\$14 billion is a big step to move forward in defence trade with other countries.

Importantly, India has not succumbed to lobbying, a key instrument in defence deals and been rational in its defence cooperation with the US and due to budgetary concerns, India has told the US that in view of the price increase, it cannot go ahead with the procurement of 145 ultra-light howitzers for the Army, which it planned to deploy in mountainous terrain. Although the US was keen on two military sales to India - the Raytheon/Lockheed Martin-designed Javelin anti-tank guided missile (ATGM) system and the supply of more Apache attack helicopters to the IAF - its primary focus will be on jointly developing and producing military hardware; a theme spelt out by US Secretary of Defense Chuck Hagel, particularly after India declined the Javelin missile offer from the US and chose Spike missiles from Israel.

Modi government had revised the limit of FDI in the Indian defence sector up to 49 per cent, now more US companies are interested to enter the Indian defence sector. These companies are likely to have two very significant expectations from the Modi government in India: a revised and clear offset policy in the defence sector and a single window clearance system in defence systems' sale to India. An increase by 10 per cent in the defence budgetary allocation by the Modi government also carries the potential to take the bilateral relationship forward.

The Pentagon showed enthusiasm on the event of Modi's visit to the US with US Pacific Command head Admiral Samuel Locklear admitting vis-a-vis India-US relations that, "One of the central focuses early on has been the defence trade initiatives, which will allow us to cooperate with each other on defence articles that would work for both of our security interests."

Security & Counter-terrorism

Ever since 9/11 both India and the US have embarked on security cooperation like never before. The cooperation that began with the "war against terror" has only grown, particularly with new and divergent modes of threat facing both the countries. In fact security cooperation has been one of the hallmarks of bilateral cooperation. Although the UPA government seized the opportunities to cooperate with the US the last decade, much more needs to be done. The government in India should take the opportunities provided by a willing US and explore likely new areas of cooperation the field of security.

The US has recently hinted that it would provide an exhortative ground for new cooperation with India in the area of security. It recently described cooperation in security as, "a central element of the broad US-India strategic partnership" and pledged that it looked forward to work with the new government in New Delhi. The consecutive meetings of John Kerry and Chuck Hagel with India's National Security Adviser points to important aspects of homeland security as a common agenda for both governments.

Strategic Cooperation

With regard to the strategic partnership with the US, the strategic dimensions of the bilateral relationship has shifted from its politico-strategic attributes to taking on economic-strategic ramifications. This change is a challenging manifestation for the Modi Government, 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 US 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 US has subtly infused the strategic with economic agendas in Asia.

The challenge for Modi government's astuteness will lie in how forthcoming it will be in taking this mutually beneficial agenda forward. Economic agendas will have to be seen as part of strategic ones and vice versa. The only fear is that the Modi government in India risks a possible decoupling of the strategic objectives with the economic objectives in its cooperation with the US, in its desire not to appear strategically offensive China. In this regard the Modi 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 continuously stated that its strategic deterrence is not directed against any particular country, this should not govern its maritime policy. However India has been keeping a vigil on the increasing Chinese presence in the Asia-Pacific and the Indian Ocean. Now India has started to show signs of building its own strategic deterrence against any threats from maritime aggression, and the development of the Andaman & Nicobar Islands Command (ANC) as a strategic outpost is part of this strategy. Although India's foreign policy compulsions have not focused exclusively on strategic cooperation with the US, it could be a new area to explore for the Modi government.

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

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. 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. Despite the last government in New Delhi facing the heat from rising maritime concerns in its neighborhood, little was done to offset them.. In the economic dimension, the new concept of the Indo-Pacific should find greater acceptance in that the Indian government should match global expectations by taking a lead role. Greater trade engagement with the countries of the region along with a vanguard security role for the protection of trade through it should form the economic priority.

During 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." PM Modi must recognise the significance of the geopolitical edge that is associated with the Indo-Pacific region at a higher scale. It will acknowledge an increased participation of India in both maritime security and trade within this area.

US and India have enormous trade passing through Indo-Pacific corridor and both are keen on seeing a rule-based maritime order and safe sea lanes for trade. For this, an increased participation of the Indian Navy is required. The Indian Navy could work with the US Pacific Command fleet in maritime patrol, search, rescue and surveillance on the Indo-Pacific corridor. The reconnaissance aircraft P-8I Poseidon that India has imported from the US could be used for the same and the US bases in Guam and Diego Garcia could provide support facilities in such joint operations.

Both India and the US can focus on the security and safe passage of maritime trade that passes through this area, and the US has shown interest that India takes lead in this. The ball is in the present government's court and it will be in India's long-term strategic interest to respond in a manner that projects a more responsible role for India, especially in protecting SLOCs. The US 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 neighbors, India along with the US could push for a universal 'code of conduct' for the Indo-Pacific area and the larger Pacific Ocean. The previous government in India embarked on this idea but it remained restricted to the first few steps and could not really take off in the intended sense.

A uniform international law in this area would serve the Indian and the US governments well to implement a coherent maritime security paradigm.

US' 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 provides opportunity to India. Greater control over national security would mean the likelihood of new forays by its security agencies backed by an outreaching government.

Building on Past Trends

The Modi government will try and build on the gains made by the previous government in the areas where the policies vis-à-vis the US under the government in New Delhi are likely to be in continuation of earlier policies.

Some established and conventional areas of cooperation are likely to remain functional and Energy and climate change will remain important areas of cooperation and contestation. The two countries could look to consolidate in the areas of using clean energy in telecom towers. Both are also working towards a solar energy alternative to power telecom towers with clean energy. In the field of energy, opportunities could lie in taking forward the initiatives worked out during the tenure of the last government. In particular, Indo-US cooperation will focus on areas like the US-India Energy Dialogue, US-India Climate Change Dialogue and the US-India Civil Nuclear Energy. Apart from these, two groups would likely remain in focus under

the current government: Oil and Gas Working Group and the New Joint Working Group on Sustainable Growth.

India should ideally be the recipient of LNG from the US, which finds its roots in an understanding between the US DoE (Department of Energy) and India's energy major GAIL under the last government in India. In this regard, the shale gas feasibility study is an area of cooperation that the India could take seriously. The US made an exception for India when the DoE in May 2013 announced that it had conditionally authorised Freeport LNG Expansion, LP and FLNG Liquefaction, LLC (Freeport) to export domestically-produced LNG to non-FTA countries from the Freeport Terminal on Quintana Island in Texas. This was very significant from India's point of view as the existing federal law requires approval of natural gas exports to countries that have an FTA with the US, which India does not have. The Modi government is faced with an opportunity to explore this option if it has to satiate its energy demands.

Apart from numerous MoUs, the fundamental focus of the Modi government could be to ease the process of educational exchanges that take place between the two countries by creating more scope for strategic institutional partnerships and facilitating more faculty and student exchanges. In this regard, the Singh-Obama Knowledge Initiative of 2009 is likely to remain the primary focus.

Challenges Ahead

Despite the above said convergences, there are still prominent challenges that might prove to be potential obstacles on the track of bilateral relations between India and the US. Protection of Intellectual Property Rights (IPR), which remains a concern with US pharma companies, has the potential to become a headache. India must welcome the request of top American executives to initiate a dialogue in this context. Other concerns could include some of the recent bilateral trade disputes. The 2012 disputes over steel duties imposed by the US on India and the poultry ban by India on the US, apart from prohibitions on some other US import items, should serve as precedents for the Modi government to address issues of potential confrontation in trade.

One major concern for India is likely to be the implementation of a stricter visa regime in August 2012 by the US government. This is slated to directly hit the Indian IT firms. Prior to this, the US had already reduced the number of visas granted to workers from India. Even as the US is on the verge of overhauling its immigration policy, the challenge for Modi government in New Delhi will be to protect Indian interests that are hinged on an expanded and inclusive US immigration policy.

New Era in US Politics: Donald Trump regime

The election of President Donald Trump in 2016 has caused anxiety amongst US foreign- and security-policy elites. The real-estate-mogul-turned-president's penchant for isolationist tendencies has given rise to commentaries on an American decline, not by defeat by a peer competitor, but by willful abdication. Since assuming office, President Trump has pushed the US to the brink of trade wars, not only with strategic competitors such as China but also with US allies and partners across North America, Western Europe and East Asia. With the latter, the Trump administration's approach has been to link American security commitments and partner nations' defence requirements with inconsistencies in trade and immigration. Many consider this transactional approach to be an existential threat to the US' credibility as a global partner, which in turn endangers its primacy in the world order.

In the past year, this anxiety has informed a change in the American political system with respect to the division of power and responsibilities on the conduct of US foreign and security policy. Although the executive branch has traditionally exercised broad control over foreign-policy matters—by both constitutional design and post-9/11 consolidation of powers in the hands of the US President—the Trump era has witnessed a shift in decision-making away from the Oval Office. The legislative branch—i.e., the US Congress—has recently engaged in tabling key bipartisan legislations aimed at protecting the enduring tenets of US foreign and security policy from the adverse effects of Trump's transactional approach.

The Trump administration bears continuity with respect to India, especially on matters pertaining to increasing defence interoperability and security cooperation in the Indo-Pacific. However, Trump's protectionist stance on trade and immigration matters presents serious challenges. His transactional approach threatens the otherwise strong Indo-US ties, regardless of India's crucial position in the US security calculus in the Indo-Pacific region and its relatively small trade imbalance with the US.

This brief proposes that New Delhi pursue a tempered approach to counter President Trump's attempts to link developments on the defence and security partnership front with inconsistencies on matters pertaining to trade and immigration. In view of the shift towards the US legislature, the approach will ensure greater engagement with like-minded legislators at the Capitol Hill and administration officials that enjoy bipartisan Congressional confidence, and help set up communication channels at the bureaucratic/cabinet levels of the US security establishment.

The post-Cold War world has been characterised by what analysts call the "rise of the rest", or the transition away from American unipolarity and towards a multipolar world. From a real politic standpoint, the resultant zero-sum balances of power—wherein the rise of a nation's influence implies the relative decline of another—produces anxiety about the stability of the international order. The 21st century, in particular, is considered crucial to the future of American power. At the core of such a hypothesis stands Washington's relations with rising peer competitor powers such as China. A natural corollary is the country's dynamics with like-minded nations in the proximity of possible competitor powers. In the post-Cold War

world, this corollary has, in large parts, influenced the development of the Indo-US relationship.

The Indo-US trajectory has been one of immense promise—as articulated for instance by former Indian Prime Minister Atal B. Vajpayee calling India and the US “natural allies,” and former US President Barack Obama labelling the Indo-US partnership as “one of the defining partnerships of the 21st century.” The Trump era ensures continuity by building on the momentum of the past decades for greater convergence of Indo-American interests, especially on issues of defence interoperability and security cooperation. The Trump administration’s maiden *National Security Strategy* deemed India to be “a leading global power,” and notably, Trump’s first Secretary of State, Rex Tillerson, described India and the US as the “two bookends of stability” in the region.

Indeed, it is the Trump administration that encouraged the adoption of the ‘Indo-Pacific’ moniker, which links the fate of the Western Pacific to the Indian Ocean region. The Trump administration also rechristened the US Pacific Command (PACOM) in Hawaii to the ‘US Indo-Pacific Command’. Although PACOM has had jurisdiction over India since the conception of US Combatant Commands in the immediate aftermath of World War II, the renaming of the command, albeit largely symbolic, signifies India’s elevated role in the US security calculus.

At the renaming ceremony, Secretary of Defence James Mattis notably defined the geopolitical expanse of the Indo-Pacific region. He said, “For U.S. Pacific Command, it is our primary combatant command, its standing watch and intimately engaged with over half of the earth’s surface and its diverse populations, from Hollywood to Bollywood, from polar bears to penguins.” Some reports suggest that New Delhi is now considering posting an Indian Military Liaison Officer at the Command in Hawaii. Further, on matters of defence interoperability, New Delhi and Washington recently inked the Communications Compatibility and Security Agreement (COMCASA), the third of four defence interoperability agreements. It is an India-specific version of the Communication & Information on Security Memorandum of Agreement (CISMOA), meant to “facilitate the use of high-end secured communication equipment to be installed on military platforms being sold to India, and fully exploit their potential.”

The Indo-US trajectory holds similar promise in other realms. On defence acquisition, a recent report by the Stockholm International Peace Research Institute (SIPRI) noted that the US had recorded “a blazing growth in its arms exports to India, recording over 550% growth in 2013–17 compared with the previous five years. As a result, the U.S. has become India’s second largest supplier.” In trade, in 2017, the Indo-US bilateral trade of goods and services reached US\$140 billion from US\$118 billion in 2016, inching towards the Obama-era goal of US\$500 billion. In immigration, Indians continue to dominate the high-skilled visa category, at times making up over 70 percent of H1-B visa holders. On the diplomatic front, the Indo-US synergy at the Financial Action Task Force (FATF) to grey-list Pakistan was notable. However, despite this apparent continuity—especially on the security front—trade and immigration are emerging as areas of contention, stemming from President Trump’s

increasingly apparent transactional approach towards the mainstays of contemporary US foreign policy.

The Indo-US Convergence: Continuity under Donald Trump

The election of Donald Trump as U.S. president represents one of the most unexpected developments in American politics in the post-World War II era. Donald Trump campaigned as an outsider, and entered the race for the presidency with no prior political experience. He ran as much against his own Republican Party as he did against rival Democrats, bucking the broad consensus in Washington on globalization and U.S.-led liberal internationalism. Trump's decision making style, temperament, and rhetoric—both during his campaign and after his election—have also raised questions, concerns, and uncertainties about various aspects of U.S. policy

With the United States' standing and global presence, it is no surprise that the effects of Trump's ascent are being felt loudly and widely. This extends to another large democracy halfway around the world: India. Like the United States, India too stands at an inflection point, although of a very different sort. Its \$2 trillion economy is growing at approximately 7 percent per year. Prime Minister Narendra Modi enjoys a strong electoral mandate and high popularity ratings, reinforced by major wins for his party in state elections. The country has a large and capable military experienced in dealing with a broad array of security challenges, it enjoys a wide (if thinly-stretched) international diplomatic presence, and it boasts a globally competitive space program. India's demographic profile is also favorable, with an expected increase in the working-age population for the next three decades. Trump's election at a time of growing and converging interests between India and the United States necessitates a re-evaluation of several aspects of Indian domestic and foreign policy.

Major areas in which Trump's election affects Indian interests are: bilateral relations (encompassing trade, investment, immigration, and technological cooperation), the balance of power in Asian region, counter-terrorism, and global governance. PM Modi must attempt to convince President Trump that the rise of India is in American interest. This same idea provided the underlying logic behind the Clinton, Bush, and Obama administrations' engagement with India, but now it will be more difficult to sustain under the United States' new political realities and impulses.

Simultaneously India must insure against the prospect of a more "normal" America, an imbalance of power in the Asia-Pacific, divergent counterterrorism priorities, and a relative vacuum in global governance. While in many instances U.S. power cannot be fully replaced or replicated, India will have little choice but to invest in relationships with other countries to achieve its desired outcomes, while more forcefully projecting its own influence and leadership. This will mean, India must work on strengthening bilateral economic, social, and technological relations with Japan, Germany, France, the United Kingdom, China, and Russia, as well as smaller powers such as Israel, the United Arab Emirates, Singapore, Canada, and Australia, especially in areas where they boast comparative advantages.

Additionally, New Delhi must double down on its “Act East” policy in order to preserve a favorable balance of power in the Indo-Pacific region.

Defence Trade

President Trump began his term with protectionist rhetoric, although some analysts have been quick to downplay it. After all, for three-quarters of a century, the US had championed the cause of market economies in a globalised world — underpinned by its stewardship of global financial institutions and its security commitments with over 60 nations dampening historical rivalries from Western Europe to East Asia.

With respect to India, the Trump administration may link security and defence interoperability matters with the inconsistencies in the countries’ bilateral relationship vis-à-vis trade and immigration matters. Although India does not have an overt dependency on the American security architecture, the growing Indo-US security partnership is vital to India’s strategic calculus. The evolving partnership—on matters pertaining to defence acquisition, armed forces’ interoperability, and joint development of defence technology—are crucial for India’s emergence as a military power in the region and beyond.

In the past, under both Republican and Democrat administrations, an understated dictum informed the development of the Indo-US bilateral relationship. Named after former Secretary of Defence Ashton Carter, it required Washington to be “patient as the Indian system works through its responses to U.S. templates, and be flexible.” The Carter mantra thus focused on harnessing economic and defence ties beyond differences—on trade, diplomatic and strategic fronts—crowding out minimal-yet-positive developments. Thus, over the past decade, India and the US have developed a closer partnership, wherein India has gradually shifted from its historic dependence on Russia as its primary defence-import destination and now conducts more exercises with the US forces than with any other country.

India must adopt a tempered approach to prevent defence matters from being linked with inconsistencies on trade and immigration fronts. Such an approach should substantially involve the US legislative branch.

Conclusion

No sooner had the Modi government assumed office in New Delhi, there was a visible US effort to better relations as well as mend its past equations with the Prime Minister of India. This ranged from the possibility of appointing a Gujarati as an interim chargé d'affaires at the US Embassy in New Delhi to rushing several diplomats to India. These moves were necessary to balm the bruise that was caused by the diplomatic row of 2013. Yet, the US has taken considerably long in appointing a permanent ambassador to India.

For now, the Modi government, by its clear majority and a foreign policy focus on the immediate neighbourhood (also read as a snubbing of the US), has put the ball back in the US’ court. The US has been galvanised into action, reflected in its rushing Nisha Desai

Biswal, the Obama administration's point person for South and Central Asia, to New Delhi to hold talks with Indian officials on a series of bilateral and regional issues. Kerry and Chuck Hagel are believed to have done substantial groundwork to prepare for the much anticipated meeting between Narendra Modi and Barack Obama.

The Indian government led by PM Modi has shown a very pragmatic and result-oriented approach to its relationship with the US. Any sign of succumbing or yielding to pressure from the US has been smartly ducked by India. PM Modi's visit to the US, following the UNGA address, was fitting to the extent that after addressing a gathering of world leaders, he moved on to arguably the world's most important country, the US. The warm reception extended by the Obama Administration and the 'rockstar' reception by the Indian American community in the US left no doubt that the visit was successful.

The India-US relationship under the Donald Trump administration significantly relies on the two countries' security partnership. This relationship, however, is being challenged by President Donald Trump's increasingly apparent transactional worldview. With the increasingly apparent pattern of US foreign policy under President Trump's conduct —using US defence commitments and partner nations' security dependencies to exact "fair" deals over trade imbalances and immigration issues—the inconsistencies on the bilateral trade and immigration front are potential hurdles in the otherwise promising Indo-US relationship.

Despite India's crucial position in the US-security calculus in the Indo-Pacific region and its relatively small trade imbalance with the US, India will not be spared from the adverse effects of the Trumpian transactional approach. This brief proposes that New Delhi must guard its security needs vis-à-vis the US to have them delinked from the outstanding issues on trade and immigration that are known to invite the ire of the populist US president.

Recognising the recent consolidation of the US foreign policy decision-making at the Capitol Hill, the brief suggests a tempered approach for India to pursue greater institutionalisation of the Indo-US dynamic. As substantiated with the recent CAATSA waiver provision, such an approach can lead to greater engagement with like-minded legislators and administration officials that enjoy bipartisan Congressional support, and can help set up communication channels on the US security establishment's Cabinet level to weather challenges presented by the Trump era's worldview.

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