

"India and the US need to address the vexed issues in trade. This will prepare New Delhi for profound changes in global economic order."

At the Houston spectacle on Sunday that brought together an enthusiastic Indian diaspora, the personal chemistry between Prime Minister Narendra Modi and US President Donald Trump was all too evident. But the celebrations at Texas must yield tangible outcomes at New York where the two leaders are set to meet again today on the margins of the United Nations General Assembly's annual session.

According to media reports, Modi and Trump are apparently racing to wrap up the negotiations on trade that have been underway for some time. The speculation is about a "small deal" between the two countries. Yet, the two leaders also know that they need to look beyond the tactical and signal a change of direction in bilateral commercial engagement and set ambitious trade targets for the near and medium term.

In diplomacy, personal rapport and trust between the leaders is quite valuable. Although the leaders themselves might not negotiate the details of agreements, they need to communicate their respective interests to each other and signal the political will to overcome domestic obstacles.

Even more important is the recognition of your interlocutor's priorities. When you address the other leader's most important concern and give him or her room to claim victory, you will get a lot more in return. In the last two decades, the success of India's engagement with the US has been rooted in Delhi's sensible judgement about the immediate focus of the other leader.

It is easily forgotten that the then External Affairs Minister Jaswant Singh offered quick unilateral support in May 2001 when US President George W Bush's announced an initiative to build missile defences and move away from the doctrine of deterrence through nuclear terror. While Bush was being pilloried at home and abroad for overturning arms control orthodoxy, Delhi's support was more than welcome in Washington. This was followed by Atal Bihari Vajpayee's strong support for Bush's war on terror immediately after 9/11 and set the stage for a political and strategic approach to the Indo-US relationship that was hobbled for decades by disputes over nuclear issues.

Delhi's new political warmth to America saw Bush extend unprecedented support for India's rise and nudge a reluctant US establishment to invest much political capital in changing the US domestic nonproliferation laws as well as international regulations to lift a long-standing nuclear blockade against India. While the UPA government wavered in taking the nuclear deal forward, Bush stayed the course thanks to his strong empathy for India.

The resolution of the nuclear issue created the basis for a productive partnership with the US that saw liberalisation of US technology transfers, the launch of counter-terror cooperation, the expansion of defence relationship and political cooperation on regional and global issues. If Jaswant Singh and Vajpayee recognised what mattered for Bush, Modi saw that addressing climate change was President Barack Obama's highest priority. Modi, who had sensible climate convictions of his own, quickly reoriented India's policy to make Delhi part of the solution in the stalled international negotiations on mitigating global warming. When he was a senator, Obama had expressed serious reservations about the nuclear deal. Once he saw Modi as a partner, Obama helped finalise the nuclear agreement and integrate India into the global nonproliferation regimes.

On the nuclear issue as well as climate change, there was strong resistance within the Indian system from two different quarters — those who picked nits and others who turned every engagement with America into a supreme test of India's commitment to non-alignment. The nit pickers were mostly from the bureaucracy that refused to see the larger gains accruing to India. The political class revelled in denouncing any change in India's long outmoded negotiating positions.

When Trump took charge of the White House in January 2017, Modi and his advisers did not take long to see the president would be very different from his predecessors and that he was going to alter many long-standing American policies. While Modi recognised the centrality Trump's trade concerns, the PM's initial responses did not seem adequate.

More consequentially, Modi did not devote enough political attention to the emerging challenges on the trade front. He seemed to let the nit pickers lead the trade negotiation. India's prickly attitude to trade liberalisation that congealed in recent years put it at odds with its major trading partners. While most of them had given up on India, Trump made it a bone of contention. In his effusive speech on India-US relations, Trump did insist that that the people of India must have "access to products stamped with the beautiful phrase Made in the USA". Put simply, market access has been the issue that has troubled the relationship in recent years. While referring to the difficulties in the bilateral trade negotiations and suggesting a deal might be at hand, Modi reassured Trump that he is learning from the President on the "art of the deal".

The PM is aware that cutting a trade deal with Trump, will make it a lot easier to deal with his administration on a range of issues including terrorism, Kashmir and the unfolding crisis in Afghanistan. But a trade agreement with the US is not just about immediate give and take between Modi and Trump. A new trade agreement must be about preparing India for profound changes in the global economic order, buffeted by Trump's politics as well as the unfolding technological disruption. Many of Trump's trade concerns in relation to India resonate with the left wing of the Democratic Party that is gaining ground. Getting India's most important trade relationship right in the near term and charting a bold course for a mutually beneficial commercial partnership with the US over the long term are urgent and worthy goals in themselves.

Expected Questions (Prelims Exams)

1. Consider the present business relations of India and America.

1. Reducing trade agreement with US will make it very easy to deal with many aspects like terrorism, Kashmir issue.
2. Viewing the change in global economic order, India should enter into a new trade agreement with America.
3. India could get out of the current economic slowdown with the help of new agreement between India and America.

Which of the above statements are correct?

- (a) 1 and 3 (b) 2 and 3
(c) 1 and 2 (d) 1, 2 and 3

Expected Questions (Mains Exams)

Q. 'Indo-US relations are getting better on strategic, diplomatic issues, but there are many disagreements between the two countries regarding trade.' Discuss the obstacles in trade between the two countries and what steps need to be taken?

(250 Words)

Note: Answer of Prelims Expected Question given on 23 Sept. is 1 (b)

Committee