

# No-trade-deal does not take away from Trump visit significance



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Updated : February 22, 2020, 7:28 PM

Print



US President Donald Trump chats with Prime Minister Narendra Modi during a working session at the G20 leaders summit in Hamburg, Germany on July 8, 2017. REUTERS

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United States President Donald Trump's visit to India will be highly significant in understanding the emerging new strategic equation and ensure a new beginning in India-US relations. Such visits are important for sending symbolic messages to the rest of the world about the growing bonhomie and convergences on a number of pertinent important themes impacting global peace and stability. The US at this juncture has been looking for a strong and reliable partner whose place matters in the international system. India has been the only largest democratic country whose voice is being heard across the board.

The relationship between the two democracies, India and the US has oscillated from being "estranged" to "engaged" many times in the past. Policy differences have been overcome by personal equations and at times geopolitical compulsions have brought leaders of the two democracies closer. Trump in the US and Modi in India have added yet another dimension, electoral politics, to this relationship.

When Trump attended the "Howdy, Modi!" event in Houston he was quick to grasp the immense potential and campaign value of the million strong Indian American community, the largest, wealthiest and organised Diaspora in the US. As they say, there is no free lunch, Trump's 36-hour India visit is payback time intended to send the right signals back to his constituency. Any US presidential candidate who

promises to be India-friendly gets the edge in campaign so as to make his or her elbow space in the race to White House. Another aspect of this visit is that it is the first foreign visit of Trump after getting out of the impeachment imbroglio.

So the larger question of what Trump's visit means for trade, commerce, strategic partnership, defence transactions and transfer of nuclear technology will have to wait for answers.

In all likelihood his pronouncements in India could be centred round the need to work together and the facilitation for more Indians to contribute to the growth of America. In simple English it means more visa relaxations and facilities. If he says the right things, which he probably cannot say back home lest he antagonise his committed voters, his election is almost assured, other things remaining constant, as they say in economics.

As far as economic, trade and commercial relations are concerned, the high profile visitor has already set the tone. Speaking in DC he has said, "We are doing a very big trade deal with India. We will have it. I don't know if it will be done before the election, but we will have a very big deal with India."

In other words, it clearly means that New Delhi is free to raise trade issues, but it will have to wait for the race to presidency and the promised "big deal" announcement after that. In any case, the Commerce Ministry should be already worried about the changes in the rules of the game. The United States Trade Representative (USTR) has tweaked the status rules and promoted India and China, along with another half a dozen countries, to the status of developed countries. According to World Bank categorisation, any emerging economy that clocks more than 0.5% share in world trade qualifies to be listed as "high income" economy. Such a status may make every Indian a proud citizen of a "developed nation" but in real terms it means the loss of millions of dollars in Countervailing Duty (CVD) regulated by the Subsidies and Countervailing Measures (SCM) clause in the WTO conditionality. While US Treasury and Commerce Secretaries and Trade Representatives are reported to accompany Trump, the chief of the United States Trade Regulatory (USTR), Robert Lighthizer is likely to come sometime later, probably after the presidential election.

It is therefore unlikely that Trump will have time or inclination for any trade talks. But this time can be best utilised by New Delhi to rework the trade parameters to our advantage. Under the Generalised System of Preferences (GSP), a trade preferential arrangement, India accrued \$240 million as duty concession. India will have to negotiate hard to restore these concessions and at the same time deal with the US from a position of strength.

Such a situation can materialise if we prepare ourselves better and more importantly faster, to deal with the emerging economic situation as a result of the downward trajectory of the Chinese economy due to the deadly coronavirus epidemic. New Delhi has been working, albeit slowly, on free trade agreements (FTAs) with European Union and Australia as also with other emerging economies like Mexico and post-Brexit United Kingdom. But Prime Minister Narendra Modi will have to do much more than what his ministerial colleagues are doing now. Budget 2020 appears to be less equipped to tap the huge global market potential in the present situation. Our trade with ASEAN, the Asia Africa Growth Corridor, and with other multilateral institutions, regional and global, are in a woeful state, to say the least. While our sympathies are with Beijing and the Chinese people suffering from (self-inflicted?) coronavirus, New Delhi needs to grab this opportunity and perform a trade blitzkrieg. As of now no such signs are visible, sadly.

By avoiding impeachment by a whisker—48 (Democrats, guilty) versus 52 (Republicans, not guilty)—Trump has already won the first round of the famous primaries in the run-up to the presidential election. He has also established himself as a leader taller than his party. Going by the US system of international

engagement, a strong President will be able to deal with emerging geopolitical equations better, without having to go to the Congress for every approval. A good personal equation with Trump accompanied by a robust foreign, security and strategic policy formulation by the Modi administration can give New Delhi the much needed push to catapult India to the high table of global affairs. A strategic partnership with the US will give us greater benefit only if we are able to deal with the occupant in the White House from a position of strength derived from our engagement with the rest of the world on all fronts, trade, commerce, technological prowess, at the same time not compromising with our time tested value system and principles.

It seems that all the pending deals relating to defence will be brought on the table for giving a final approval. Will India realise the tangible this time or will the US once again keep it for next time remains a matter of debate. Despite the fact that India has witnessed a continuity in US approaches in strengthening their bilateral strategic partnership, there are still challenges being confronted in culminating intangibles into tangibles. Since the signing of the Indo-US civil nuclear cooperation agreement more than a decade ago, the US has not done enough in realising India's dream of enhancing the nuclear component in its energy security basket. India is yet to be given a membership in the Nuclear Suppliers Group (NSG) despite US' initiative. Civil-space cooperation between India and the US is again an area where both the countries have a huge potential.

Indo-US counter terrorism cooperation seems to be a necessity because of the changing dynamics of geopolitics. The growing menace of terrorism has to be contained if not completely eliminated and hence the intensification in intelligence information sharing from both sides is a requirement.

Will India and the US engage themselves in co-producing defence equipment involving the critical technology remains to be realised. Unless, India becomes less dependent on import of defence equipment, it will never realise its dream of becoming a net exporter of defence technology. India's "Make in India" has a huge potential in becoming a hub for manufacturing, but in reality, nothing of that sort seems to have been realised. There is a lack of willingness on part of the US suppliers to make investment in India and help build the infrastructure and capacity. India has been seriously looking into the possibilities of manufacturing F-16 and F-18A combat aircraft.

The Trump administration had taken a decision to approve the sale of the Sea Guardian Unmanned Aerial System positioning India to be their first non-NATO partner to acquire their advanced platform. In real sense, such approval so far has not yielded much dividend for India.

President Trump's visit in one way might help India in bridging the differences which over the years were built mostly on misperceptions. India shall not expect much change in US' approaches towards India. India has to be very proactive in its diplomacy in articulating its larger interests both within the region and elsewhere in the world. How to create win-win situation will be a challenge for both Prime Minister Modi and President Trump.

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