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## The Trump Presidency and the Future of Indo-US Relations

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Less than three months into Donald Trump's tenure as President of the United States, Indian observers are contemplating the future of bilateral relations with the global leader, not to mention the regional implications of the new administration. Questions arise whether to take Mr Trump's "America First" rhetoric seriously, or to believe that dealing with a businessman persona will ultimately benefit India's diplomats, businesses, and citizens.

Taking into account such uncertainty and what we've seen of Mr. Trump and his team thus far, the path forward for India in key geo-economics and geopolitical areas is fraught with challenges. Nevertheless, India has an opportunity to expand and deepen its trade relations, upgrade its domestic capacity, move forward with climate change action, and become a leader in the Asia-Pacific region.

Therefore, India must design and implement a clear, internally-based strategy through an inclusive process to promote open and fair trade and cooperation bilaterally, regionally, and multilaterally.

Relations between the US and India will likely remain constant for some time, and hopefully even continue the positive movement made under the past two presidencies. The Trump Presidency will have less of a direct impact on India, barring a few critical areas like movement of Indian professionals to the United States or impediments to foreign direct investment (FDI) into India.

Although no less important, the Trump administration — guided by an 'America First' strategy that emphasizes transactionalism — is likely to create more indirect impact in terms of trade, climate change, and regional integration. Importantly, the bilateral relationship is expected to be dictated chiefly by business considerations and less by shared values or cultural connections; something for Indian representatives to consider when trying to maintain progress in Indo-US relations.

Despite the Trump administration positioning itself for greater bilateral trade agreements — of which India must certainly take advantage — India should broaden its gaze with regard to trade as a tool for meeting economic and development goals in order to weather this storm of uncertainty. The UK, Canada, and Peru as well as economic communities in Latin America, Sub-Saharan Africa, and Central Asia are top potential trading partners. Also, completing current negotiations with the EU, Australia, and especially the Regional Comprehensive Economic Partnership agreement will be vital for India to broaden its market access while upgrading its trading standards and capacity. India's recent accession to the Customs Convention on International Transport of Goods is a welcomed step toward efficient multi-modal movement of goods.

Considering the fervent populism seen in many parts of the world, a country like India that has gained much from its stance on open trade will have to make even greater efforts to

**Pradeep S. Mehta and Kyle Cote, Secretary General and Policy Analyst, respectively, at CUTS International, explain that “The bilateral relationship is expected to be dictated chiefly by business considerations and less by shared values or cultural connections; something for Indian representatives to consider when trying to maintain progress in Indo-US relations.”**

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listen to its people at all levels when implementing trade policy — particularly from those most vulnerable to trade liberalization. This will also require clear and targeted domestic provisions for retraining, relocation, and unemployment support.

As Mr. Trump’s ‘America First’ position moves into action at the executive and legislative level, restrictions on temporary work visas could severely impact India’s employment and remittances as well as hamper diplomatic ties between the two countries. Increasing that threat is Attorney General Jeff Sessions, a long-time critic of such visas. Immigration restrictions could also negatively affect the US economy, as Indian IT companies contributed \$22.5 billion in US taxes annually and \$6.6 billion in Social Security from 2011-2015. They also invested \$2 billion into the United States from 2011-2013, and continue to provide thousands of US-based jobs. The United States will sorely need such contributions from India considering that by 2022 it is projected to have a skilled labor shortfall of 17 million, whereas India will have a surplus.

India and its industries must unequivocally show the US administration that its skilled and unskilled jobs — the kinds of jobs Mr. Trump has called to return home — cannot be filled with domestic labor alone; blocking Indian professionals out of the US labor market will only exacerbate the labor shortage. India’s numerous allies in Congress will be essential in this effort. Concomitantly, Indian skilled labor must elevate itself from dependency on the US by connecting with other markets to provide services in IT, banking, and finance, as well as growing retail and healthcare services.

As relations between the United States and China remain unpredictable, India will have to play the balancing act, not unlike with recent US and Russian relations. India should not expect that the potential rise in tension between the U.S. and China will draw Washington closer to Delhi, considering Mr. Trump’s transactional worldview. Likewise, India should not become complacent in thinking that its friendship will blossom due to Mr. Trump’s global tirades against what he sees as his enemies. Rather, India must cultivate relationships with both countries based on its own principles and strategic vision.

With the potential of US disengagement in the global movement to tackle climate change looming, India has the opportunity to be a driver in the green industry, considering the advancements and accessibility of renewable technology. While financing will be a challenge if the US breaks from its commitments, India can gain a foothold on becoming a leader in renewable technology by first promoting its intrinsic aggregator industry to develop solar technology. Such groups of aggregators, with established supply links in compatible sectors such as electronics, can procure components domestically and internationally more efficiently than multinational brick and mortar solar companies. In the long-run, of course, India must invest in start-ups of the renewables industry.

As regional leadership gaps arise with the potential US withdrawal, whether in economic integration or climate change, India should advance itself diplomatically as a cooperative partner with a history of understanding and promoting the needs of developing countries in the region. Historical US allies such as South Korea, Japan, and more recently Vietnam can look to India as a strong partner in the region on trade and economic integration; both bilaterally and in regional arrangements.

To whatever extent the Trump Administration’s ‘America First’ policy regime may or may not challenge Indo-US relations, India’s core focus must remain on promoting mutually beneficial trade arrangements and cooperation bilaterally, regionally, and multilaterally. The unnerving lack of predictability from the United States should not invite reactionary approaches from the Indian government, businesses, or citizenry. If India is guided by grounded principles based in its development and economic needs, it can surely weather any storm of uncertainty that may come its way.

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