India US Trade Issues

What is the issue?

India and the US need to address the vexed issues in trade.

What is the brief history of Indo-US cooperation?

- In diplomacy, personal rapport and trust between the leaders is quite valuable.
- External Affairs Minister Jaswant Singhoffered quick unilateral support in May 2001 when US President George W Bush's announced an initiative to build missile defenses and move away from the doctrine of deterrence through nuclear terror.
- 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.
- 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 liberalization of US technology transfers, the launch of counter-terror cooperation, the expansion of defense relationship and political cooperation on regional and global issues.
- PM Modi saw that addressing climate change was President Barack Obama's highest priority.
- Once he saw Modi as a partner, Obama helped finalize the nuclear agreement and integrate India into the global nonproliferation regimes.

What are the present issues in Indo-US trade ties?

- In recent times Modi recognized 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.
- India's prickly attitude to trade liberalization 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.

- Put simply, market access has been the issue that has troubled the relationship in recent years.
- According to recent 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.

What is the way forward?

- 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.
- 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.
- Indian administration is aware that a trade deal with USA, 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.
- 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.
- 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.

Source: Indian Express

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