

## Panel Briefing

### The Elephant Moves: #TheIndiaDialog 2024 Institute for Competitiveness | US-Asia Technology Management Center, Stanford University

#### *“India – US Relations”*

#### **Introduction**

India-US relations have been growing and this presents enormous opportunities along with some challenges. Balancing China is also seeming to be a critical aspect of this growing relationship, but to what extent does China influence India-US relations? The panel discussion examined 3 key dimensions of the relationship between India and USA: Strategic, Economic and People to People relationship. The strategic dimension looked in detail, the role of China – whether it is a key intervening factor between the two countries or whether the cooperation extends beyond the interest to balance China. Under the economic dimension, the panel discussed the growing cooperation on technology, trade, manufacturing, and semiconductors. The influence of Indian diaspora and their impact and influence on foreign policy, especially in relation to the USA was also examined to understand the people-to-people dimension. The panel was moderated by Mr. **Arun M Kumar**, Managing Partner, Celesta Capital and the panellists were Mr. **James Crabtree**, Author of *The Billionaire Raj*, **MR Rangaswami**, Founder, Indiaspora and Mr. **Dinsha Mistree**, Research Fellow, Hoover Institution, Stanford University.

#### **Context of India-US relationship today**

The world is going through an unprecedented transformation. Political conflicts have had a strong bearing on the World Economy. The rise of China and its growing assertiveness, stresses from the fragmentation of Global Trade, rise of new technologies such as AI and its implications on productivity, creation of demand for critical minerals are among them. In the wake of these global shifts, India and USA along with rest of the world are presented with enormous opportunities as well as challenges which open avenues for further cooperation. New mechanisms for cooperation are being created such as the QUAD, Indo-pacific frameworks I2U2 reflecting the inadequacies of old forms of cooperation and need for new avenues which can respond to the changing realities. There are three key dimensions of India-US relations to be examined; strategic dimension outlining the role and posturing by China and its extent of influence in the India-US relations, Economic dimension to examine the emerging opportunities in terms of trade, technology and manufacturing. Finally, the people-to-people dimension encompasses the role of the growing diaspora and how they contribute to bilateral relations.

## Strategic Dimension - Role of an emerging China

The panel examined two sides of the argument. While one side affirmed that the cooperation between India and USA extends beyond China, the other side of the argument perceives China as the key factor determining cooperation between the two countries. The following points were highlighted to explain how India-US relationship can extend beyond China and why it is essential to take a more grand and broader perspective.

*Different expectations:* Delving deeper to the rise of China, it was explained how determinants of Indo-China relationship are starkly different from US-China relationship. India's concern with China is influenced by the neighbourly factors and threats along the border. USA's relationship with China has been primarily concerned with Taiwan and South China sea. Keeping this in mind, it was emphasized that basing bilateral relationship solely on China will miss out on other critical aspects.

*Cooperation in Middle East and Central Asia:* It was also emphasized there is a lot more convergence to be found between Indian thinkers and USA in Central Asia, tackling terrorism or thinking of Sri Lanka and even the Middle East. I2U2 is a promising initiative. It was also noted that India should be on the table while discussing Central Asia including Pakistan cause there is a convergence of interest between the two countries for shaping the future of these regions.

*People-to-people relations :* The Indian diaspora is rapidly growing and is the second largest diaspora in the US. The comparison with China is not about any potential conflict but India can match China in terms of economic performance in terms of geostrategic ambitions.

*Geostrategic ambition:* Economic performance and ambition in sectors ranging from education, health and technology will form a much stronger foundation for the bilateral relationship. Mr. Dinsha noted that during his work at the Department of Commerce, economics and commerce assumed a critical role in determining the state of India-US relationship. There are over 300,000 semiconductor circuit designers working out of India in USA and Global corporations thereby pointing a strong economic relationship. There have been some past impediments with India in terms of Ease of doing business, but it is progressively improving now. GST and bankruptcy code are great examples which reflects this progress and consistency in Indian policymaking.

*Desire to boost manufacturing :* The desire of both the countries to boost manufacturing and employment was also discussed. Collaboration in manufacturing and global supply chains is therefore a very big play for the future. This is reflected in semiconductors and for strategic reasons, India has a great focus on semiconductors. India's manufacturing capabilities has significantly improved and is globally competitive in many areas such as automobiles. India is also participating in 3 of the 4 pillars of Indo-Pacific economic framework which will benefit the entire region. The IMEC initiative launched at the G20 also shows the potential to become a very dynamic program. It was also mentioned that future conversations will be more about technology and less about trade.

*Attractiveness of a growing Indian market:* As India becomes the third largest economy it will also become an increasingly important market for US companies which provides another incentive to the bilateral relationship beyond China. Though India is growing at an impressive rate, it still may have to catch up further because China has a larger economic base owing to its bigger population size.

### **China as the motivating force**

The panel explored the other side of the debate which stresses that an emerging China poses a threat to both India and the USA. Having India in the coalition of like-minded countries that perceive China as a threat is compelling for USA cause otherwise it would just be a coalition of rich industrial countries. India brings in the diversity factor and expands the geography of the coalition. US policy towards India has therefore been that of 'strategic altruism'. For India, having US on its side helps in 'external balancing' of China because we still have not caught up economically and militarily with China. Regarding the omnidirectional/multi-directional nature of India's foreign policy it was explained that India improved its relationship with the United States with the quad countries with Japan and Australia and South Korea and with the Europeans because those are the countries from whom it can most benefit in terms of Technology defense cooperation, but it's not exclusively been those countries. India also built its strategic relationships with United Arab Emirates, Israel which are also high-tech industrial Nations that can support India to cope and catch-up with an aggressive neighbour like China. The Indo-US technology partnership, though it does not directly hinge on China still has this emerging and shared threat working in the background.

### **People-to-people relationship; Role of the diaspora**

There are two types of people in the diaspora. The first set comprises of those who migrated as indentured labourers through different countries. This happened in colonial times and stopped when India became independent. The second wave brought in a new set of migrants 30-40 years ago who migrated to study abroad. These were qualified people in search of opportunities and US needed the talent as well. Not just in USA but Indian diaspora has grown in other countries like Australia, Canada etc. The discussion emphasized that this cannot go unnoticed cause diaspora contributed 110 billion of remittances to India last year. The rise of Western diaspora therefore marks a significant shift from the earlier focus on Gulf countries. Besides their rising economic profiles, politically as well the Indian's are now in positions of power – the Prime Minister of Portugal the Prime Minister of Guyana the president of Singapore recently was of Indian origin. There are also some 70 CEOs in the Fortune 500 who are of Indian origin who are first generation Indian's. The meteoric rise and impact of diaspora is growing, and it will inevitably influence bilateral relationship between India and USA.