

# ISAS Brief

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## Indo-US ‘Spirit’ Regained

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India’s Prime Minister Narendra Modi has just completed a five-day visit to the United States, with wide coverage in the US and global press. Observers were keen to see how Modi, who was declined a visa to enter the US in 2005 as a result of the riots in his home-state of Gujarat, could revitalise a relationship that was perceived to be in decline in the last few years, epitomised by the very recent arrest and strip-search of a serving Indian diplomat in New York. This is in sharp contrast to the heady heights of the bilateral relationship in 2010, when during his visit to India, US President Barack Obama and India’s then Prime Minister Manmohan Singh proclaimed the US-India relationship as “the defining partnership of the 21<sup>st</sup> century”. In the four years since then, observers of the bilateral relationship have lamented the clear gulf between expectations and delivery.

In this context, Modi’s visit had two aims. The first aim was to examine areas in which stalled ties could progress as well as looking for new areas of cooperation. These ranged from issues related to trade and investment, civilian nuclear technology as well as defence and security

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cooperation. The joint statement issued at the end of talks between President Obama and PM Modi speaks to some of these issues.

In the realm of trade and investment, the two leaders noted that two-way trade has increased fivefold since 2001 to nearly US\$ 100 billion, and they agreed to work towards increasing this figure fivefold via several initiatives like the Indo-US Investment Initiative led by the India's Ministry of Finance and the US Department of Treasury, with special focus on capital market development and financing of infrastructure. They also agreed to establish an Infrastructure Collaboration Platform convened by the Ministry of Finance and the Department of Commerce to enhance participation of US companies in infrastructure projects in India. More specifically, the US government appreciated India's offer for US industry to be the lead partner in developing smart cities in Ajmer (Rajasthan), Visakhapatnam (Andhra Pradesh) and Allahabad (Uttar Pradesh). In this respect, PM Modi will welcome two trade missions in 2015 focused on meeting India's infrastructure needs with US technology and services. Finally, the two leaders committed to hold public-private discussions in early 2015 under the Commercial Dialogue on new areas of cooperation, including innovation in advanced manufacturing. This is in line with Modi's recent calls for foreign investors to invest in India's manufacturing capacity.

In the realm of civilian nuclear technology, both leaders agreed to establish a Contact Group on advancing the implementation of civil nuclear energy cooperation in order to realise their shared goal of delivering electricity from US-built nuclear power plants in India. However, it is still not clear what specific steps both sides are willing to take in order to bridge the gulf between the two countries on the civilian nuclear liability issue, which has stalled the historic 123 civil nuclear agreement reached during the tenure of President George W Bush.

In the sphere of defence and security cooperation, the most significant agreement is the decision to renew for ten more years the 2005 Framework for the US-India Defence Relationship (which was due to expire in 2015). Related to this point, both sides agreed to expand technology transfer in the defence sector, although here again, there are few clues as to the specific details of such technology transfer. The mention of maritime security cooperation is also significant. The US is keen for India to play a larger role in the Indo-Pacific theatre especially in the

backdrop of China's seeming aggressiveness in the South and East China Seas. The specific mention of upgrading the MALABAR maritime exercise, which this July included India, US and Japan, addresses this particular agenda. Increased maritime security cooperation is likely between India and the US, in association with US allies in East Asia (Japan and even Australia). With US endorsement, India, under Modi, will continue on a trajectory of increased maritime engagement in the Indo-Pacific space.

The issue of collaboration in counter-terrorism and intelligence sharing has also found space in the joint statement. In this respect, even though ISIL was mentioned explicitly as a grave source of shared concern, there is no indication of India's support for the US-led military efforts against ISIL. There had been reports circulating in the past week, from sources within the BJP, that Modi might endorse the US-led military action (although there was already clear scepticism then about Modi taking such a bold position publicly). More broadly however, bilateral cooperation in intelligence sharing and counter-terrorism has been on the upswing in the last few years, especially in the aftermath of the David Headley affair. This is expected to continue, less visibly, in the context of dealing with the transition in Afghanistan as well as countering the threat posed by ISIL.

Modi's second, and some would argue just as, if not more important, aim for this visit was to establish rapport with President Obama as well as with various sections of the US political and corporate classes. After the very public spat between the two countries over the fate of a serving Indian diplomat based in New York, many felt that this visit was necessary to recapture the optimism and general goodwill generated in 2010 during Obama's visit to India. The warm personal relationship between Singh and Obama had laid the foundations for a closer bilateral relationship which, by the time of Singh's visit to the US in September 2013, seemed to be ebbing. Domestic preoccupations in both countries at that point in time resulted in scaled-down expectations of that particular visit. Modi's visit, however, has again created an atmosphere of expectation and enthusiasm in both countries about the future of this bilateral relationship. Given the lack of any big announcements or deals on this trip however, most observers will be keenly watching developments in this bilateral relationship over the next few months to see if the goodwill and rhetoric will translate into credible actions.

Another aspect of Modi's trip, related in some respect to his second aim, was his interactions with the Indian diaspora in the US. His appearance at Madison Square Garden has received widespread, and largely favourable, coverage both in the US and India. Leveraging on the diaspora, he sold his idea of India to the wider political and corporate classes in the US. For Modi, regarded as a skilful exponent of political marketing within India, this was an opportunity to sell his vision of an India that is open to business with the world, technologically savvy and unabashedly proud of its growing economic and political clout in global affairs. More crucially, these sections in the US (the Indian diaspora, the corporate and political classes) seem to have liked what Modi is offering. Transferring his political marketing skills from the domestic realm to the international arena, Modi seems definitely to have charmed these important segments in the US.

Overall, both sides had realistic expectations about this particular visit. There was little to suggest that there would be big announcements and/or deals on this trip. The two aims of the trip were firstly to continue working on the myriad issues relevant to the bilateral relationship and secondly to create a feel-good atmosphere between the two sides. On balance, both aims have largely been realised. However, the real work begins now, and the next few months will be key in watching how much of the goodwill generated during this trip will translate into clear policies to further strengthen this 'defining partnership'.

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