

India-U.S. Relations and the Visit of Prime Minister Modi

June 6, 2016 (IN10500)

Related Authors

- [K. Alan Kronstadt](#)
 - [Shayerah Ilias Akhtar](#)
-

K. Alan Kronstadt, Specialist in South Asian Affairs (akronstadt@crs.loc.gov, 7-5415)
Shayerah Ilias Akhtar, Specialist in International Trade and Finance (siliasakhtar@crs.loc.gov, 7-9253)

Introduction

Indian Prime Minister Narendra Modi, leader of the ruling Bharatiya Janata Party (BJP), is in Washington, DC, this week for a "working visit" that will include addressing Congress, the first such address by an Indian leader since 2005. House Speaker Paul Ryan [invited](#) Modi so Congress could "hear from the elected leader of the world's most populous democracy on how our two nations can work together to promote our shared values and to increase prosperity." For some, the event completes a ["political rehabilitation"](#) of a foreign leader who had been [denied a U.S. visa](#) over [concerns](#) about his role as Chief Minister of India's Gujarat state during months-long anti-Muslim violence there in 2002.

Overview

India is often characterized by U.S. officials as an [indispensable partner](#) of the United States, and many analysts view India as a potential geopolitical [counterweight to China](#). India has a history of territorial disputes and conflict with two major nuclear-armed neighbors—Pakistan and China—and is a growing regional economic and military power. Bilateral security relations are developing, including major defense sales and joint military exercises. Bilateral trade has grown, although the global economic downturn after 2008 temporarily stunted that growth. President Obama has built upon deepened U.S. engagement with India begun in 2000 and dubbed a ["strategic partnership"](#) in 2004. An annual, bilateral Strategic Dialogue, established in 2009, was "elevated" in September 2015 to a ["Strategic and Commercial Dialogue"](#) (S&CD). The resulting [Joint Statement](#) and accompanying [fact sheets](#) review numerous defense, trade, and investment partnerships; infrastructure and "smart cities" collaboration; initiatives under a newly-established Trade Partnership; and cooperation on environment, science and technology, health, and education. India's [status](#) among the world's leading producers of greenhouse gases makes it a necessary participant in any comprehensive climate change policy. India is signatory to the Paris Climate Agreement and works with the United States to promote clean energy initiatives through the [Partnership to Advance Clean Energy](#).

The U.S. State Department notes that many of India's citizens suffer [human rights abuses](#), and the elevation of the Hindu nationalist BJP to federal majority status triggered ongoing concerns about [religious discrimination](#) and [intolerance](#). While there is congressional support for closer U.S. relations with India, some Members have issued [public criticisms](#) of India's human rights record.

Defense Relations

U.S.-India security cooperation has blossomed in the 21st century despite a concurrent U.S. military alliance with [India's rival, Pakistan](#). U.S. diplomats [rate](#) military cooperation among the most important aspects of transformed bilateral relations, view the bilateral defense partnership as "an anchor of global security," and [extol](#) India's growing role as a net provider of security in the Indian Ocean Region (IOR). Congressional interest in facilitating progress in the bilateral defense relationship is reflected in pending legislation to enhance defense and security cooperation with India ([H.R. 4825/S. 2901](#)).

In 2005, the United States and India signed a ten-year defense framework agreement to expand bilateral security cooperation; [the agreement](#) was renewed for another decade in 2015. In April 2016, the U.S. Secretary of Defense was in India for his fourth meeting with his Indian counterpart in 14 months, producing a [Joint Statement](#) with priorities for the coming year, including expanding collaboration under the Defense Technology and Trade Initiative (DTTI) and New Delhi's Make in India efforts. The talks focused on deepening cooperation in maritime security and other efforts. The two nations have signed [defense contracts](#) worth more than \$10 billion since 2008, up from \$500 million in all previous years combined.

Both Washington and New Delhi report effective cooperation in the areas of counterterrorism and intelligence sharing. The two countries promise ["joint and concerted efforts to disrupt"](#) terrorist groups operating from Pakistani territory. The 2015 S&CD saw the two countries issue a stand-alone ["U.S.-India Joint Declaration on Combatting Terrorism"](#) meant to pave the way for greater intelligence sharing and capacity-building.

India, a non-signatory to the Nuclear Nonproliferation Treaty (NPT), maintains a nuclear arsenal of [about](#) 90-110 warheads, and apparently is working to develop that arsenal's size and sophistication. The Administration currently [supports](#) India's "phased entry" into several multilateral arms control organizations, including the Nuclear Suppliers Group. The Modi visit may witness New Delhi's moves toward signing three ["foundational" defense cooperation accords](#) with the United States, as well as discussions on technology sharing on jet engines and aircraft carriers, [among others](#).

Economic and Trade Relations

Many observe that U.S.-India trade relations are at an all-time high, with total trade crossing \$100 billion, investment trending upward, and multi-pronged [economic cooperation](#). Yet many also see greater potential given India's position as the world's [third-largest](#) and fastest-growing economy. The two nations pledged to quintuple their annual trade by 2024, but challenges persist, including in India's [business environment](#). The [United States](#) continues to press India on numerous trade fronts such as intellectual property rights (IPR) protection. India's concerns center on U.S. policies affecting Indian nationals in services trade. Two years into the Modi Administration, many U.S. policymakers and stakeholders are [concerned](#) that neither the Indian government's rhetoric, nor bilateral engagement, has led to substantial, sustained economic reforms in India, superseding earlier optimism about the likelihood of expanding U.S.-India commercial ties. Others, meanwhile, argue that [incremental reforms](#) have occurred.

The Modi visit occurs against a backdrop of U.S. support for India's bid to join [the Asia-Pacific Economic Cooperation \(APEC\)](#) ([H.R. 4830/S. 2857](#)); separate regional trade integration efforts ([Trans-Pacific Partnership \(TPP\)](#) for the United States, [Regional Comprehensive Economic Partnership \(RCEP\)](#) for India); and each nation's World Trade Organization (WTO) Dispute Settlement challenges against the other (e.g., [performance requirements, visas](#)). Other economic and trade issues that may arise during Modi's visit include: [IPR challenges](#) and India's new [National IPR Policy](#); India's forced "localization barriers" to trade (e.g., [local sourcing](#)); India's [foreign investment](#) restrictions, and prospects for U.S.-India [bilateral investment treaty \(BIT\)](#) negotiations; U.S. visa and social security policies affecting Indian nationals working in the United States and [totalization](#) issues; and India's regulatory and business environment, Modi's

[Make in India](#) initiative, and implementation of the [WTO](#) Trade Facilitation Agreement.