

# U.S.-India Insight

VOLUME 10 | ISSUE 6 | NOVEMBER 2020

## Revisiting Good Ideas

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When a U.S. administration changes, those focused on the U.S.-India relationship offer useful commentary on what initiatives should be started, what should change, what should end, and what will remain the same. These are important considerations, but there is another category of initiatives that should also be considered: older ideas that are dormant or are currently underperforming but can bridge gaps in the U.S.-India relationship. Some good ideas simply need a second chance or prioritization from leaders within the administration.

There are plenty of instances in U.S.-India relations of good ideas requiring patience and persistence before progress. The defense *foundation* agreements are a recent notable example. These agreements on logistics, communications, and geospatial intelligence were originally raised over 10 years ago but saw no movement and were dropped from government bilateral meetings. However, a fresh commitment was made to seeing them through, and the two countries' governments signed all three agreements in the last four years. A fourth agreement was later included, which opened the door for sharing sensitive defense industry information with India's private sector.

Here are three important initiatives rooted in prior government-to-government engagement that are timely but require renewed focus by the Biden administration:

- **U.S.-India Cyber Relationship and Global Norms:** The United States and India have a range of platforms to discuss their shared interest in the peaceful use of cyberspace. However, larger issues are at stake that pit the values the two countries cherish—democracy and freedom of expression—against the interests of countries seeking to destabilize global security. In 2016, the United States and India signed a [Framework for the U.S.-India Cyber Relationship](#). This Framework contains a range of bilateral initiatives around law enforcement, capacity building, and other key principles. Securing critical infrastructure is an important area of focus, such as our electric power grids and telecommunications networks. Modernization of critical infrastructure is underway with a heavy emphasis on emerging digital tools—improving operations but potentially making such networks vulnerable to cyberattacks. Exchanging best practices and coordinating response plan may help in building a safe and resilient infrastructure. Further, the Framework also opens the door for cooperating on larger global issues like “state behavior in peacetime.” Both of our nations have imposed restrictions on Chinese technology firms. India is currently considering a data privacy regime that could impair private firms; some of the underlying concerns could perhaps be addressed through the joint development of core principles.

### KEY DATA

-16%

U.S.-INDIA GOODS TRADE, 12-MONTH  
COMPARISON, PER U.S. CENSUS BUREAU

+13%

FOREIGN DIRECT INVESTMENT, 12-MONTH  
COMPARISON, PER RBI

\$3 bn

FII ASSETS NET FLOWS, LAST 12 MONTHS,  
PER NSDL

- **Revitalize the Economic and Financial Partnership/ Treasury-to-Finance Engagement:** The U.S.-India economic relationship is perhaps the weakest leg of our bilateral relationship. While the pre-Covid-19 economic numbers in terms of bilateral trade and investment were solid, protectionist moves on both sides have created tensions that are permeating our respective capitals, threatening to bleed over into the positive areas of our relationship.

The United States must engage India's Ministry of Finance more regularly at senior levels on policy reform matters. The Finance Ministry has a tremendous level of control over India's business environment. The two countries do have a Treasury-Finance dialogue, called the "Economic and Financial Partnership." This platform requires an increased commitment to senior-level engagement and reestablishing the dormant working groups that had previously existed. For example, a bilateral working group on taxation would serve a powerful purpose, avoiding dangerous cross-border tax issues before they become a problem.

- **Entrepreneurship Cooperation:** The Modi government has prioritized reforms related to boosting India's startup ecosystem. The United States has several of the world's leading startup ecosystems, including Silicon Valley. Numerous government and nongovernment programs exist to facilitate idea sharing and exchanges. But there is insufficient coordination or oversight. An effort was made late in the Obama administration to create an "Innovation Forum" (in which CSIS played a role), but this nascent effort was discontinued early in the Trump administration. A successor program should be established that brings together public and private leaders from both countries to find new ways to work together to foment the world's next generation startups. Many of the regulatory policy issues faced by U.S. companies in India are shared by India's dynamic startups, such as limitations on cross-border data. Thus, there is a great deal of complementarity that can benefit the relationship more broadly.

A new administration provides an opportunity to reflect and improve upon the structures that help define the U.S.-India government-to-government relationship. Clearly much of the activity that cements this strong partnership is happening outside lanes defined by the two governments. However, when problems and opportunities arise that impede parts of the relationship, government attention and support can be crucial. The United States and India's principal ministerial forum has evolved from a "Strategic Dialogue" to a "Strategic and Commercial Dialogue," and more recently to a "2+2 Ministerial Dialogue." And it may evolve once more during the Biden administration. The subset of issues will also likely evolve, such as a renewed focus on renewable energy cooperation and increased cooperation on issues relevant to multilateral institutions.

For the U.S.-India relationship to mature to its potential, the two countries' leaders should ensure a focus on high-impact areas that have mutual benefit—even if the timeline for accruing these benefits is uneven for each side. Some of the best ideas that our governments can take up are not necessarily novel. Rather, they involve good ideas that are dormant or existing dialogues that could perform better.

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