

US And Us

Modi's visit is likely to transform Indo-American relationship. Next: aim to sell much more to Americans

PM Modi has begun his first state visit to the US that includes his second address to a joint session of the US Congress. Modi has made official trips there earlier. A state visit, however, is a deeper expression of bilateral ties. Indo-US ties first moved to another plane in 2005 following the civil nuclear accord and a new framework on defence relationship. The highlight since then is its institutionalisation and cross-party support in both countries. These features have led to engagements at many levels of government and military.

The strongest bond between the two countries comes from the successful Indian diaspora of about 5 million. Modi is scheduled to meet CEOs, a group where there's fair sprinkling of the diaspora. After 18 years, the bilateral ties have developed two distinct tracks. The one where progress has been fast is the strategic track where China's aggressive revisionism has created areas of alignment. Within this track, defence ties have deepened and the US is now India's



third largest arms supplier with an 11% share of India's imports. A deal that will see India acquiring Predator drones is likely to be announced, and a key jet engine technology will be transferred by the US.

The track that's underperformed is trade even though the US is India's largest partner with a bilateral merchandise trade of \$128.8 billion in 2022-23. This can change as the risks posed by China's 16.5% share of America's \$3.2 trillion imports, making it the largest supplier of foreign goods to Americans, present India with opportunities. Friend-shoring is a risk mitigation tool that India needs to leverage to deepen its trade ties with the US.

Here, the two tracks overlap because the US, with a 40% market share of global arms exports, also needs to diversify the supply chain of its defence industry. India needs to ensure purchases are linked to production here and technology transfer. There's much talk about green tech as well as key technologies like O-RAN – hopefully, this visit will seriously firm up collaboration and deliverables. One niggle is India's protectionism. It has the highest average applied tariff of any G20 country, a fact highlighted by US officials. Protectionism doesn't help India – and it doesn't suit a fast-growing major economy with big power ambitions.